

BID PROCEDURES

Set forth below are the procedures (the “Bid Procedures”) to be employed in connection with the proposed auction (the “Auction”) and sale (the “Sale”) of (i) substantially all of the assets (the “LP Assets”) of LightSquared LP (“LSLP”), ATC Technologies, LLC, LightSquared Corp., LightSquared Inc. of Virginia, LightSquared Subsidiary LLC, LightSquared Finance Co., LightSquared Network LLC, LightSquared Bermuda Ltd., SkyTerra Holdings (Canada) Inc., and SkyTerra (Canada) Inc. (collectively, the “LP Debtors”), (ii) substantially all of the assets (the “Inc. Assets”) and, together with the LP Assets, the “Assets”) of LightSquared Inc., LightSquared Investors Holdings Inc., SkyTerra Rollup LLC, One Dot Four Corp., One Dot Six Corp., SkyTerra Rollup Sub LLC, One Dot Six TVCC Corp., TMI Communications Delaware, Limited Partnership, LightSquared GP Inc., and SkyTerra Investors LLC (the “Inc. Debtors”) and, together with the LP Debtors, the “Debtors” or “LightSquared”), or (iii) any combination or subset of the Assets.

The Bid Procedures provided for herein shall apply in connection with the Sale of the Assets, or any combination or subset thereto as contemplated by (i) the *Debtors’ Joint Plan Pursuant to Chapter 11 of Bankruptcy Code* [Docket No. 817] (the “LightSquared Plan”); (ii) the *Joint Chapter 11 Plan for LightSquared LP, ATC Technologies, LLC, LightSquared Corp., LightSquared Inc. of Virginia, LightSquared Subsidiary LLC, LightSquared Finance Co., LightSquared Network LLC, LightSquared Bermuda LTD., SkyTerra Holdings (Canada) Inc., and SkyTerra (Canada) Inc., Proposed by the Ad Hoc Secured Group of LightSquared LP Lenders* [Docket No. 764] (the “Ad Hoc LP Secured Group Plan”); and (iii) the *Chapter 11 Plan for One Dot Six Corp. Proposed by U.S. Bank National Association and MAST Capital Management, LLC* [Docket No. 823] (the “MAST/US Bank Plan”). The LightSquared Plan, the Ad Hoc LP Secured Group Plan and the MAST/US Bank Plan are collectively referred to herein as the “Plans.”

A hearing (the “Confirmation Hearing”) to consider approval of the Sale of the Assets, or any combination or subset thereto, in conjunction with the confirmation of the Plans, shall commence on December 10, 2013 at 10:00 a.m. (prevailing Eastern time) at the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton U.S. Custom House, Courtroom No. 621, One Bowling Green, New York, NY 10004. The Confirmation Hearing may be continued from time to time by the Court or LightSquared (at the Court’s direction) without further notice other than by such adjournment being announced in open court or by a notice of adjournment filed with the Court and served in accordance with the *Order Establishing Certain Notice, Case Management, and Administrative Procedures* [Docket No. 121] (the “Case Management Order”).

- a. **Assets to Be Sold.** All Assets will be offered for Sale. For the avoidance of doubt, in connection with the Sale and these Bid Procedures, any Potential Bidder (as defined below) may submit a bid for any or all of the Assets, and, for purposes hereof, “Sale” shall be deemed to include a sale of any combination or subset of the Assets. LightSquared, in consultation with (i) the Ad Hoc LP Secured Group, exclusive of SPSO¹

¹ The “Ad Hoc LP Secured Group” means that certain ad hoc secured group of holders of loans made pursuant to that certain Credit Agreement, dated as of October 1, 2010, between LSLP, as borrower, certain of LSLP’s

and its affiliates (the “Independent Ad Hoc LP Secured Group”), (ii) MAST Capital Management, LLC (on behalf of itself and its management funds and accounts, collectively “MAST”) and U.S. Bank National Association (“U.S. Bank” and, together with the Independent Ad Hoc Secured Group, MAST, and U.S. Bank, the “Lender Parties”), through the Lender Parties’ respective advisors, will appropriately assess any bid to determine whether it is a Qualified Bid.

- b. **Form(s) of Purchase Agreement.** With these Bid Procedures, the following asset purchase agreements are being provided: (i) LightSquared is providing a form purchase agreement (with certain ancillary agreements thereto, the “Form APA”), a true and correct copy of which is attached as [TBD]; (ii) the Ad Hoc LP Secured Group is providing that certain Purchase Agreement, dated [____], 2013 (including any related ancillary agreements (the “LP Assets Stalking Horse Agreement”), by and between the Sellers (as defined and identified therein), L-Bank Acquisition, LLC (the “LP Assets Stalking Horse Bidder”) and, as to certain provisions, DISH Network Corporation; and (iii) MAST and US Bank are providing that certain Purchase Agreement by and between One Dot Six Corp. and Mast Spectrum Acquisition Company LLC, and/or one or more of its affiliates or designees (collectively, the “One Dot Six Assets Stalking Horse Bidder”), dated as of [____], 2013 (the “One Dot Six Assets Stalking Horse Agreement”).

Pursuant to an applicable purchase agreement substantially in the form set forth in the Form APA, the LP Assets Stalking Horse Agreement and/or the One Dot Six Assets Stalking Horse Agreement and to the maximum extent permitted by section 363 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the “Bankruptcy Code”), the Successful Bidder(s) (as defined below) shall acquire the applicable Assets, as more fully set forth in the applicable purchase agreement, excluding only those certain assets expressly identified therein as Retained Assets (as defined in the applicable purchase agreement), free and clear of all Liens (as defined below), subject to certain regulatory approvals and other conditions.

- c. **The Bidding Process.** LightSquared, in consultation with the Lender Parties, shall, in its reasonable discretion: (i) determine whether any person is a Potential Bidder; (ii) coordinate the efforts of Potential Bidders in conducting their respective due diligence investigations regarding the LightSquared’s businesses and the Assets; (iii) receive offers from Qualified Bidders (as defined below); and (iv) negotiate any offer made to purchase Assets by a Qualified Bidder (collectively, the “Bidding Process”).
- d. **Due Diligence for Potential Bidders.** LightSquared shall provide each Potential Bidder reasonable due diligence information upon reasonable request. None of LightSquared,

affiliates (including, but not limited to, the other Sellers), as guarantors, the lenders party thereto, UBS AG, Stamford Branch, as administrative agent, and UBS Securities LLC, as arranger, syndication agent, and documentation agent (as amended, restated, supplemented, and/or modified, the “Prepetition LP Credit Agreement”), as such group may be reconstituted from time to time. “SPSO” means SP Special Opportunities, LLC.

any of their affiliates, the Ad Hoc LP Secured Group, MAST, US Bank or any of the foregoing parties' respective representatives shall be obligated to furnish any information relating to the Assets to any person; provided that LightSquared shall be obligated to provide information relating to the Assets to Potential Bidders prior to the Bid Deadline (as defined below). Potential Bidders are advised to exercise their own discretion before relying on any information regarding the Assets, whether provided by LightSquared, its representatives, or any other party. The due diligence period will end on the Bid Deadline. To be a "Potential Bidder," each bidder:

1. must have delivered an executed confidentiality agreement in form and substance satisfactory to LightSquared, in consultation with the Lender Parties, unless such bidder informs LightSquared that it intends to submit a bid not conditioned on due diligence and receipt of information from LightSquared;
2. must have delivered the most current audited (if applicable) and the most current unaudited financial statements (collectively, the "Financials") of the Potential Bidder, or, if the Potential Bidder is an entity formed for the purpose of acquiring Assets, the Financials of the Potential Bidder's equity holder(s) or other financial backer(s), or such other form of financial disclosure and evidence reasonably acceptable to LightSquared, in consultation with the Lender Parties, demonstrating such Potential Bidder's financial ability to: (A) close the proposed transaction (the "Proposed Transaction") contemplated by the Potential Bidder's proposed purchase agreement (together with its exhibits and schedules, and any ancillary agreements related thereto, the "Proposed Agreement"); and (B) provide adequate assurance of future performance to counterparties to any executory contracts and unexpired leases to be assumed by LightSquared and assigned to the Potential Bidder; provided, that if a Potential Bidder is unable to provide Financials, LightSquared, in consultation with the Lender Parties, may accept such other information sufficient to demonstrate to LightSquared's reasonable satisfaction that such Potential Bidder has the financial wherewithal and ability to consummate the Proposed Transaction; and
3. shall comply with all reasonable requests for additional information by LightSquared, in consultation with the Lender Parties, or LightSquared's advisors, in consultation with the Lenders Parties, regarding such Potential Bidder's financial wherewithal and ability to consummate and perform obligations in connection with the Sale. Failure by a Potential Bidder to comply with requests for additional information may be a basis for LightSquared, in consultation with the Lender Parties, to determine that a bid made by such Potential Bidder is not a Qualified Bid (as defined below).

e. **Stalking Horse Bids.**

1. Any LightSquared Stalking Horse Bidder(s) (as defined below), the LP Assets Stalking Horse Bidder and the One Dot Six Assets Stalking Horse Bidder shall be entitled to bid protections (the “Bid Protections”) with respect to the applicable Assets as follows: (i) a break-up fee payable to the applicable Stalking Horse Bidder of up to 3% of the cash or credit bid purchase price of the applicable Assets set forth in the applicable Stalking Horse Agreement and (ii) a maximum expense reimbursement payable of up to \$2,000,000. The Bid Protections shall only be payable by the applicable Debtor estates for which Assets are proposed to be purchased and, to the extent more than one Debtor estate is implicated by a Stalking Horse Bid, in such proportion as the Bankruptcy Court shall determine in connection with the Confirmation Hearing.

2. With respect to the LightSquared Plan, prior to the Bid Deadline, LightSquared may, in consultation with the Lender Parties, enter into an agreement (a “LightSquared Stalking Horse Agreement”)² with any Qualified Bidder (as defined below) that will act as the stalking horse bidder (a “LightSquared Stalking Horse Bidder”) for LightSquared’s Assets under the LightSquared Plan, if, in LightSquared’s judgment, after consultation with the Lender Parties, such resulting bid (a “LightSquared Stalking Horse Bid”) will better promote the goals of the Bidding Process. LightSquared shall distribute the LightSquared Stalking Horse Agreement(s), if any, to the parties submitting other Qualified Bids, including the LP Assets Stalking Horse Bidder and the One Dot Six Assets Stalking Horse Bidder. To the extent LightSquared enters any such LightSquared Stalking Horse Agreement(s), the agreement(s) shall be placed on the Court’s docket and notice thereof shall be given to all parties on LightSquared’s master service list maintained by KCC pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure and Rule 2002-2 of the Local Rules for the United States Bankruptcy Court for the Southern District of New York and any entities that have filed a request for service of filings pursuant to Bankruptcy Rule 2002. For the avoidance of doubt, pursuant to this Court’s entry of the *Order Pursuant to 11 U.S.C. §§ 105 and 363 and Fed. R. Bankr. P. 2002 and 6004 (I) Approving the One Dot Six Assets Stalking Horse Bidder and Establishing Bid Procedures and Bid Protections in Connection with the Sale of Substantially All of the Assets of the Debtors and (II) Granting Related Relief* [Docket No. ___] (the “Bid Procedures Order”), LightSquared received pre-approval from the Court to allow LightSquared to choose, after consultation with the Lender Parties, a LightSquared Stalking Horse Bidder at any time after entry of the Bid Procedures Order and before the Bid Deadline and to offer that bidder, after consultation with the Lender Parties, the Bid Protections without any need to request any further or other authorization from the Court. The Qualified Bid made by the applicable LightSquared Stalking Horse Bidder plus the Bid Protections will then act as the minimum Qualified Bid (the “LightSquared Plan Baseline Bid”) under the LightSquared Plan for the applicable Assets for purposes of, and subject to higher and better offers at, the Auction. For the avoidance of doubt, a LightSquared Stalking Horse Bid may contemplate the purchase of all LP Assets, all Inc. Assets, or any combination or subset of the Assets thereto.

² Any LightSquared Stalking Horse Agreement, the LP Assets Stalking Horse Agreement and the One Dot Six Stalking Horse Agreement are collectively referred to herein as the “Stalking Horse Agreements,” the bids contemplated thereby, the “Stalking Horse Bids” and the bidders thereunder, the “Stalking Horse Bidders.”

3. With respect to the Ad Hoc LP Secured Group Plan, the Ad Hoc LP Secured Group has selected LP Assets Stalking Horse Bidder pursuant to the terms of the LP Assets Stalking Horse Agreement as their Stalking Horse Bidder. The LP Assets Stalking Horse Bidder shall be entitled to the Bid Protections provided above. The bid made by the LP Assets Stalking Horse Bidder plus the Bid Protections will serve as the minimum Qualified Bid (the “Ad Hoc LP Secured Group Plan Baseline Bid”) for the applicable Assets to be sold under the Ad Hoc Secured Group Plan for purposes of, and subject to higher and better offers at, the Auction.

4. With respect to the MAST/US Bank Plan, MAST and US Bank have selected the One Dot Six Assets Stalking Horse Bidder pursuant to the terms of the One Dot Six Assets Stalking Horse Agreement as their Stalking Horse Bidder. The One Dot Six Assets Stalking Horse Bidder shall be entitled to the Bid Protections provided herein. The bid made by the One Dot Six Assets Stalking Horse Bidder plus the Bid Protections will serve as the minimum Qualified Bid (the “MAST/US Bank Plan Baseline Bid”) for the applicable Assets to be sold under the MAST/US Bank Plan for purposes of, and subject to higher and better offers at, the Auction.

f. **Participation Requirements.** Unless otherwise ordered by the Bankruptcy Court, for cause shown, or as otherwise determined by LightSquared, in consultation with the Lender Parties, to participate in the Bidding Process, each person that is a Potential Bidder (each, a “Qualified Bidder”) must submit a bid that adheres to the requirements below (each, a “Qualified Bid”). Nothing in these Bid Procedures shall prohibit Harbinger and its affiliates from submitting a Qualified Bid.

1. Qualified Bidders must deliver written copies of their bids no later than **5:00 p.m. (prevailing Eastern time) on November 29, 2013 (the “Bid Deadline”)** to: (A) Milbank, Tweed, Hadley & McCloy LLP, One Chase Manhattan Plaza, New York, NY 10005 (Attn: Matthew S. Barr, Esq. and Karen Gartenberg, Esq.), counsel to LightSquared; (B) White & Case LLP, 1155 Avenue of the Americas, New York, NY 10036 (Attn: Thomas E Lauria, Esq., Glenn M. Kurtz, Esq., and Andrew C. Ambruoso, Esq.), counsel to the Ad Hoc Secured Group; and (C) Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, NY 10036 (Attn: Philip C. Dublin, Esq. and Meredith A. Lahaie, Esq.), counsel to MAST and U.S. Bank, as administrative agent under the Prepetition Inc. Credit Agreement and administrative agent under the DIP Inc. Credit Agreement (each as defined below (collectively, the “Notice Parties”). LightSquared may, if it determines in its reasonable discretion that it will better promote the goals of the Bidding Process (after consultation with the Lender Parties), extend the Bid Deadline once or successively, but they are not obligated to do so; provided, that in no event shall the Bid Deadline be extended beyond December 5, 2013. If LightSquared extends the Bid Deadline, it shall promptly notify all Potential Bidders of the extension.
2. All Qualified Bids must be in the form of an offer letter, which letter states:

- (A) that such Qualified Bidder offers to purchase any combination or subset of Assets without indemnification and upon other terms and conditions set forth in a Proposed Agreement, copies of which (one hard copy executed by an individual authorized to bind such Qualified Bidder together with electronic copies in Word format of (1) a clean version of the Proposed Agreement and (2) a marked version or versions of the Proposed Agreement against the Form APA, the LP Assets Stalking Horse Agreement and/or the One Dot Six Assets Stalking Horse Agreement, as applicable, in each case showing amendments and modifications thereto, are to be provided to the Notice Parties therewith;
 - (B) that such Qualified Bidder is prepared to consummate the transaction set forth in the Proposed Agreement promptly following (1) entry of an order of the Court approving the Sale to the Successful Bidder(s) pursuant to the LightSquared Plan, the Ad Hoc LP Secured Group Plan and/or the MAST/US Bank Plan, as applicable (the “Confirmation Order(s)”) and (2) receipt of other requisite governmental and regulatory approvals on the terms set forth in such Proposed Agreement;
 - (C) that the offer shall remain open and irrevocable as provided below;
 - (D) that the Qualified Bidder consents to the jurisdiction of the Bankruptcy Court;
 - (E) If such bid is for the LP Assets under the Ad Hoc LP Secured Group Plan, such bid contemplates the assumption and assignment of the Inmarsat lease and Boeing lease and is no more conditional than the LP Assets Stalking Horse Bid; and
 - (F) which of LightSquared’s leases and executory contracts are to be assumed and assigned in connection with the consummation of the Qualified Bidder’s bid.
3. All Qualified Bids shall be accompanied by a deposit into escrow with LightSquared of an amount in cash equal to:
- (A) with respect to a Qualified Bid for the LP Assets, a subset of the LP Assets, or a combination or subset of the LP Assets and the Inc. Assets, \$100,000,000; or

- (B) with respect to a Qualified Bid for the Inc. Assets, any subset of the Inc. Assets, or any subset of the LP Assets, 5% of the proposed purchase price, as determined by the amount of consideration to be provided to the applicable Debtors' estates in connection with the proposed Sale, exclusive of the assumption of liabilities (the "Good Faith Deposit");

provided, however, that any Qualified Bidder who is also a secured lender to LightSquared and submits a Qualified Bid by credit bid shall not be required to provide a Good Faith Deposit. For the avoidance of doubt, consistent with the rights provided to them pursuant to the *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* [Docket No. 224] (as amended, the "DIP Order"), MAST and U.S. Bank shall be entitled to credit bid their claims arising under the Prepetition Inc. Credit Agreement and the DIP Credit Agreement (each as defined in the DIP Order).

- 4. Qualified Bids may provide for forms of consideration that include cash or a combination of cash and other distributable forms of consideration that may be distributed under a plan of reorganization or further order of the Bankruptcy Court (for the avoidance of doubt, other than with respect to assumed liabilities), which shall be delivered to the applicable Debtors' estates on the Closing Date; provided, however, that a Qualified Bid must include a minimum cash component sufficient to pay any applicable Bid Protections plus all of the following allowed Claims to the extent required by, and as defined in, the applicable Plan(s): Administrative Claims, Priority Tax Claims, Other Priority Claims, and U.S. Trustee Fees.
- 5. A Qualified Bid must exceed the aggregate consideration to be paid to or for LightSquared's applicable estates as follows:
 - (A) A Qualified Bid solely in respect of (i) the LP Assets or any combination or subset thereof, or (ii) any combination or subset of the LP Assets and Inc. Assets must exceed the aggregate consideration to be paid to, or for the benefit of, LightSquared's estates as set forth in the applicable LightSquared Plan Baseline Bid(s) or the Ad Hoc LP Secured Group Plan Baseline Bid, as applicable, plus \$50,000,000, the minimum overbid increment at the Auction.

- (B) A Qualified Bid solely in respect of the Inc. Assets, or any subset thereof under the LightSquared Plan or under the MAST/US Bank Plan, must exceed the aggregate consideration to be paid to or for the benefit of the applicable Inc. Debtors' estates as set forth in the applicable LightSquared Plan Baseline Bid(s) or the MAST/US Bank Plan Baseline Bid, plus \$10,000,000, the minimum overbid increment at the Auction.
6. All Qualified Bids shall be accompanied by satisfactory evidence, in the opinion of LightSquared, in consultation with the Lender Parties, of the Qualified Bidder's ability to: (A) fund the purchase price proposed by the Qualified Bidder with cash on hand (or sources of immediately available funds) or other distributable forms of consideration, and (B) otherwise perform all transactions contemplated by the Proposed Agreement.
7. All Qualified Bids must fully disclose the identity of each entity that will be bidding for the applicable Assets or otherwise participating in connection with such bid (including any equity holder or other financial backer if the Qualified Bidder is an entity formed for the purpose of acquiring Assets), and the complete terms of any such participation, as well as whether each such person or entity holds an interest in another mobile satellite service provider or terrestrial wireless operator and, if so, the name of the mobile satellite service provider or terrestrial wireless operator and the nature and size of the interest; provided, that LightSquared and the Lender Parties will keep such information confidential and will not disclose such information without the written consent of the applicable Potential Bidder. Further, each bid must provide sufficient information regarding both the Potential Bidder and any participants (and each of their ultimate controlling persons, if any) to permit LightSquared and the Lender Parties to ascertain whether a petition for declaratory ruling to permit indirect foreign ownership of the LightSquared's Federal Communications Commission ("FCC") licenses (or the applicable Debtors owning such licenses) must be filed with the FCC.
8. Qualified Bids must contain evidence that the Qualified Bidder has obtained authorization or approval from its board of directors (or comparable governing body) with respect to the submission of its bid and execution of the Proposed Agreement and the consummation of the transactions contemplated thereby.
9. Except as set forth herein with respect to the potential LightSquared Stalking Horse Bidder(s), the LP Assets Stalking Horse Bidder and the One Dot Six Assets Stalking Horse Bidder, Qualified Bids must not entitle

the Qualified Bidder to any termination or break-up fee, expense reimbursement, or similar type of payment.

10. Qualified Bids must be irrevocable until entry by the Bankruptcy Court of the Confirmation Order (unless chosen as a Successful Bid or Second-Highest Bid (each as defined below), in which case such bid shall be irrevocable on the terms set forth in section (k) below).
11. A Qualified Bid may be submitted in the form of a plan of reorganization (including, without limitation, an amended version of a plan of reorganization previously filed with the Bankruptcy Court) or an offer to purchase Assets under section 363 of the Bankruptcy Code.

Pursuant to the terms and conditions of this section (f), no later than two (2) calendar days prior to the commencement of the Auction, LightSquared shall notify each Potential Bidder of LightSquared's determination, in consultation with the Lender Parties, of whether it is a Qualified Bidder. Any bid that is not deemed a "Qualified Bid" shall not be considered by LightSquared. Prior to the Auction, LightSquared, after consultation with the Lender Parties, shall notify the Qualified Bidders of the Qualified Bid or Bids it believes to represent the then highest or otherwise best bid(s) (the "Starting Qualified Bid(s)").

- g. **Combination Bids.** Bidders are invited to bid on any combination or subset of the Assets; provided, that all bids should include a proposed allocation of purchase consideration among the subject Assets.
- h. **"As Is, Where Is."** Assets shall be sold on an "as is, where is" basis, "with all faults," and without representations or warranties (express or implied) or indemnification of any kind, nature, or description by LightSquared, its agents, or estates, except to the extent set forth in the applicable Proposed Agreement(s) of the Successful Bidder(s) or Stalking Horse Agreements. Except as otherwise provided in the applicable Proposed Agreement(s) of the Successful Bidder(s) or Stalking Horse Agreements, if applicable, all of LightSquared's right, title, and interest in and to the Assets sold shall be sold free and clear of all liens, claims, charges, security interests, restrictions, and other encumbrances of any kind or nature thereon and there against (collectively, the "Liens"). Each bidder shall be deemed to acknowledge and represent that it has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or Assets in making its bid, and that it did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law, or otherwise, regarding the subject Assets, or the completeness of any information provided in connection with the Bidding Process, in each case except as expressly stated in the applicable Proposed Agreement(s) or Stalking Horse Agreements, if and as applicable.
- i. **Auction.** If the LightSquared receives a Qualified Bid prior to the Bid Deadline, LightSquared shall conduct the Auction at the offices of Milbank, Tweed, Hadley & McCloy LLP, One Chase Manhattan Plaza, New York, NY 10005 on December 6, 2013

beginning at 10:00 a.m. (prevailing Eastern time), or such other place (located in New York City) and time as LightSquared, after consultation with the Lender Parties, shall notify all Qualified Bidders and other invitees set forth in this section (i). If no Qualified Bids are received, no Auction will take place provided, that (x) if LightSquared has received no Qualified Bid(s) other than any LightSquared Stalking Horse Bids, LightSquared may request at the Confirmation Hearing that the Bankruptcy Court approve the Sale of the Assets in accordance with the applicable LightSquared Stalking Horse Agreements; (y) the Ad Hoc LP Secured Group may request at the Confirmation Hearing that the Bankruptcy Court approve the Sale of the LP Assets in accordance with the LP Assets Stalking Horse Agreement; and (z) MAST and U.S. Bank may request at the Confirmation Hearing that the Bankruptcy Court approve the Sale of the One Dot Six Assets in accordance with the One Dot Six Stalking Horse Agreement; and the objections of all parties with respect to each of the foregoing shall be expressly preserved. Only representatives of LightSquared, the U.S. Trustee, the Ad Hoc Secured Group, MAST, U.S. Bank, Harbinger, the Ad Hoc Preferred LP Group, Centaurus Capital LP and any Qualified Bidders, including any Stalking Horse Bidders, if any, who have timely submitted Qualified Bids shall be entitled to attend the Auction. LightSquared, after consultation with the Lender Parties, may announce at the Auction additional procedural rules that are reasonable under the circumstances (e.g., the amount of time allotted to make overbids) for conducting the Auction, so long as such rules are not inconsistent with these Bid Procedures, including that bids may be required to be made and received in one room, on an open basis, with all other Qualified Bidders entitled to be present for all bidding. Based upon the terms of the Qualified Bids received, the number of Qualified Bidders participating in the Auction, and such other information as LightSquared, after consultation with the Lender Parties, determines is relevant, LightSquared, after consultation with the Lender Parties, may conduct the Auction in the manner it determines will achieve the maximum value for the Assets. Bidding at the Auction will be transcribed or videotaped.

- Only a Qualified Bidder and its authorized representatives who have submitted a Qualified Bid will be eligible to participate at the Auction. The bidding at the Auction shall start at the purchase price(s) stated in the Starting Qualified Bid(s), as disclosed to all Qualified Bidders prior to commencement of the Auction. Subsequent overbids shall be made in the minimum increments set forth in section (f)(5) above.
- During the course of the Auction, LightSquared, after consultation with the Lender Parties, shall, after the submission of each Qualified Bid, promptly inform each participant which Qualified Bid(s) reflects the highest or otherwise best offer (the "Leading Bid(s)").
- Each Qualified Bidder participating at the Auction will be required to confirm that: (i) it has not engaged in any collusion with respect to the bidding or the Sale and (ii) its Qualified Bid is a good faith bona fide offer and it intends to consummate the Proposed Transaction if selected as a Successful Bidder.

- The Auction may be adjourned by LightSquared, with the consent of the Lender Parties, to any date agreed to by LightSquared and the Lender Parties. Reasonable notice of any such adjournment and the time and place (which shall be in New York City) for the resumption of the Auction shall be given to all Qualified Bidders who have timely submitted Qualified Bids, and the U.S. Trustee.
- LightSquared, after consultation with the Lender Parties, shall not close the Auction until all Qualified Bidders have been given a reasonable opportunity to submit an overbid at the Auction to the then-existing highest or otherwise best bid(s), as determined by LightSquared, after consultation with the Lender Parties.

j. **Acceptance of Qualified Bids.** At the conclusion of the Auction, (i) the successful bid(s) shall be the bid(s) made in accordance with the Bid Procedures Order that represent, in LightSquared's discretion, after consultation with the Lender Parties, the highest or otherwise best offer(s) for the applicable Assets (each, a "Successful Bid" and each Qualified Bidder who submitted a Successful Bid, a "Successful Bidder"); and (ii) LightSquared, after consultation with the Lender Parties, shall announce the identity of the Successful Bidder(s). There shall be no further bidding after the conclusion of the Auction.

LightSquared's acceptance of the Successful Bid(s) is conditioned solely upon approval by the Bankruptcy Court of the Successful Bid(s) at the Confirmation Hearing and entry of the Confirmation Order.

Any decision to be made by LightSquared under these Bid Procedures or in connection with the Plan process, including, without limitation, LightSquared's acceptance of any Successful Bid (or Second-Highest Bid (as defined below), shall be made by a special committee of 3 new independent directors, whose appointment will be subject to the Debtors, the Independent Ad Hoc LP Secured Group and MAST/US Bank agreeing (or the Court concluding) that such directors have no interest in the transaction or these cases and have no present or former relationships that would give rise to the appearance that such directors' judgment with respect to the sale or the plan process would be tainted so as not to be exercised solely for the benefit of the applicable parties in interest; provided, that when selecting the highest and best bids for the LP Assets and/or the Inc. Assets there shall be no deference to the Debtors' business judgment when the Bankruptcy Court considers the Debtors' selection of highest and best bid(s) in the event there is any opposition to the Debtors' selection by MAST/US Bank or the Independent Ad Hoc LP Secured Group.

k. **Irrevocability of Certain Bids.** The Successful Bid(s) shall remain irrevocable in accordance with the terms of the purchase agreement(s) executed by the Successful Bidder(s); provided, that (i) the last bid at the Auction (or submitted if the bidder did not bid at the Auction) of the bidder(s), including, for the avoidance of doubt, any Stalking Horse Bidder(s), if applicable, (each, a "Second-Highest Bidder"), that submits, in

LightSquared's discretion, after consultation with the Lender Parties, the next highest or otherwise best bid(s) (each, a "Second-Highest Bid") for the Assets³ at the Auction shall be subject to the terms of such Second-Highest Bidder(s)' purchase agreement(s), irrevocable until the earlier of: (a) thirty (30) days after entry of the Confirmation Order approving the Successful Bid(s) or such later date as may be set forth in the Second-Highest Bidder's Proposed Agreement; and (b) the date on which LightSquared receives the purchase price in connection with the Successful Bid(s) or the Second-Highest Bid(s) (the "Outside Back-up Date"), and (ii) subject to the terms of each Second-Highest Bidder(s)' purchase agreement, the Good Faith Deposit of the Second-Highest Bidder(s) shall be returned within five (5) business days of the Outside Back-up Date. The identity of the Second-Highest Bidder(s) and the amount and material terms of the Second-Highest Bid(s) shall be announced by LightSquared at the conclusion of the Auction. Following the entry of the Confirmation Order, if a Successful Bidder fails to consummate the Sale because of a breach or failure to perform on the part of such Successful Bidder, the Second-Highest Bidder for the applicable Assets will be deemed to be the Successful Bidder (and the Second-Highest Bid the Successful Bid), and LightSquared will be authorized and directed to consummate the Sale with such Second-Highest Bidder without further order of the Bankruptcy Court. In such case, the defaulting Successful Bidder's Good Faith Deposit shall be forfeited to the applicable LightSquared estates and LightSquared shall have the right to seek any and all other remedies and damages from the defaulting Successful Bidder, subject to the terms of, and the limitations and restrictions set forth in, the Proposed Agreement of the Successful Bidder or the Stalking Horse Agreements, if applicable and as the case may be.

- l. **Return of Good Faith Deposit.** Except as otherwise provided in this section (l) with respect to any Successful Bid or Second-Highest Bid, the Good Faith Deposits of all Qualified Bidders shall be returned upon or within five (5) business days after entry of the Confirmation Order. The Good Faith Deposit of the Successful Bidder(s) shall be held until the closing of the Sale and applied in accordance with the Successful Bid(s). The Good Faith Deposit of the Second-Highest Bidder(s) shall be returned as set forth in section (k) above.
- m. **Modifications.** At or before the Confirmation Hearing, consistent with the purposes of these Bid Procedures to obtain the highest or otherwise best offer(s) for the Assets, LightSquared, after consultation with the Lender Parties, may impose such other terms and conditions as they may determine (after consultation with the Lender Parties) to be in the best interests of the LightSquared's estates and creditors.
- n. **Reservation of Rights.** Subject to section (m) above and except as otherwise provided herein, LightSquared reserves its rights to, after consultation with the Lender Parties, modify these Bid Procedures in any manner that will best promote the goals of the Bidding Process and impose, at or prior to the Auction, additional customary terms and

³ For the avoidance of doubt, the Second Highest Bid(s) may contemplate the purchase of combinations or subsets of the Assets that are different from any combinations or subsets of the Assets reflected in the Successful Bid(s).

conditions on the Sale of the Assets, including, without limitation, modifying the requirements for a Qualified Bid, extending the deadlines set forth in these Bid Procedures, adjourning the Auction at the Auction, and canceling the Auction; provided, however, that modifications of any requirements for a Qualified Bid solely for the LP Assets or the One Dot Six Assets under the Ad Hoc LP Secured Group Plan or MAST/US Bank Plan, respectively, shall require the consent of the proponent(s) of the applicable Plan. In addition, LightSquared, after consultation with the Lender Parties, may (i) determine which Qualified Bid(s), if any, constitutes the highest or otherwise best offer for the applicable Assets and (ii) reject at any time before entry of the Confirmation Order approving one or more Qualified Bid, any bid that is: (A) inadequate or insufficient; (B) not in conformity with the Bankruptcy Code, these Bid Procedures, or the terms and conditions of the Sale; or (C) contrary to the best interests of LightSquared, its estates, its creditors, and other parties in interest. Nothing in these Bid Procedures shall, or shall be deemed to constitute the consent of the applicable lenders under the Prepetition LP Credit Agreement, the DIP Credit Agreement, or the Prepetition Inc. Credit Agreement to any sale or disposition of their collateral. Furthermore, nothing in these Bid Procedures shall prohibit, restrict, or otherwise limit the ability of any party to file and prosecute any competing chapter 11 plan, including a plan that contemplates the retention by LightSquared, or the alternative disposition, of the Assets or any ability of any party in interest to object to any plan or Sale or contest any determinations made by the Debtors under these Bid Procedures.

- o. **Expenses.** Any bidders presenting bids shall bear their own expenses in connection with the proposed sale, whether or not such sale is ultimately approved, except as provided in any Stalking Horse Agreements.
- p. **Highest Or Otherwise Best Bid.** Whenever these Bid Procedures refer to a determination as to the highest or otherwise best offer, LightSquared, after consultation with the Lender Parties, shall have the final authority to make such determinations, subject to approval of the Bankruptcy Court; provided, that if the Debtors (i) (a) do not select the LP Assets Stalking Horse Bid (as such may be modified before or during the Auction) as the highest and best bid for the LP Assets (because they select (i) an alternative Successful Bid for the LP Assets, (ii) a combined Successful Bid for the LP Assets and Inc Assets or (iii) no Successful Bid), and (b) the Independent Ad Hoc LP Secured Group does not agree with the Debtors' decision, the Ad Hoc LP Secured Group shall have the right to seek to have the Ad Hoc LP Secured Group Plan confirmed and consummated utilizing the bid that the Independent Ad Hoc LP Secured Group believes is highest and best (which may be the LP Assets Stalking Horse Bid (as such may be modified before or during the Auction)) and (ii) (a) do not select the One Dot Six Assets Stalking horse Bid (as such may be modified before or during the Auction) as the highest and best bid for the One Dot Six Assets (because they select (i) an alternative Successful Bid for the Inc. Assets or any subset thereof, (ii) a combined Successful Bid for the LP Assets and the Inc. Assets or (iii) no Successful Bid), and (b) MAST and US Bank do not agree with the Debtors' decision, MAST and US Bank shall have the right to seek to have the MAST/US Bank Plan confirmed and consummated utilizing the bid that MAST and US Bank believe is highest and best (which may be the One Dot Six Assets Stalking

Horse Bid (as such may be modified before or during the Auction). If the Ad Hoc LP Secured Group Plan and/or the MAST/US Bank Plan is confirmed and such order confirming it (or them) becomes effective, the Debtors shall cooperate in good faith with the Ad Hoc LP Secured Group, MAST/US Bank and their respective purchasers in taking all actions that are necessary or appropriate for the applicable Plan(s) (and the transactions contemplated thereby) to be timely consummated.

- q. **Participation in Discussions with Potential Bidders.** For the avoidance of doubt, the financial advisors for the Ad Hoc LP Secured Group and MAST/US Bank shall be permitted to participate in all discussions with Potential Bidders and Qualified Bidders (and shall be given reasonable advance notice of all meetings and calls) and shall be copied on all correspondence with Potential Bidders and Qualified Bidders initiated by the Debtors or responses by the Debtors.
- r. **Action of Independent Ad Hoc Secured Group.** To the extent these Bid Procedures contemplate the provision of consent or the taking of other actions by the Independent Ad Hoc LP Secured Group, such consent shall only be provided and/or such actions shall only be taken if supported by members of the Independent Ad Hoc Secured Group holding over 50% in principal amount of the claims under the Prepetition LP Credit Agreement held by the members of the Independent Ad Hoc LP Secured Group.