

BID PROCEDURES

Set forth below are the procedures (the “Bid Procedures”)¹ 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 grouping or subset of the Assets.

A hearing (the “Confirmation Hearing”) to consider approval of the Sale of the Assets, or any grouping or subset thereof, in conjunction with the confirmation of *Debtors’ Joint Plan Pursuant to Chapter 11 of Bankruptcy Code* [Docket No. 817] (the “LightSquared Plan”), shall be conducted 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.** LightSquared will offer for Sale all Assets. 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 of LightSquared, and, for purposes hereof, “Sale” shall be deemed to include a sale of any grouping or subset of the Assets. LightSquared, in consultation with (i) the Ad Hoc Secured Group, exclusive of SPSO² and its affiliates (the “Independent Ad Hoc 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, collectively with the Independent Ad Hoc Secured Group and MAST, the “Lender

¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the LightSquared Plan (as defined below).

² The “Ad Hoc 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 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.

Parties”), through the Lender Parties’ respective advisors, will appropriately assess any bid to determine whether it is a Qualified Bid.

- b. **Form Purchase Agreement.** With these Bid Procedures, 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 Schedule 1-A hereto. Pursuant to the purchase agreement substantially in the form set forth in the Form APA, and to the maximum extent permitted by sections 105, 365, 1123, and 1141 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 Section 2.1 of the Form APA, excluding only those certain assets expressly identified as Retained Assets under Section 2.2 of the Form APA, free and clear of all Liens (as defined below), subject to certain regulatory approvals and other conditions.
- c. **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 LightSquared’s businesses and 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. Neither LightSquared nor any of its affiliates (nor any of their respective representatives) is obligated to furnish any information relating to the Assets to any person except 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:
 - i. 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;
 - ii. 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

- iii. shall comply with all reasonable requests for additional information by LightSquared or LightSquared’s advisors, 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.** Prior to the Bid Deadline, LightSquared may, in consultation with the Lender Parties, enter into an agreement (a “Stalking Horse Agreement”) with any Qualified Bidder (as defined below) that will act as the stalking horse bidder (the “Stalking Horse Bidder”) for LightSquared’s Assets, if, in LightSquared’s judgment, after consultation with the Lender Parties, such resulting bid (the “Stalking Horse Bid”) will better promote the goals of the Bidding Process. LightSquared may grant such Stalking Horse Bidder(s) bid protections (the “Bid Protections”) with respect to the applicable Assets as follows: (i) a break-up fee payable to the Stalking Horse Bidder of up to 3% of the cash purchase price of the applicable Assets set forth in the Stalking Horse Bid and (ii) a maximum expense reimbursement payable to the Stalking Horse Bidder of up to \$1,000,000. The Qualified Bid made by the applicable Stalking Horse Bidder plus the Bid Protections will then act as the minimum Qualified Bid (the “Baseline Bid”) for the applicable Assets for purposes of, and subject to higher and better offers at, the Auction. For the avoidance of doubt, a Stalking Horse Bid may contemplate the purchase of all LP Assets, all Inc. Assets, or any grouping or subset of the Assets and there may be more than one Stalking Horse Bidder for different Assets. At least five (5) days prior to the Auction, LightSquared shall distribute the Stalking Horse Agreement(s), if any, to the parties submitting other Qualified Bids; provided, that LightSquared, after consultation with the Lender Parties, may distribute a Stalking Horse Agreement on shorter notice to parties submitting Qualified Bids so long as such parties are provided a reasonable opportunity to review the Stalking Horse Agreement prior to the commencement of the Auction. To the extent LightSquared enters any such 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 (A) Establishing Bid Procedures Relating to Sale of All or Substantially All Assets of LightSquared, (B) Scheduling Date and Time for Auction, (C) Approving Assumption and Assignment Procedures, (D) Approving Form of Notice, and (E) 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 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.

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.

i. Qualified Bidders must deliver written copies of their bids no later than **5:00 p.m. (prevailing Eastern time) on November 25, 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. Ambruso, 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., Kenneth A. Davis, 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 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 it is 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.

ii. All Qualified Bids must be in the form of an offer letter, which letter states:

(A) that such Qualified Bidder offers to purchase any grouping 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 (showing amendments and modifications thereto)), are to be provided to the Notice Parties;

- (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 “Confirmation Order”) 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; and
- (E) 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.

iii. 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 all of LightSquared’s Assets, \$100,000,000; or
- (B) with respect to a Qualified Bid for any other grouping or subset of the LP Assets and/or Inc. Assets, 10% 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).

- iv. 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: Administrative Claims, Priority Tax Claims, Other Priority Claims, and U.S. Trustee Fees (each as defined in the LightSquared Plan).
 - v. If, prior to the Bid Deadline, LightSquared, in consultation with the Lender Parties, has selected any Baseline Bid(s) pursuant to section (e) above, a Qualified Bid must exceed the aggregate consideration to be paid to or for LightSquared’s estates as follows:
 - (A) a Qualified Bid solely in respect of (1) the LP Assets or any grouping or subset thereof, or (2) any grouping 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 Baseline Bid(s) plus \$50,000,000, the minimum overbid increment at the Auction; and
 - (B) a Qualified Bid solely in respect of the Inc. Assets, or any subset thereof, must exceed the aggregate consideration to be paid to or for the benefit of the Inc. Debtors’ estates as set forth in the applicable Baseline Bid(s) plus \$10,000,000, the minimum overbid increment at the Auction;
- provided, that LightSquared expressly reserves its right to accept, after consultation with the Lender Parties, some other lesser minimum overbid increment if it determines such increment to be appropriate under the circumstances and will better promote the goals of the Bidding Process.
- vi. 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.

- vii. 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 LightSquared's Federal Communications Commission ("FCC") licenses (or the applicable Debtors owning such licenses) must be filed with the FCC.
- viii. 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.
- ix. Qualified Bids must not entitle the Qualified Bidder to any termination or break-up fee, expense reimbursement, or similar type of payment; provided, however, that as stated above, LightSquared reserves the right to, prior to the Bid Deadline and in consultation with the Lender Parties, enter into a separate agreement, which could be initiated by correspondence from a Potential Bidder, with a Stalking Horse Bidder under which such Stalking Horse Bidder's Qualified Bid would be deemed the Stalking Horse Bid for the Auction of the applicable Assets and for which such Stalking Horse Bidder would be entitled to payment at any closing of the Sale of such Assets to a Successful Bidder that is not such Stalking Horse Bidder of a break-up fee that would not exceed 3% of the cash purchase price of the Assets proposed by such Stalking Horse Bidder plus a maximum expense reimbursement equal to \$1,000,000.
- x. Qualified Bids must be irrevocable until entry by the Bankruptcy Court of the Confirmation Order and recognition by the Canadian Court (as defined below) 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).

- xi. 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).

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. **Flexible Asset Packages.** Bidders are invited to bid on any grouping or subset of the Assets; provided, that all bids should include a proposed allocation of purchase consideration among the subject Assets; provided, however, that the Bankruptcy Court shall make the final determination of any such allocation in connection with the Sale.
- 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 Agreement(s), if applicable. Except as otherwise provided in the applicable Proposed Agreement(s) of the Successful Bidder(s) or Stalking Horse Agreement(s), 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 Agreement(s), if and as applicable.
- i. **Auction.** If 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 5, 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 if LightSquared has received no Qualified Bid(s) other than any Stalking Horse Bid(s), LightSquared shall request at the Confirmation Hearing that the Bankruptcy Court approve the Sale of the Assets in accordance with the applicable Stalking Horse Agreements. Only representatives of

LightSquared, the U.S. Trustee, the Information Officer appointed in LightSquared's recognition proceedings before the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court"), the Independent Ad Hoc Secured Group, MAST, U.S. Bank, 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 reasonably appropriate under the circumstances 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)(v) 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 to any date LightSquared, after consultation with the Lender Parties, deems appropriate, but in no event shall the Auction be adjourned beyond December 6, 2013. 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 that order of the Bankruptcy Court approving these Bid Procedures (the “Approval 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.

- 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) sixty (60) 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 LightSquared, 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

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

restrictions set forth in, the Proposed Agreement of the Successful Bidder or the Stalking Horse Agreement, 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 it may determine (after consultation with the Lender Parties) to be in the best interests of LightSquared's estates and creditors.
- n. **Reservation of Rights.** Subject to section (m) above, 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 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. 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 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.
- 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, if applicable.
- 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.
- q. **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 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 Secured Group.