

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

In re:

LIGHTSQUARED INC., *et al.*,

Debtors.¹

)
) Chapter 11
)
) Case No. 12-12080 (SCC)
)
) Jointly Administered
)

**STIPULATION BETWEEN PARTIES IN INTEREST REGARDING
ENTRY OF ORDER PURSUANT TO 11 U.S.C. § 1121(d) FURTHER EXTENDING
LIGHTSQUARED'S EXCLUSIVE PERIODS TO FILE A PLAN OF
REORGANIZATION AND SOLICIT ACCEPTANCES THEREOF**

LightSquared Inc. and certain of its affiliates, as debtors and debtors in possession (collectively, "LightSquared" or the "Debtors") in the above-captioned chapter 11 cases (the "Chapter 11 Cases"), the ad hoc secured group of Prepetition LP Lenders (the "Ad Hoc Secured Group"), MAST Capital Management, LLC, on behalf of itself and its managed accounts (collectively, "MAST"), and U.S. Bank National Association, as Prepetition Inc. Agent and DIP Agent ("U.S. Bank" and, collectively with LightSquared, the Ad Hoc Secured Group, and MAST, the "Parties"), by and through their respective counsel, hereby enter into this stipulation (the "Stipulation") in connection with the Court's entry of an order (the "Second Exclusivity")

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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.

Order”), pursuant to 11 U.S.C. § 1121(d), further extending LightSquared’s Exclusive Periods² to file a plan of reorganization and solicit acceptances thereof, and stipulate and agree as follows:

RECITALS

WHEREAS, on May 14, 2012, LightSquared filed voluntary petitions for relief under chapter 11, title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the “Bankruptcy Code”);

WHEREAS, LightSquared continues to operate its businesses and manage its properties as debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, no official committee has been appointed in the Chapter 11 Cases, and no request for the appointment of a trustee or examiner has been made in the Chapter 11 Cases;

WHEREAS, pursuant to the Motion, LightSquared sought an extension of its (i) Exclusive Filing Period from January 31, 2013 to May 31, 2013 and (ii) Exclusive Solicitation Period from April 1, 2013 to July 30, 2013;

WHEREAS, on January 24, 2013, (i) the Ad Hoc Secured Group filed an objection to the Motion [Docket No. 503] (the “Objection”), (ii) U.S. Bank and MAST filed a Statement in Support of the Motion [Docket No. 500], and (iii) the ad hoc group of holders of, advisors or affiliates of advisors to holders of, or managers of various accounts that hold Series A Preferred Units of LightSquared LP (the “Ad Hoc Preferred LP Group”) filed a Statement in Support of the Motion [Docket No. 501];

WHEREAS, on January 30, 2013, (i) LightSquared filed a reply in support of its Motion [Docket No. 509], and (ii) Harbinger Capital Partners LLC and certain of its managed and

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in LightSquared’s motion, filed on January 17, 2013, requesting an extension of its exclusive periods during which only it may file a chapter 11 plan of reorganization and solicit acceptances thereof [Docket No. 485] (the “Motion”).

affiliated funds and wholly-owned subsidiaries, including HGW US Holding Company, L.P., Blue Line DZM Corp., and Harbinger Capital Partners SP, Inc. (collectively, “Harbinger”) filed a reply to the Objection [Docket No. 510];

WHEREAS, a hearing was held on the Motion on January 31, 2013, and the Court ordered on the record that LightSquared’s Exclusive Filing Period shall be extended through and including a resolution of the Motion; and

WHEREAS, the Parties have agreed to the terms of a consensual Second Exclusivity Order, subject to the terms contained herein.

STIPULATION

NOW THEREFORE, IT IS HEREBY STIPULATED AND AGREED, BY AND AMONG LIGHTSQUARED, THE AD HOC SECURED GROUP, MAST, AND U.S. BANK, THROUGH THEIR UNDERSIGNED COUNSEL:

1. This Stipulation shall have no force or effect unless and until the Second Exclusivity Order is entered by the Court (the “Effective Date”), which shall include and incorporate this Stipulation.
2. The recitals set forth above are true and correct and are incorporated herein by reference.
3. Upon entry of the Second Exclusivity Order, pursuant to section 1121(d) of the Bankruptcy Code, each of LightSquared’s Exclusive Filing Period and Exclusive Solicitation Period shall be further extended through and including July 15, 2013 (the “Termination Date”).
4. Prior to the Termination Date, the Parties shall engage in good faith negotiations regarding the terms of a consensual chapter 11 plan.
5. If the Parties do not reach agreement as to the terms of a consensual chapter 11 plan prior to the Termination Date, LightSquared or any party in interest may file a chapter 11 plan after the Termination Date.

6. Prior to the Termination Date, (a) LightSquared shall only be permitted to file a chapter 11 plan that (i) has been consented to by the Ad Hoc Secured Group or proposes to pay the Prepetition LP Obligations in cash in full on the effective date of such chapter 11 plan (or as soon as reasonably practicable thereafter) and (ii) has been consented to by U.S. Bank and MAST or proposes to pay the Prepetition Inc. Obligations and the DIP Obligations in cash in full on the effective date of such chapter 11 plan (or as soon as reasonably practicable thereafter); (b) the Ad Hoc Secured Group shall not (and shall direct the Prepetition LP Agent not to) file a motion to terminate exclusivity, provided, however, that this paragraph 6(b) shall not apply in the event of entry of an order by the Court terminating the use of the Prepetition LP Lenders' cash collateral following a breach of the Cash Collateral Order (as may be amended from time to time, including in accordance with this Stipulation); and (c) U.S. Bank and MAST shall not file a motion to terminate exclusivity, provided, however, that this paragraph 6(c) shall not apply following a breach of the DIP Order. The filing of a chapter 11 plan by LightSquared shall not extend or otherwise affect the Termination Date. The Parties acknowledge that, after the Termination Date, the Ad Hoc Secured Group, MAST, and/or U.S. Bank may file a chapter 11 plan or plans in the Chapter 11 Cases, which, in accordance with any of its rights under the Bankruptcy Code and this Stipulation, may or may not provide for a sale or other transaction involving all or substantially all of the Debtors' assets and/or the equity in one or more of the Debtors.

7. [REDACTED]

8. [REDACTED]³

³ Harbinger is a party to this Stipulation for purposes of paragraph 8 only.

9. The Parties hereby agree to keep the contents of paragraphs 7 and 8 of this Stipulation highly confidential and shall not, publicly or otherwise, disclose the contents thereof; provided, however, that any Party may post in the data room, for potential purchasers having executed appropriate nondisclosure agreements, the full terms of this Stipulation following the Termination Date.

10. Each Party shall reasonably cooperate with the other Party with respect to information needed to draft a disclosure statement with respect to a chapter 11 plan filed by the Ad Hoc Secured Group, MAST, and/or U.S. Bank following the Termination Date (which the Parties recognize may be a joint disclosure statement with respect to chapter 11 plans filed by LightSquared, the Ad Hoc Secured Group, MAST, and/or U.S. Bank).

11. A hearing (the “Disclosure Statement Hearing”) on any disclosure statement(s) with respect to any chapter 11 plans filed after the Termination Date shall be held on a date between August 30, 2013 and September 15, 2013, subject to the Court’s availability as long as such hearing date complies with the requirements of rule 3017 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and all other applicable Bankruptcy Rules.

12. The Ad Hoc Secured Group shall direct and cause the Prepetition LP Agent to immediately consent to the amendment of the Cash Collateral Order to permit LightSquared to continue to use the Prepetition LP Lenders’ Cash Collateral (as defined in the Cash Collateral Order) through and including December 31, 2013 on substantially the same terms as set forth in the amended Cash Collateral Order attached hereto as Exhibit A.

13. U.S. Bank and MAST agree to waive any default under paragraph 24(j) of the DIP Order and any corresponding default under the DIP Documents resulting from termination of exclusivity on July 15, 2013, and the Ad Hoc Secured Group agrees that it will not object to

LightSquared's motion to amend the DIP Facility (the "DIP Amendment Motion") as follows:

(a) additional borrowings of \$5 million will be available to LightSquared in exchange for a commitment fee, paid in kind, of 3.5% (as set forth in the existing DIP Documents), (b) the maturity date of the DIP Facility will be extended to and including December 31, 2013, (c) the provisions in the DIP Order providing for adequate protection for the Prepetition Inc. Agent and the Prepetition Inc. Lenders and the consensual use of Prepetition Inc. Collateral will be extended to and including December 31, 2013, (d) the interest rate on the DIP Obligations will increase to 12.5% from and after the date hereof, and (e) all interest accruing at the default rate on the Prepetition Inc. Obligations pursuant to the terms of the DIP Order from and after the Petition Date until the date of the entry of an order approving the DIP Amendment Motion, (which for information purposes is in the amount of approximately \$7.2 million as of the date hereof), will be added to and become DIP Obligations under the DIP Facility, subject to the Ad Hoc Secured Group's challenge to the Prepetition Inc. Obligations in accordance with the DIP Order.

14. Subject to the DIP Facility (as may be amended, supplemented, restated, or otherwise modified from time to time in accordance with its terms), LightSquared shall not seek Court approval of debtor in possession financing that is senior to, or *pari passu* with, the liens on the Prepetition LP Collateral and claims of the Prepetition LP Lenders without the consent of the Ad Hoc Secured Group. For the avoidance of doubt, the Ad Hoc Secured Group shall not object to a proposed debtor in possession financing that is junior to the liens on the Prepetition LP Collateral and claims of the Prepetition LP Lenders (a "Junior LP DIP Facility"). In connection with LightSquared's solicitation of proposals for any Junior LP DIP Facility, LightSquared shall provide the requested terms and conditions of such Junior LP DIP Facility

and any related financing solicitation materials or other request for proposals to the members of the Ad Hoc Preferred LP Group and their counsel for a period of not less than two (2) business days prior to soliciting proposals for such financing from alternative financing sources (the “Preferred Holders’ Consideration Period”) and engage in good faith negotiations regarding any such Junior LP DIP Facility with the members of the Ad Hoc Preferred LP Group during the Preferred Holders’ Consideration Period and thereafter. LightSquared shall not seek Court approval of debtor in possession financing inconsistent with the DIP Order and DIP Documents.⁴

15. LightSquared’s agreements in paragraphs 6-11 and 14 of this Stipulation shall have no further force or effect and shall not be binding on LightSquared with respect to the Ad Hoc Secured Group, if (a)(i) either (A) the Ad Hoc Secured Group is no longer the largest (by dollar amount of Prepetition LP Obligations) group of Prepetition LP Lenders organized and jointly represented (as evidenced by a Bankruptcy Rule 2019 statement or statements, with at least as much detail as the Ad Hoc Secured Group’s Bankruptcy Rule 2019 disclosure, filed by one or more groups (excluding the Debtors’ insiders and their affiliates (as defined in the Bankruptcy Code))), which in the aggregate hold more Prepetition LP Obligations) or (B) an entity or person (excluding the Debtors’ insiders and their affiliates (as defined in the Bankruptcy Code)) holds more of the Prepetition LP Obligations than does the Ad Hoc Secured Group, and (ii) ten (10) business days after a group or groups specified in (a)(i)(A) hereof files its Bankruptcy Rule 2019 statement(s) or notice by the Debtors or the Prepetition LP Agent (as defined in the Cash Collateral Order) of the reflection of the holdings of an entity or person specified in (a)(i)(B) hereof on the registry of the Prepetition LP Agent, a sufficient number of

⁴ The Ad Hoc Preferred LP Group is a party to this Stipulation for purposes of paragraph 14 only.

such group(s), such entity, or such person has not entered into an agreement enforceable by the Ad Hoc Secured Group supporting and, when solicited, agreeing to vote in favor of the Ad Hoc Secured Group's chapter 11 plan (a "Support Agreement"), such that the aggregate amount of Prepetition LP Obligations held by the Ad Hoc Secured Group and those who have entered into such Support Agreement(s) is greater than the Prepetition LP Obligations held by such group(s), such entity, or such person who have not; or (b) Prepetition LP Lenders (excluding the Debtors' insiders and their affiliates (as defined in the Bankruptcy Code)) holding no less than 40.00% of the Prepetition LP Obligations enter into an agreement enforceable by the Debtors not to support or, when solicited, vote to reject the Ad Hoc Secured Group's chapter 11 plan. LightSquared may request that the Ad Hoc Secured Group file revised Bankruptcy Rule 2019 statements, but in no event more frequently than once every thirty days. LightSquared's agreements in paragraphs 6-11 and 14 of this Stipulation shall have no further force or effect and shall not be binding on LightSquared with respect to MAST and U.S. Bank, if MAST ceases to hold more than a majority of the Prepetition Inc. Obligations held by non-insiders (as defined in the Bankruptcy Code). Nothing in this paragraph 15 shall affect the termination of LightSquared's Exclusive Filing Period and Exclusive Solicitation Period on the Termination Date.

16. The provisions of this Stipulation shall remain in full force and effect unless modified or vacated by subsequent order of the Court with the consent of each of the Parties.

17. The Parties are authorized and empowered to take all actions necessary to effectuate the terms of this Stipulation and agree to execute such other documents as may be reasonably requested of them that may be necessary to carry out the terms of this Stipulation.

18. This Stipulation contains the entire agreement between the Parties regarding the subject matter hereof, and may only be modified in a writing, signed by each of the Parties.

19. This Stipulation is binding upon LightSquared, LightSquared's bankruptcy estates, the other Parties and their respective successors and assigns.

20. The Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Stipulation.

New York, New York
Dated: February 13, 2013

/s/ Matthew S. Barr
Matthew S. Barr
Alan J. Stone
David S. Cohen
Karen Gartenberg
MILBANK, TWEED, HADLEY & M^CCLOY LLP
One Chase Manhattan Plaza
New York, NY 10005-1413
(212) 530-5000

Counsel to LightSquared

New York, New York
Dated: February 13, 2013

/s/ Thomas E Lauria
Glenn M. Kurtz
WHITE & CASE LLP
1155 Avenue of the Americas
New York, NY 10036
Telephone: (212) 819-8200
Facsimile: (212) 354-8113
gkurtz@whitecase.com

Thomas E Lauria (admitted *pro hac vice*)
WHITE & CASE LLP
Southeast Financial Center, Suite 4900
200 South Biscayne Blvd.
Miami, FL 33131
Telephone: (305) 371-2700
Facsimile: (305) 358-5744
tlauria@whitecase.com

Counsel to the Ad Hoc Secured Group

New York, New York
Dated: February 13, 2013

/s/ Philip C. Dublin
Michael S. Stamer
Philip C. Dublin
Kenneth A. Davis
AKIN GUMP STRAUSS HAUER & FELD LLP
One Bryant Park
New York, New York 10036
(212) 872-1000 (Telephone)
(212) 872-1002 (Facsimile)
mstamer@akingump.com
pdublin@akingump.com
kdavis@akingump.com

Attorneys for MAST and U.S. Bank

New York, New York
Dated: February 13, 2013

/s/ Debra A. Dandeneau
Debra A. Dandeneau
Richard W. Slack
Ronit J. Berkovich
WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007

Attorneys for Harbinger

New York, New York
Dated: February 13, 2013

/s/ Kenneth S. Ziman
Kenneth S. Ziman
George N. Panagakis
Max S. Polonsky
SKADDEN, ARPS, SLATE, MEAGHER & FLOM
LLP
Four Times Square
New York, New York 10036
(212) 735-3000

Attorneys for the Ad Hoc Preferred LP Group