

Exhibit A

Revised Specific Disclosure Statement

**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
)

**REVISED SPECIFIC DISCLOSURE STATEMENT FOR
DEBTORS' REVISED SECOND AMENDED JOINT PLAN
PURSUANT TO CHAPTER 11 OF BANKRUPTCY CODE²**

- Voting Record Date: October 9, 2013
- Plan Objection Deadline: January 15, 2014 at 4:00 p.m. (prevailing Eastern time)
- Voting Deadline: January 15, 2014 at 4:00 p.m. (prevailing Pacific time)
- Confirmation Hearing: January 21, 2014 at 10:00 a.m. (prevailing Eastern time)

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Dated: New York, New York
December 31, 2013

¹ The Debtors in these Chapter 11 Cases (as defined below), 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 LightSquared's corporate headquarters is 10802 Parkridge Boulevard, Reston, VA 20191.

² The dates and deadlines relating to the plan solicitation and confirmation process referenced throughout this Debtors' Specific Disclosure Statement are subject to extension pursuant to the *Order Modifying Previously Scheduled Hearing Dates and Deadlines in Connection with Chapter 11 Plan Process* [Docket No. 1061] (the "Scheduling Order").

THE DEADLINE TO ACCEPT OR REJECT THE PLAN AND ALTERNATE INC. DEBTORS PLAN IS JANUARY 15, 2014 AT 4:00 P.M. (PREVAILING PACIFIC TIME), UNLESS OTHERWISE EXTENDED PURSUANT TO THE SCHEDULING ORDER (THE “VOTING DEADLINE”). TO BE COUNTED, BALLOTS MUST BE RECEIVED BY KURTZMAN CARSON CONSULTANTS LLC, LIGHTSQUARED’S NOTICE, CLAIMS, SOLICITATION, AND BALLOTING AGENT (“KCC” OR THE “CLAIMS AND SOLICITATION AGENT”), NO LATER THAN THE VOTING DEADLINE.

THE STATEMENTS CONTAINED IN THIS REVISED SPECIFIC DISCLOSURE STATEMENT (THE “DEBTORS’ SPECIFIC DISCLOSURE STATEMENT”) FOR THE DEBTORS’ REVISED SECOND AMENDED JOINT PLAN PURSUANT TO CHAPTER 11 OF BANKRUPTCY CODE (ATTACHED HERETO AS EXHIBIT A, AND AS THE SAME MAY BE AMENDED FROM TIME TO TIME, THE “PLAN”) OF 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”), ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER SUCH DATE. THE DELIVERY OF THE DEBTORS’ SPECIFIC DISCLOSURE STATEMENT AFTER THE DATE HEREOF DOES NOT IMPLY THAT THERE HAS BEEN NO CHANGE IN INFORMATION SET FORTH HEREIN. LIGHTSQUARED HAS NO DUTY TO UPDATE THE DEBTORS’ SPECIFIC DISCLOSURE STATEMENT UNLESS OTHERWISE ORDERED TO DO SO BY THE BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK HAVING JURISDICTION OVER THE CHAPTER 11 CASES (THE “BANKRUPTCY COURT”). THIS DEBTORS’ SPECIFIC DISCLOSURE STATEMENT SUPERSEDES THE SPECIFIC DISCLOSURE STATEMENT FOR DEBTORS’ FIRST AMENDED JOINT PLAN PURSUANT TO CHAPTER 11 OF BANKRUPTCY CODE [DOCKET NO. 921].

THE DEBTORS’ SPECIFIC DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN AND THE ALTERNATE INC. DEBTORS PLAN. PLEASE READ THIS DOCUMENT WITH CARE. THE PURPOSE OF THE DEBTORS’ SPECIFIC DISCLOSURE STATEMENT, TAKEN TOGETHER WITH THE FIRST AMENDED GENERAL DISCLOSURE STATEMENT [DOCKET NO. 918] (THE “GENERAL DISCLOSURE STATEMENT” AND, TOGETHER WITH THE DEBTORS’ SPECIFIC DISCLOSURE STATEMENT, THE “DISCLOSURE STATEMENT”), IS TO PROVIDE “ADEQUATE INFORMATION” OF A KIND, AND IN SUFFICIENT DETAIL, AS FAR AS IS REASONABLY PRACTICABLE IN LIGHT OF THE NATURE AND HISTORY OF LIGHTSQUARED AND THE CONDITION OF LIGHTSQUARED’S BOOKS AND RECORDS, THAT WOULD ENABLE A HYPOTHETICAL, REASONABLE INVESTOR TYPICAL OF HOLDERS OF CLAIMS OR EQUITY INTERESTS OF THE RELEVANT CLASS TO MAKE AN INFORMED JUDGMENT CONCERNING THE PLAN. SEE 11 U.S.C. § 1125(A).

THE PURPOSE OF THE DEBTORS' SPECIFIC DISCLOSURE STATEMENT IS TO PROVIDE (A) INFORMATION CONCERNING THE PLAN AND THE ALTERNATE INC. DEBTORS PLAN, (B) INFORMATION FOR HOLDERS OF CLAIMS OR EQUITY INTERESTS REGARDING THEIR TREATMENT UNDER THE PLAN AND THE ALTERNATE INC. DEBTORS PLAN, AND (C) INFORMATION TO ASSIST THE BANKRUPTCY COURT IN DETERMINING WHETHER THE PLAN AND THE ALTERNATE INC. DEBTORS PLAN COMPLY WITH THE PROVISIONS OF CHAPTER 11 OF TITLE 11 OF THE UNITED STATES CODE, 11 U.S.C. §§ 101-1532 (AS AMENDED, THE "BANKRUPTCY CODE") AND SHOULD BE CONFIRMED.

FOR THE CONVENIENCE OF HOLDERS OF CLAIMS OR EQUITY INTERESTS, THE DEBTORS' SPECIFIC DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN AND THE ALTERNATE INC. DEBTORS PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THE DEBTORS' SPECIFIC DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE ALTERNATE INC. DEBTORS PLAN, OTHER EXHIBITS ATTACHED TO THE PLAN AND THE ALTERNATE INC. DEBTORS PLAN, AND THE PLAN SUPPLEMENT (AS DEFINED IN THE PLAN). IF ANY INCONSISTENCY EXISTS AMONG THE PLAN OR THE ALTERNATE INC. DEBTORS PLAN, THE GENERAL DISCLOSURE STATEMENT, AND THE DEBTORS' SPECIFIC DISCLOSURE STATEMENT, THE TERMS OF THE PLAN OR THE ALTERNATE INC. DEBTORS PLAN ARE CONTROLLING.

HOLDERS OF CLAIMS OR EQUITY INTERESTS SHOULD REFER TO THE GENERAL DISCLOSURE STATEMENT FOR RELEVANT INFORMATION REGARDING THE HISTORY OF LIGHTSQUARED, ITS BUSINESSES, EVENTS IN THE RESTRUCTURING OF LIGHTSQUARED, PROCEDURES REGARDING THE SOLICITATION AND CONFIRMATION OF THE PLAN, AND THE CHAPTER 11 CASES.

NO REPRESENTATIONS CONCERNING LIGHTSQUARED'S FINANCIAL CONDITION OR ANY ASPECT OF THE PLAN OR THE ALTERNATE INC. DEBTORS PLAN ARE AUTHORIZED BY LIGHTSQUARED OTHER THAN AS SET FORTH IN THE DISCLOSURE STATEMENT (INCLUDING ALL EXHIBITS, ATTACHMENTS, AND OTHER ACCOMPANYING DOCUMENTS). ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OR REJECTION OF THE PLAN OTHER THAN AS CONTAINED IN, OR INCLUDED WITH, THE DISCLOSURE STATEMENT (INCLUDING ALL EXHIBITS, ATTACHMENTS, AND OTHER ACCOMPANYING DOCUMENTS) SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION.

ALL HOLDERS OF CLAIMS OR EQUITY INTERESTS ARE ADVISED AND ENCOURAGED TO READ THE GENERAL AND DEBTORS' SPECIFIC DISCLOSURE STATEMENTS (INCLUDING ALL EXHIBITS, ATTACHMENTS, AND OTHER ACCOMPANYING DOCUMENTS) AND THE PLAN AND THE ALTERNATE INC. DEBTORS PLAN IN THEIR ENTIRETY. ALL HOLDERS OF CLAIMS OR EQUITY INTERESTS SHOULD READ CAREFULLY AND CONSIDER FULLY THE "PLAN-RELATED RISK FACTORS TO CONFIRMING AND CONSUMMATING PLAN" SECTION HEREOF BEFORE VOTING FOR OR AGAINST THE PLAN AND THE ALTERNATE INC.

DEBTORS PLAN. **SEE ARTICLE VI HEREOF, “PLAN-RELATED RISK FACTORS TO CONFIRMING AND CONSUMMATING PLAN.”**

THE DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(B) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW. PERSONS OR ENTITIES TRADING IN, OR OTHERWISE PURCHASING, SELLING, OR TRANSFERRING SECURITIES OF LIGHTSQUARED, IF ANY, SHOULD NOT RELY UPON THE DISCLOSURE STATEMENT FOR SUCH PURPOSES AND SHOULD EVALUATE THE DEBTORS’ SPECIFIC DISCLOSURE STATEMENT AND THE PLAN AND THE ALTERNATE INC. DEBTORS PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

THE DISCLOSURE STATEMENT HAS NOT BEEN REVIEWED, APPROVED, OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE “SEC”), AND THE SEC HAS NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE. NEITHER THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN OR THE ALTERNATE INC. DEBTORS PLAN NOR THE DISCLOSURE STATEMENT CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, SECURITIES IN ANY STATE OR JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED.

THE DEBTORS’ SPECIFIC DISCLOSURE STATEMENT SUMMARIZES CERTAIN PROVISIONS OF THE PLAN, THE ALTERNATE INC. DEBTORS PLAN, STATUTORY PROVISIONS, DOCUMENTS RELATED TO THE PLAN AND THE ALTERNATE INC. DEBTORS PLAN, AND FINANCIAL INFORMATION. ALTHOUGH LIGHTSQUARED BELIEVES THAT THE PLAN AND RELATED DOCUMENT SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. FACTUAL INFORMATION CONTAINED IN THE DEBTORS’ SPECIFIC DISCLOSURE STATEMENT HAS BEEN PROVIDED BY LIGHTSQUARED’S MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. LIGHTSQUARED IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT INACCURACY OR OMISSION.

THE PLAN AND THE ALTERNATE INC. DEBTORS PLAN CONTAIN CERTAIN RELEASE, INJUNCTION, AND EXCULPATION PROVISIONS. **SEE ARTICLE VIII OF THE PLAN, “SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS,” AND ARTICLE VIII OF THE ALTERNATE INC. DEBTORS PLAN, “SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS.”**

THE INFORMATION CONTAINED IN THE DEBTORS’ SPECIFIC DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES, AND CONFIRMATION, OF THE PLAN AND THE ALTERNATE INC. DEBTORS PLAN

AND MAY NOT BE RELIED UPON FOR ANY OTHER PURPOSE THAN TO DETERMINE HOW TO VOTE ON THE PLAN OR THE ALTERNATE INC. DEBTORS PLAN. HOLDERS OF CLAIMS OR EQUITY INTERESTS ENTITLED TO VOTE MUST RELY ON THEIR OWN EVALUATIONS OF LIGHTSQUARED AND THEIR OWN ANALYSES OF THE TERMS OF THE PLAN AND THE ALTERNATE INC. DEBTORS PLAN, INCLUDING, WITHOUT LIMITATION, ANY RISK FACTORS CITED HEREIN, IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN OR THE ALTERNATE INC. DEBTORS PLAN. THE DESCRIPTIONS SET FORTH HEREIN OF THE ACTIONS, CONCLUSIONS, OR RECOMMENDATIONS OF LIGHTSQUARED OR ANY OTHER PARTY IN INTEREST HAVE BEEN SUBMITTED TO, OR APPROVED BY, SUCH PARTY, BUT NO SUCH PARTY MAKES ANY REPRESENTATION REGARDING SUCH DESCRIPTIONS. NOTHING CONTAINED IN THE DEBTORS' SPECIFIC DISCLOSURE STATEMENT (INCLUDING ALL EXHIBITS, ATTACHMENTS, AND OTHER ACCOMPANYING DOCUMENTS) SHALL CONSTITUTE, OR BE CONSTRUED AS, AN ADMISSION OF ANY FACT, LIABILITY, STIPULATION, OR WAIVER, AND FOR PURPOSES OF ANY CONTESTED MATTER, ADVERSARY PROCEEDING, OR OTHER PENDING OR THREATENED ACTION, THE CONTENTS HEREOF SHALL CONSTITUTE STATEMENTS MADE IN FURTHERANCE OF SETTLEMENT NEGOTIATIONS AND SHALL BE SUBJECT TO RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND ANY SIMILAR RULE OR STATUTE. THE DEBTORS' SPECIFIC DISCLOSURE STATEMENT (INCLUDING ALL EXHIBITS, ATTACHMENTS, AND OTHER ACCOMPANYING DOCUMENTS) SHALL NOT BE ADMISSIBLE IN ANY PROCEEDING (OTHER THAN THE CHAPTER 11 CASES) INVOLVING LIGHTSQUARED OR ANY OTHER PARTY, NOR SHALL IT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN OR THE ALTERNATE INC. DEBTORS PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR EQUITY INTERESTS IN, LIGHTSQUARED. EACH HOLDER OF A CLAIM OR EQUITY INTEREST SHOULD CONSULT ITS OWN COUNSEL OR TAX ADVISOR ON ANY QUESTIONS OR CONCERNS RESPECTING TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN OR THE ALTERNATE INC. DEBTORS PLAN ON HOLDERS OF CLAIMS OR EQUITY INTERESTS.

IRS CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE INTERNAL REVENUE SERVICE, ANY TAX ADVICE CONTAINED IN THE DEBTORS' SPECIFIC DISCLOSURE STATEMENT (INCLUDING ALL EXHIBITS, ATTACHMENTS, AND OTHER ACCOMPANYING DOCUMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES UNDER THE TAX CODE. TAX ADVICE CONTAINED IN THE DEBTORS' SPECIFIC DISCLOSURE STATEMENT (INCLUDING ALL EXHIBITS, ATTACHMENTS, AND OTHER ACCOMPANYING DOCUMENTS) IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THE DEBTORS' SPECIFIC DISCLOSURE STATEMENT. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

LIGHTSQUARED PRESENTLY INTENDS TO CONSUMMATE THE PLAN OR THE ALTERNATE INC. DEBTORS PLAN AS PROMPTLY AS POSSIBLE. THERE CAN BE NO ASSURANCE, HOWEVER, AS TO WHEN AND WHETHER CONFIRMATION OF THE PLAN OR THE ALTERNATE INC. DEBTORS PLAN AND THE EFFECTIVE DATE OF THE PLAN OR THE ALTERNATE INC. DEBTORS PLAN ACTUALLY WILL OCCUR. PROCEDURES FOR DISTRIBUTIONS UNDER THE PLAN OR THE ALTERNATE INC. DEBTORS PLAN, INCLUDING MATTERS THAT ARE EXPECTED TO AFFECT THE TIMING OF THE RECEIPT OF DISTRIBUTIONS BY HOLDERS OF CLAIMS OR EQUITY INTERESTS IN CERTAIN CLASSES AND THAT COULD AFFECT THE AMOUNT OF DISTRIBUTIONS ULTIMATELY RECEIVED BY SUCH HOLDERS, ARE DESCRIBED IN THE PLAN AND THE ALTERNATE INC. DEBTORS PLAN.

LIGHTSQUARED URGES ALL HOLDERS OF CLAIMS OR EQUITY INTERESTS ENTITLED TO VOTE ON THE PLAN OR THE ALTERNATE INC. DEBTORS PLAN TO VOTE TO ACCEPT THE PLAN OR THE ALTERNATE INC. DEBTORS PLAN.

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EXHIBITS

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Exhibit B Projections

Exhibit C Plan Supplement for Plan

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Exhibit C-2 – New Equity Contribution Agreement

Exhibit C-3 – Reorganized LightSquared Inc. Loan Agreement

Exhibit C-4 – Rights Offering Documents

Exhibit C-5 – Litigation Trust Agreement

Exhibit C-6 – New LightSquared Entities Corporate Governance Documents

Exhibit C-7 – Schedule of Assumed Agreements

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Exhibit D Plan Supplement for Alternate Inc. Debtors Plan

Exhibit D-1 – Inc. Exit Financing Agreement

Exhibit D-2 – One Dot Six Exit Financing Agreement

Exhibit D-3 – New Equity Contribution Agreement

Exhibit D-4 – Rights Offering Documents

Exhibit D-5 – Litigation Trust Agreement

Exhibit D-6 – Reorganized Debtors Corporate Governance Documents

Exhibit D-7 – Schedule of Assumed Agreements

Exhibit D-8 – Schedule of Retained Causes of Action

Exhibit D-9 – Liquidation Analysis

ARTICLE I INTRODUCTION

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”), submit this Revised Specific Disclosure Statement (the “Debtors’ Specific Disclosure Statement”) in connection with the (i) solicitation of votes to accept or reject their joint chapter 11 plan or alternate chapter 11 plan (attached hereto as Exhibit A, and as may be amended from time to time, the “Plan”),³ and (ii) hearing to consider confirmation of such Plan.

The purpose of the Debtors’ Specific Disclosure Statement is to set forth certain information specific to the Plan concerning, among other things, the (i) terms, provisions, and implications of the Plan and (ii) holders of Claims against, and Equity Interests in, LightSquared (collectively, the “Holders”) and their rights under the Plan. The Debtors’ Specific Disclosure Statement does not contain disclosures that are by their nature generally applicable to any chapter 11 plan that may be proposed in the Chapter 11 Cases. Such generally applicable disclosures are set forth in the First Amended General Disclosure Statement [Docket No. 918] (the “General Disclosure Statement” and, together with the Debtors’ Specific Disclosure Statement, the “Disclosure Statement”), which provides, among other things, information concerning the history of LightSquared, a description of its businesses, operations, and capital structure, events leading up to the Chapter 11 Cases and the Canadian Proceedings, and significant events occurring in the Chapter 11 Cases.

Altogether, the Disclosure Statement provides certain information, as required under section 1125 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the “Bankruptcy Code”), to the Holders who will have the right to vote on the Plan, so that such Holders can make informed decisions in doing so. While the Disclosure Statement includes a summary of the terms of the Plan for the convenience of the Holders, such summary is qualified in its entirety by reference to the Plan.⁴

Accordingly, for a complete understanding of the Plan, the Holders who have the right to vote on the Plan are advised and encouraged to read, **in their entirety**, the Plan (including the Alternate Inc. Debtors’ Plan), the Debtors’ Specific Disclosure Statement, and the General Disclosure Statement.

A. Overview of Plan

1. Path to Value-Maximizing Transaction

LightSquared has always believed, and continues to believe, that resolution of the pending FCC proceedings will maximize the value of its assets and, accordingly, will continue its efforts with the FCC and other federal agencies in seeking approval of its pending license

³ Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Plan or the Alternate Inc. Debtors Plan, as applicable.

⁴ If any inconsistency exists between (a) the Plan, on the one hand, and (b) the Debtors’ Specific Disclosure Statement or the General Disclosure Statement (or both), on the other hand, the terms of the Plan control.

modification applications and related proceedings before the FCC. Indeed, LightSquared has always operated on the premise that concluding discussions with the FCC and interested government agencies regarding the terrestrial deployment of its wireless spectrum significantly increases the value of its Estates and most likely leads to a value-maximizing solution, whether through a sale process or an alternative transaction. A detailed description of LightSquared's restructuring efforts, including its attempts to resolve the pending FCC proceedings, is provided in Article III.F of the General Disclosure Statement, entitled "**Restructuring Efforts.**" A detailed description of the current status of the FCC process is provided in Article III.F.1 of the General Disclosure Statement, entitled "**Current Status of FCC Process.**"

In pursuing a resolution with the FCC regarding the terrestrial deployment of its 4G LTE wireless network, LightSquared has always been keenly aware that the regulatory path upon which it embarked (and continues to pursue), and the restructuring path to which it is subject in these Chapter 11 Cases, may progress at different paces. Hand-in-hand with such awareness was the recognition that, to properly exercise its fiduciary duty to all of its stakeholders given the continuing nature of the FCC process and the facts and circumstances of the Chapter 11 Cases, LightSquared would need to take action to protect its Estates and the current value of its assets through the filing of a chapter 11 plan that contemplates a sale of the Estates' assets. Accordingly, on August 30, 2013, LightSquared filed the *Debtors' Joint Plan Pursuant to Chapter 11 of Bankruptcy Code* [Docket No. 817] and subsequently filed on October 7, 2013, and commenced the solicitation of votes for, the *Debtors' First Amended Joint Plan Pursuant to Chapter 11 of Bankruptcy Code* [Docket No. 919] (the "**First Amended Plan**") that, among other things, contemplates the sale of LightSquared's assets. Notwithstanding the filing of, and commencement of the solicitation of votes for, the First Amended Plan, LightSquared was always receptive to any potential alternative transactions that would provide greater value for the Estates and all of LightSquared's stakeholders, and, indeed, fully preserved its rights to determine that it was in the best interests of these Estates to modify or supplement the First Amended Plan.

As discussed in Article III.G of the General Disclosure Statement, entitled "**Special Committee,**" on September 16, 17, and 27, 2013, LightSquared's board of directors appointed the Special Committee to, among other things, (a) oversee the potential Sale of LightSquared's assets in connection with any auction and sale process and (b) evaluate potential restructuring plans or plans of reorganization filed by LightSquared or any other parties. In particular, the Special Committee was charged with weighing all of LightSquared's options for exiting chapter 11.

With the principal aim of maximizing value for all of LightSquared's stakeholders, LightSquared and its advisors vigorously marketed, and solicited bids for, all of LightSquared's assets. In connection therewith, LightSquared and its advisors contacted approximately ninety (90) potential bidders, provided public information with respect to LightSquared to forty (40) such potential bidders, and, ultimately, signed nondisclosure agreements with seven (7) potential bidders. After engaging in such sale process and thoroughly marketing its Assets, however, LightSquared realized that an Auction was not the appropriate forum to render a value-maximizing result for LightSquared's Estates. Indeed, LightSquared's advisors were informed that, in light of the current circumstances surrounding these Chapter 11 Cases and the nature of the \$2.22 billion stalking horse bid submitted by LBAC, multiple potential bidders were

reluctant to participate in the Auction and noted their belief that the sale process and Auction would not lead to a transaction for LightSquared's Estates that would optimize value and recoveries. Given this market feedback, LightSquared was not surprised that, although it had actively solicited participation in the Auction and the submission of bids for the purchase of its Assets, it ultimately only received bids from parties already highly involved in these Chapter 11 Cases. No qualified bids were received from third parties outside of its capital structure.

While LightSquared was unable to obtain robust participation in the sale process and Auction, third parties expressed to LightSquared an interest in providing LightSquared with debt and equity to reorganize. LightSquared and its advisors, at the direction of the Special Committee, thus worked diligently with such third parties over the course of two (2) months to solidify a new value reorganization proposal. LightSquared's diligent efforts were rewarded with a proposal from the Plan Support Parties – nearly all existing stakeholders in LightSquared's capital structure and certain independent third parties that believe in the future viability and value of LightSquared – to support a plan of reorganization based on new financing and equity investments (the "Alternative Transaction"), subject to receipt of required approvals and execution and delivery of definitive documentation and related commitment letters in form and substance satisfactory to each of the parties and the satisfaction of the conditions set forth in the Plan and therein.

After expending considerable time and effort evaluating all bids received, including those submitted pursuant to the Bid Procedures Order and those submitted in the form of new value reorganization proposals, LightSquared, at the direction of the Special Committee, determined that the Auction would not yield the optimal result for the Estates and was not the best option for maximizing value for all of LightSquared's stakeholders. Accordingly, at the direction of the Special Committee, LightSquared did not hold the Court-scheduled Auction for LightSquared's Assets, or any grouping or subset thereof, under the First Amended Plan, and did not deem any bid received for the Assets, or any grouping or subset thereof, the Successful Bid under its First Amended Plan [Docket Nos. 1086 and 1108]. Instead, in accordance with LightSquared's belief that the Alternative Transaction would (a) maximize value of LightSquared's assets for all of its stakeholders, (b) allow such stakeholders to realize the true value of LightSquared's assets once LightSquared's license issues are resolved, (c) provide greater recoveries to all stakeholders as compared to each of the sale plans that had been proposed, and (d) provide the best resolution to the Chapter 11 Cases, LightSquared, at the direction of the Special Committee, modified and supplemented the First Amended Plan as reflected in the Plan to incorporate the terms of the Alternative Transaction.

2. General Terms of Plan and New LightSquared Entities

The Plan represents the culmination of significant negotiations and efforts by LightSquared and certain key constituents and investors to develop a restructuring plan that will achieve maximum returns for LightSquared's Estates and stakeholders. As set forth therein, the Plan contemplates, among other things, (a) up to \$2.5 billion in senior secured exit facility financing, (b) a \$250 million senior secured loan, (c) at least \$1.25 billion in new equity contributions, (d) the issuance of new debt and equity instruments, (e) the assumption of certain liabilities, (f) the satisfaction in full of all Allowed Claims and Allowed Equity Interests with

cash and other consideration, as applicable, and (g) the preservation of value of certain of LightSquared's litigation claims for the benefit of certain of LightSquared's stakeholders.

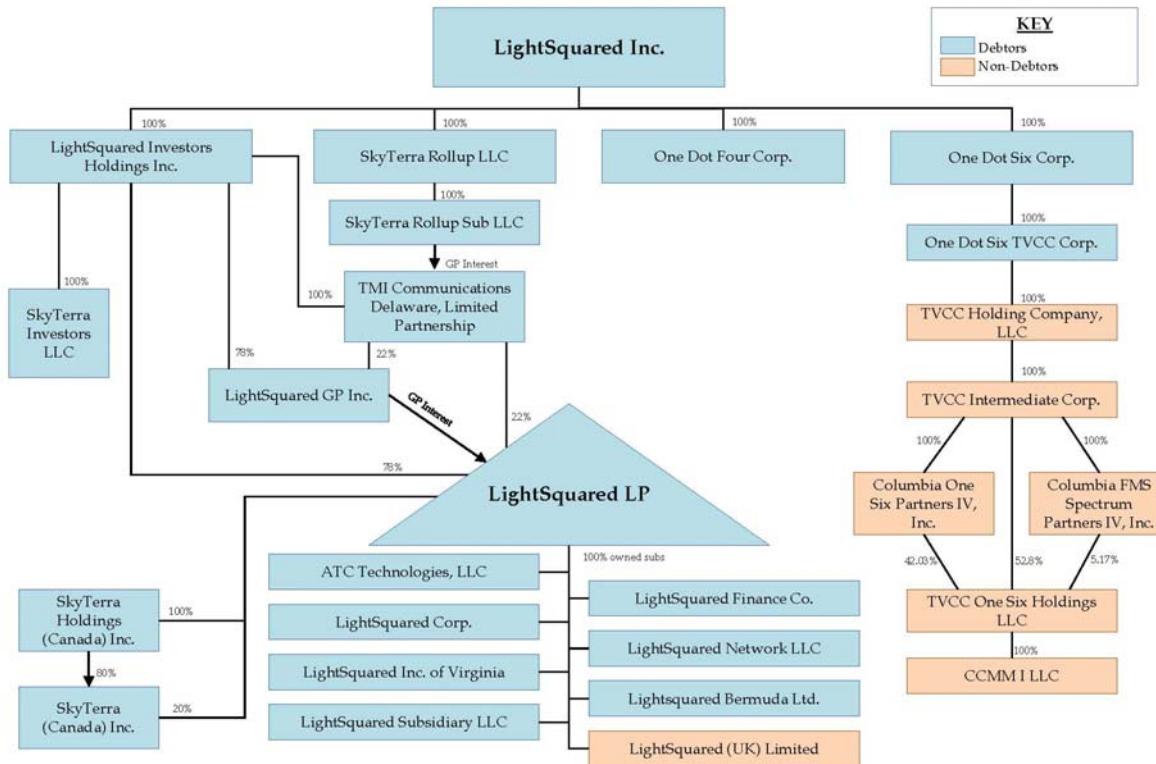
Effectiveness of the Plan is conditioned on the FCC's approval of LightSquared's license modification applications and grant of additional relief discussed in more detail below. To fund LightSquared's operations from Confirmation through the Effective Date (and to repay in full the DIP Inc. Facility), a debtor in possession facility in an amount of not less than \$285 million has been made available to LightSquared by Melody Capital Advisors, LLC, subject to negotiation and definitive documentation. Upon its emergence from bankruptcy, LightSquared will have a sustainable capital structure and will be stronger and better positioned to avail itself of the significant upside value resulting from approval of the pending spectrum license modification application. LightSquared, accordingly, believes that the Plan will maximize the value of the Estates for the benefit of all of LightSquared's creditors and equityholders and is currently the highest and best restructuring offer received by LightSquared to date. Moreover, the Plan is the only all-inclusive restructuring proposal that envisions value being obtained for, and provided to, all of the Estates. Given the undeniable benefits of the contemplated restructuring, the Plan has received overwhelming consensus and support from a substantial portion of LightSquared's significant stakeholders subject to required approvals and definitive documentation in form and substance satisfactory to such stakeholders and the satisfaction of the conditions herein and therein.

For a more details, refer to the Plan, attached hereto as Exhibit A.

3. General Structure of LightSquared and New LightSquared Entities

As of the Petition Date, LightSquared maintained the following corporate organizational structure:

PREPETITION DEBTOR ORGANIZATION CHART



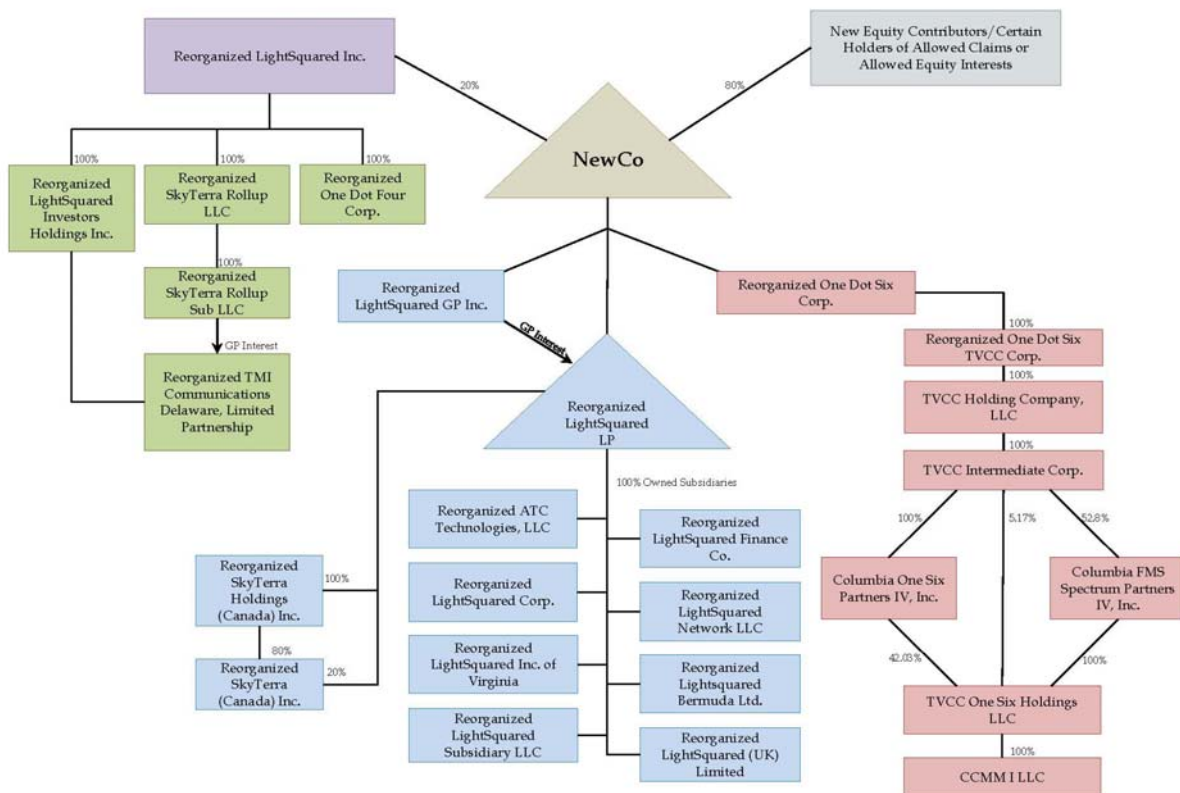
In connection with the restructuring transactions contemplated by the Plan, the Debtors will be reorganized and a new limited liability company – NewCo – will be formed to, among other things, hold equity interests in certain of the Reorganized Debtors and issue equity interests to certain Entities. Reorganized LightSquared Inc. and certain Reorganized Subsidiaries will contribute their Equity Interests in LightSquared LP, LightSquared GP, Inc., and One Dot Six Corp. to NewCo. As a result, (a) NewCo will be the limited partner and Reorganized LightSquared GP Inc. will be the general partner of Reorganized LightSquared LP, (b) NewCo will wholly own Reorganized One Dot Six Corp., and (c) Reorganized LightSquared Inc. will retain its 100% ownership of Reorganized Investors Holdings Inc., Reorganized SkyTerra Rollup LLC, and Reorganized One Dot Four Corp.

NewCo will, among other things, issue several series of equity interests – including, the NewCo Class A Common Interests, NewCo Class B Common Interests, NewCo Class C Common Interests, NewCo Series A Preferred PIK Interests, NewCo Series B-1 Preferred PIK Interests, NewCo Series B-2 Preferred Non-PIK Interests, and NewCo EAR– to Reorganized LightSquared Inc., the New Equity Contributors, certain Holders of Allowed Claims or Allowed Equity Interests, and other eligible Entities, as applicable, under the Plan. Reorganized LightSquared Inc. will hold (i) 20% of NewCo Series A Preferred PIK Interests, (ii) 20% of NewCo Class A Common Interests, and (iii) 100% of the NewCo Class C Common Interests (subject to a call option, exercisable by New Equity Contributor C in its sole discretion, to

purchase all (but not less than all) of the NewCo Class C Common Interests for \$250 million). Further, Reorganized LightSquared Inc. will, among other things, issue the Reorganized LightSquared Inc. Common Shares to the Holders of Allowed Existing Inc. Preferred Stock Equity Interests and Rights Offering participants.

As a result of the Plan Transactions, the New LightSquared Entities will have the following general corporate organizational structure on the Effective Date:

REORGANIZED DEBTOR ORGANIZATION CHART



4. Classes and Treatment

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims (including Accrued Professional Compensation Claims, DIP Facility Claims, KEIP Payments, and U.S. Trustee Fees) and Priority Tax Claims have not been classified, and the Holders thereof are not entitled to vote on the Plan. All other Claims and Equity Interests are classified under the Plan. Pursuant to the Bankruptcy Code, not all Classes are entitled to vote on the Plan. For example, Holders in Classes that are Unimpaired by the Plan are deemed to accept the Plan under section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

The chart below summarizes the Classes of Claims and Equity Interests, the treatment of such Classes (except to the extent a Holder agrees to other treatment), whether they are Impaired

or Unimpaired, and the entitlement of such Classes to vote. This chart and its content are subject to change based upon changes in the amount of Allowed Claims and Allowed Equity Interests and the amounts available for distribution. Unless otherwise provided in the Plan or the Confirmation Order, the treatment of any Claim or Equity Interest under the Plan will be in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim or Equity Interest.

Reference should be made to the entirety of the Debtors' Specific Disclosure Statement and the Plan for a complete understanding of the classification and treatment of Allowed Claims and Allowed Equity Interests.

Class	Claims or Equity Interests	Treatment	Impairment Status	Entitlement to Vote
1	Inc. Other Priority Claims	Each Holder of an Allowed Inc. Other Priority Claim against an individual Inc. Debtor shall receive Inc. Plan Consideration attributed to such Inc. Debtor in the form of Cash in an amount equal to such Allowed Inc. Other Priority Claim.	Unimpaired	No (Deemed To Accept)
2	LP Other Priority Claims	Each Holder of an Allowed LP Other Priority Claim against an individual LP Debtor shall receive LP Plan Consideration attributed to such LP Debtor in the form of Cash in an amount equal to such Allowed LP Other Priority Claim.	Unimpaired	No (Deemed To Accept)
3	Inc. Other Secured Claims	Each Holder of an Allowed Inc. Other Secured Claim against an individual Inc. Debtor shall receive one of the following treatments, in the sole discretion of the Debtors or the New LightSquared Entities, as applicable: (i) Inc. Plan Consideration attributed to such Inc. Debtor in the form of Cash in an amount equal to such Allowed Inc. Other Secured Claim; (ii) delivery of the Collateral securing such Allowed Inc. Other Secured Claim and payment of interest required to be paid under section 506(b) of the Bankruptcy Code, if any; or (iii) treatment of such Allowed Inc. Other Secured Claim in any other manner such that the Allowed Inc. Other Secured Claim shall be rendered Unimpaired.	Unimpaired	No (Deemed To Accept)
4	LP Other Secured Claims	Each Holder of an Allowed LP Other Secured Claim against an individual LP Debtor shall receive one of the following treatments, in the sole discretion of the Debtors or the New LightSquared Entities, as applicable: (i) LP Plan Consideration attributed to such LP Debtor in the form of Cash in an amount equal to such Allowed LP Other Secured Claim; (ii) delivery of the Collateral securing such Allowed LP Other Secured Claim and payment of interest required to be paid under section 506(b) of the Bankruptcy Code, if any; or (iii) treatment of such Allowed LP Other Secured Claim in any other manner such that the Allowed LP Other Secured Claim shall be rendered Unimpaired.	Unimpaired	No (Deemed To Accept)

Class	Claims or Equity Interests	Treatment	Impairment Status	Entitlement to Vote
5	Prepetition Inc. Non-Subordinated Facility Claims	Each Holder of an Allowed Prepetition Inc. Non-Subordinated Facility Claim shall receive Inc. Plan Consideration in the form of its Pro Rata share of Cash (from the proceeds of the Reorganized LightSquared Inc. Loan) in an amount equal to such Allowed Prepetition Inc. Non-Subordinated Facility Claim.	Unimpaired	No (Deemed To Accept)
6	Prepetition Inc. Subordinated Facility Claims	Each Holder of an Allowed Prepetition Inc. Subordinated Facility Claim shall receive Inc. Plan Consideration in the form of its Pro Rata share of (i) the NewCo Series B-2 Preferred PIK Interests and (ii) 70% of the NewCo Class B Common Interests.	Impaired	Yes
7A	Prepetition LP Facility Non-SPSO Claims	Each Holder of an Allowed Prepetition LP Facility Non-SPSO Claim shall receive one of the following: (i) in the event that Class 7A votes to accept the Plan, its Pro Rata share of LP Plan Consideration in the form of (a) \$1.7 billion in Cash, (b) the NewCo Additional Interests, and (c) NewCo EARs in an amount equal to the difference between (1) the Allowed Prepetition LP Facility Non-SPSO Claims <i>plus</i> unpaid postpetition interest (at a rate determined by the Bankruptcy Court) accrued on account of such Allowed Prepetition LP Facility Non-SPSO Claims through the Effective Date, <i>less</i> (2) the aggregate principal amount of distributions provided for in subsections (a) and (b) above; or; (ii) in the event that Class 7A votes to reject the Plan, LP Plan Consideration in the form of Cash in an amount equal to such Allowed Prepetition LP Facility Non-SPSO Claim <i>plus</i> unpaid postpetition interest (at a rate determined by the Bankruptcy Court) accrued on account of such Allowed Prepetition LP Facility Non-SPSO Claim through the Effective Date.	Impaired	Yes
7B	Prepetition LP Facility SPSO Claims	Each Holder of an Allowed Prepetition Facility SPSO Claim shall receive (i) LP Plan Consideration in the form of Cash in an amount equal to such Allowed Prepetition LP Facility SPSO Claim <i>plus</i> unpaid postpetition interest (at a rate determined by the Bankruptcy Court) accrued on account of such Allowed Prepetition LP Facility SPSO Claim through the Effective Date or (ii) such other treatment the Bankruptcy Court deems appropriate after considering the facts and circumstances under section 1126 of the Bankruptcy Code.	Unimpaired	No (Deemed To Accept)

Class	Claims or Equity Interests	Treatment	Impairment Status	Entitlement to Vote
8	Inc. General Unsecured Claims	Each Holder of an Allowed Inc. General Unsecured Claim against an individual Inc. Debtor shall receive Inc. Plan Consideration in the form of Cash in an amount equal to the principal amount of such Allowed Inc. General Unsecured Claim.	Impaired	Yes
9	LP General Unsecured Claims	Each Holder of an Allowed LP General Unsecured Claim against an individual LP Debtor shall receive LP Plan Consideration in the form of Cash in an amount equal to the principal amount of such Allowed LP General Unsecured Claim.	Impaired	Yes
10	Existing LP Preferred Units Equity Interests	Each Allowed Existing LP Preferred Units Equity Interest shall receive its Pro Rata share of (i) 15.33% of the NewCo Series A Preferred PIK Interests and 15.33% of the NewCo Class A Common Interests (on account of the cancellation of \$230 million of Allowed Prepetition LP Preferred Units Equity Interests and (ii) the NewCo Series B-1 Preferred PIK Interests.	Impaired	Yes
11	Existing Inc. Preferred Stock Equity Interests	Each Allowed Existing Inc. Preferred Stock Equity Interest shall receive Inc. Plan Consideration in the form of (i) its Pro Rata share of 51% of the Reorganized LightSquared Inc. Common Shares and (ii) the right to participate in the Rights Offering for its Pro Rata share of the Rights Offering Shares.	Impaired	Yes
12	Existing Inc. Common Stock Equity Interests	Each Allowed Existing Inc. Common Stock Equity Interest, on the Effective Date or as soon thereafter as reasonably practicable, except to the extent that a Holder of an Allowed Existing Inc. Common Stock Equity Interest agrees to any other treatment, each Holder of an Allowed Existing Inc. Common Stock Equity Interest shall receive Plan Consideration in the form of its Pro Rata share of 30% of the NewCo Class B Common Interests.	Impaired	Yes
13	Intercompany Claims	Each Allowed Intercompany Claim shall be Reinstated for the benefit of the Holder thereof.	Unimpaired	No (Deemed To Accept)
14	Intercompany Interests	Each Allowed Intercompany Interest shall be Reinstated for the benefit of the Holder thereof.	Unimpaired	No (Deemed To Accept)

B. CLASSES AND TREATMENT FOR ALTERNATE INC. DEBTORS PLAN

Although LightSquared fully endorses the Plan and believes that it is preferable to any other restructuring transaction, LightSquared recognizes that additional considerations or issues may arise that could lead the Bankruptcy Court to conclude that an alternate plan is preferable. Accordingly, to provide the Bankruptcy Court with maximum optionality at the Confirmation Hearing, the Plan is a “toggle” plan, contemplating either (1) the confirmation of the Plan or (2) to the extent the Bankruptcy Court does not approve and confirm the transactions embodied in the Plan, the confirmation of an alternate separate chapter 11 plan (the “Alternate Inc. Debtors

Plan”) for the Inc. Debtors (for purposes of this Debtors’ Specific Disclosure Statement, the term “Inc. Debtors” shall have the meaning provided in the Alternate Inc. Debtors Plan), which is attached to the Plan as Exhibit A.

As set forth therein, the Alternate Inc. Debtors Plan contemplates, among other things, (a) \$300 million in senior secured exit facility financing (including a \$50 million working capital facility), (b) \$100 million in new equity contributions, (c) the conversion of \$50 million of existing claims into new equity securities, (d) the issuance of new equity instruments, (e) the assumption of approximately \$160 million in liabilities, and (f) the satisfaction in full of all Allowed Claims and Allowed Equity Interests with cash and other consideration, as applicable. Upon their emergence from bankruptcy, the Inc. Debtors will have a sustainable capital structure and will be stronger and better positioned to avail themselves of upside value.

The chart below summarizes the Classes of Claims and Equity Interests under the Alternate Inc. Debtors Plan, the treatment of such Classes (except to the extent a Holder agrees to other treatment), whether they are Impaired or Unimpaired, and the entitlement of such Classes to vote. This chart and its content are subject to change based upon changes in the amount of Allowed Claims and Allowed Equity Interests and the amounts available for distribution. Unless otherwise provided in the Alternate Inc. Debtors Plan or the Confirmation Order, the treatment of any Claim or Equity Interest under the Alternate Inc. Debtors Plan will be in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim or Equity Interest.

For more details, refer to the Alternate Inc. Debtors Plan, attached to the Plan as Exhibit A.

Class	Claims or Equity Interests	Treatment	Impairment Status	Entitlement to Vote
1	Other Priority Claims	Each Holder of an Allowed Other Priority Claim against an individual Inc. Debtor shall receive Plan Consideration attributed to such Inc. Debtor in the form of Cash in an amount equal to such Allowed Other Priority Claim.	Unimpaired	No (Deemed To Accept)
2	Other Secured Claims	Each Holder of an Allowed Other Secured Claim against an individual Inc. Debtor shall receive one of the following treatments, in the sole discretion of the Inc. Debtors or the Reorganized Debtors, as applicable: (i) Plan Consideration attributed to such Inc. Debtor in the form of Cash in an amount equal to such Allowed Other Secured Claim; (ii) delivery of the Collateral securing such Allowed Other Secured Claim and payment of interest required to be paid under section 506(b) of the Bankruptcy Code, if any; or (iii) treatment of such Allowed Other Secured Claim in any other manner such that the Allowed Other Secured Claim shall be rendered Unimpaired.	Unimpaired	No (Deemed To Accept)

Class	Claims or Equity Interests	Treatment	Impairment Status	Entitlement to Vote
3	Prepetition Inc. Facility Non-Subordinated Claims	Each Holder of an Allowed Prepetition Inc. Facility Non-Subordinated Claim shall receive Inc. Plan Consideration in the form of its Pro Rata share of Cash in an amount equal to the Allowed Prepetition Inc. Facility Non-Subordinated Claims.	Unimpaired	No (Deemed To Accept)
4	Prepetition Inc. Facility Subordinated Claims	Each Holder of an Allowed Prepetition Inc. Facility Subordinated Claim shall (i) have the right to contribute its Pro Rata share of \$50 million of the Allowed Prepetition Inc. Facility Subordinated Claims to Reorganized One Dot Six in exchange for a Pro Rata share of (a) \$50 million of Reorganized One Dot Six Preferred Shares and (b) 10% of the Reorganized One Dot Six Common Shares and (ii) in consideration for the remainder of its Allowed Prepetition Inc. Facility Subordinated Claim, receive such Holder's Pro Rata share of 20% of the Reorganized One Dot Six Common Shares.	Impaired	Yes
5	General Unsecured Claims	Each Holder of an Allowed General Unsecured Claim against an individual Inc. Debtor shall receive Plan Consideration in the form of Cash in an amount equal to the principal amount of such Allowed General Unsecured Claim with no payment on account of any accrued interest.	Impaired	Yes
6	Existing Inc. Preferred Stock Equity Interests	Each Holder of an Allowed Existing Inc. Preferred Stock Equity Interest shall receive (i) its Pro Rata share of 51% of the Reorganized LightSquared Inc. Common Shares and (ii) the right to participate in the Rights Offering for its Pro Rata share of the Rights Offering Shares.	Impaired	Yes
7	Existing Inc. Common Stock Equity Interests	Each Holder of an Allowed Existing Inc. Common Stock Equity Interest shall receive its Pro Rata share of 60% of the residual interests in the Litigation Trust and 60% of the interests in the Liquidation Trust.	Impaired	Yes
8	Intercompany Interests	Each Allowed Intercompany Interest shall be Reinstated for the benefit of the Holder thereof, <u>provided</u> the existing Intercompany Interest in One Dot Six shall be contributed to Reorganized One Dot Six pursuant to the Alternate Inc. Debtors Plan in exchange for the consideration set forth therein.	Unimpaired	No (Deemed To Accept)
9	Intercompany Claims	Each Allowed Intercompany Claim shall be Reinstated for the benefit of the Holder thereof. After the Effective Date, the Reorganized Debtors, in their sole discretion, shall have the right to resolve or compromise Allowed Intercompany Claims without further notice to or action, order, or approval of the Bankruptcy Court.	Unimpaired	No (Deemed To Accept)

C. Solicitation Process and Voting Procedures

1. Solicitation Process

A description of the solicitation process is provided in Article I.C of the General Disclosure Statement, entitled “**Solicitation Process and Voting Procedures.**”

2. Summary of Voting Procedures

If you are entitled to vote to accept or reject the Plan or Alternate Inc. Debtors Plan (each, an “Alternate Plan”), a ballot providing for voting on each such Alternate Plan is enclosed for voting purposes. If you hold Claims or Equity Interests in more than one Class and you are entitled to vote Claims or Equity Interests in more than one Class, you will receive separate ballots, which must be used for each separate Class. Each ballot votes only your Claim or Equity Interest indicated on that Ballot. Please vote and return your ballot(s) in accordance with the instructions set forth herein and the instructions accompanying your ballot(s).

TO BE COUNTED, YOUR VOTE INDICATING ACCEPTANCE OR REJECTION OF AN ALTERNATE PLAN MUST BE PROPERLY COMPLETED IN ACCORDANCE WITH THE INSTRUCTIONS ON THE BALLOT, AND MUST BE **ACTUALLY RECEIVED** BY THE CLAIMS AND SOLICITATION AGENT NO LATER THAN 4:00 P.M. (PREVAILING PACIFIC TIME) ON JANUARY 15, 2014 (THE “VOTING DEADLINE”). BALLOTS RECEIVED AFTER THE VOTING DEADLINE WILL NOT BE COUNTED.

BALLOTS MUST BE DELIVERED TO THE CLAIMS AND SOLICITATION AGENT BY (A) E-MAIL TO LIGHTSQUAREDBALLOTS@KCCLLC.COM, (B) FACSIMILE TO (310) 776-8379, OR (C) FIRST CLASS MAIL, OVERNIGHT COURIER, OR PERSONAL DELIVERY TO:

LIGHTSQUARED BALLOT PROCESSING
c/o KURTZMAN CARSON CONSULTANTS LLC
2335 ALASKA AVENUE
EL SEGUNDO, CA 90245

ALL BALLOTS MUST BE PROPERLY EXECUTED, COMPLETED, AND DELIVERED ACCORDING TO THEIR APPLICABLE VOTING INSTRUCTIONS BY (A) FIRST CLASS MAIL, (B) OVERNIGHT DELIVERY, (C) PERSONAL DELIVERY, (D) E-MAIL, OR (E) FACSIMILE, SO THAT THE BALLOTS ARE ACTUALLY RECEIVED NO LATER THAN THE VOTING DEADLINE BY THE CLAIMS AND SOLICITATION AGENT.

ANY PROPERLY EXECUTED, TIMELY RECEIVED BALLOT THAT DOES NOT INDICATE EITHER ACCEPTANCE OR REJECTION OF THE ALTERNATE PLAN WILL NOT BE COUNTED. ANY PROPERLY EXECUTED, TIMELY RECEIVED BALLOT THAT INDICATES BOTH ACCEPTANCE AND REJECTION OF THE ALTERNATE PLAN WILL NOT BE COUNTED. **BALLOTS SHOULD NOT BE DELIVERED DIRECTLY TO THE COURT, LIGHTSQUARED, LIGHTSQUARED’S AGENTS (OTHER THAN THE**

**CLAIMS AND SOLICITATION AGENT), OR LIGHTSQUARED'S FINANCIAL OR
LEGAL ADVISORS.**

3. Inquiries

If you are a Holder of a Claim or Equity Interest entitled to vote on an Alternate Plan and did not receive a ballot, received a damaged ballot, or lost your ballot, or if you have questions about the procedures for voting your Claim or Equity Interest or about the packet of materials that you received, please contact the Claims and Solicitation Agent, Kurtzman Carson Consultants LLC, by writing at 2335 Alaska Avenue, El Segundo, CA 90245, Attn: LightSquared, by telephone at (877) 499-4509, or by email at LightSquaredInfo@kccllc.com.

If you wish to obtain additional copies of the Alternate Plan(s), the General Disclosure Statement, this Debtors' Specific Disclosure Statement, or the exhibits to those documents, you may do so at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d): (a) from the Claims and Solicitation Agent (i) (except Ballots) at its website at <http://www.kccllc.net/lightsquared>, (ii) by writing to Kurtzman Carson Consultants LLC, Attn: LightSquared, 2335 Alaska Avenue, El Segundo, CA 90245, (iii) by calling (877) 499-4509, or (iv) by emailing LightSquaredInfo@kccllc.com; or (b) (except Ballots) for a fee via PACER at <http://www.nysb.uscourts.gov>.

D. Plan Supplements

The Plan Supplement documents for the Plan and the Alternate Inc. Debtors Plan (together, the "Plan Supplements") are attached hereto as exhibits and incorporated herein by reference. The Plan Supplements consist of the following documents:

1. Plan Supplement for Plan:⁵

- Exhibit C-1 – Exit Financing Agreement;
- Exhibit C-2 – New Equity Contribution Agreement;
- Exhibit C-3 – Reorganized LightSquared Inc. Loan Agreement;
- Exhibit C-4 – Rights Offering Documents;
- Exhibit C-5 – Litigation Trust Agreement;

⁵ Exhibit C-1, Exhibit C-2, Exhibit C-3, Exhibit C-4, and Exhibit C-6 contain executed commitment letters, term sheets, and/or form agreements with respect to the Exit Financing, New Equity Contribution, Reorganized LightSquared Inc. Loan, Rights Offering, and New LightSquared Entities Corporate Governance Documents, respectively. Definitive documentation with respect to the foregoing items will be submitted prior to the Confirmation Hearing. In addition, note that certain documents listed herein, while not Plan Supplement documents, are being included herein for ease of reference and shall be deemed Plan Supplement documents.

- Exhibit C-6 – New LightSquared Entities Corporate Governance Documents;
- Exhibit C-7 – Schedule of Assumed Agreements;⁶
- Exhibit C-8 – Schedule of Retained Causes of Action; and
- Exhibit C-9 – Liquidation Analysis.

2. Plan Supplement for Alternate Inc. Debtors Plan:⁷

- Exhibit D-1 – Inc. Exit Financing Agreement;
- Exhibit D-2 – One Dot Six Exit Financing Agreement;
- Exhibit D-3 – New Equity Contribution Agreement;
- Exhibit D-4 – Rights Offering Documents;
- Exhibit D-5 – Litigation Trust Agreement;
- Exhibit D-6 – Reorganized Debtors Corporate Governance Documents;
- Exhibit D-7 – Schedule of Assumed Agreements;⁸
- Exhibit D-8 – Schedule of Retained Causes of Action; and
- Exhibit D-9 – Liquidation Analysis.

E. Confirmation Procedures

A description of the procedures and requirements to achieve Confirmation of the Plan is provided in Article IV of the General Disclosure Statement, entitled “**Confirmation**”

⁶ On December 24, 2013, LightSquared filed the Schedule of Assumed Agreements for the Plan. LightSquared hereby attaches an amended Schedule of Assumed Agreements for the Plan.

⁷ Exhibit D-1, Exhibit D-2, Exhibit D-3, Exhibit D-4, and Exhibit D-6 contain executed commitment letters, term sheets, and/or form agreements with respect to the Inc. Exit Financing, One Dot Six Exit Financing, New Equity Contribution Agreement, Rights Offering, and Reorganized Debtors Corporate Governance Documents, respectively. Definitive documentation with respect to the foregoing items will be submitted prior to the Confirmation Hearing. In addition, note that certain documents listed herein, while not Plan Supplement documents, are being included herein for ease of reference and shall be deemed Plan Supplement documents.

⁸ On December 24, 2013, LightSquared filed the Schedule of Assumed Agreements for the Alternate Inc. Debtors Plan. LightSquared hereby attaches an amended Schedule of Assumed Agreements for the Alternate Inc. Debtors Plan.

Procedures.” Notwithstanding the foregoing, the Bankruptcy Court approved the following adjustments to the relevant dates and deadlines with respect to the confirmation process:

- Plan Objection Deadline and Financial Wherewithal Objection
Deadline: January 15, 2014 at 4:00 p.m. (prevailing Eastern time).
- Deadline to submit Voting Report: January 17, 2014 at 4:00 p.m.
(prevailing Eastern time).
- Deadline to submit confirmation briefs in support of chapter 11 plan(s)
and in response to Plan Objections and Financial Wherewithal
Objections: January 19, 2014 at 5:00 p.m. (prevailing Eastern time).
- Confirmation Hearing: January 21, 2014 at 10:00 a.m. (prevailing
Eastern time).

The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court or LightSquared (at the Bankruptcy Court’s direction) without further notice except for the announcement of the adjourned date made at the Confirmation Hearing or at any adjourned Confirmation Hearing. Should a confirmation order be entered, it is anticipated that recognition of such order will be sought in the Canadian Proceedings thereafter.

F. Risk Factors

Prior to deciding whether and how to vote on the Plan or the Alternate Inc. Debtors Plan, Holders of Claims or Equity Interests in a Voting Class should read and consider carefully all of the information in the Plan, the Alternate Inc. Debtors Plan, the General Disclosure Statement, including the risk factors described in Article V thereof, entitled “**General Risk Factors**,” and the Debtors’ Specific Disclosure Statement, including the risk factors described in Article VI, entitled “**Plan-Related Risk Factors to Confirming and Consummating Plan**.”

G. Identity of Persons to Contact for More Information

Any interested party desiring further information about the Plan should contact: Kurtzman Carson Consultants LLC, Attn: LightSquared, 2335 Alaska Avenue, El Segundo, CA 90245, via electronic mail at LightSquaredInfo@kccllc.com, or by phone at (877) 499-4509.

H. Disclaimer

In formulating the Plan and the Alternate Inc. Debtors Plan, LightSquared has relied on financial data derived from its books and records. LightSquared, therefore, represents that everything stated in the Debtors’ Specific Disclosure Statement is true to the best of its knowledge. LightSquared nonetheless cannot, and does not, confirm the current accuracy of all statements appearing in the Debtors’ Specific Disclosure Statement. Moreover, the Bankruptcy Court has not yet determined whether the Plan or the Alternate Inc. Debtors Plan is confirmable, and the Bankruptcy Court does not recommend whether you should vote to accept or reject the Plan or the Alternate Inc. Debtors Plan.

Although the attorneys, accountants, advisors, and other professionals employed by LightSquared have assisted in preparing the Disclosure Statement based upon factual information and assumptions respecting financial, business, and accounting data found in the books and records of LightSquared, they have not independently verified such information and make no representations as to the accuracy thereof. The attorneys, accountants, advisors, and other professionals employed by LightSquared shall have no liability for the information in the Disclosure Statement.

LightSquared and its professionals also have made a diligent effort to identify the pending litigation claims and projected objections to Claims and Equity Interests. However, no reliance should be placed on the fact that a particular litigation claim or projected objection to a claim and interest is, or is not, identified in the Disclosure Statement.

I. Rules of Interpretation

The following rules for interpretation and construction shall apply to the Debtors' Specific Disclosure Statement: (1) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (2) any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in such form or substantially on such terms and conditions; (3) any reference herein to an existing document or exhibit having been Filed or to be Filed shall mean that document or exhibit (as it may thereafter be amended, modified, or supplemented); (4) unless otherwise stated, all references to statutes, regulations, orders, rules of courts, and the like shall mean as amended from time to time; (5) any reference herein to an Entity as a Holder of a Claim or Equity Interest includes that Entity's successors and assigns; (6) unless otherwise specified, all references herein to "**Articles**" are references to Articles hereof or hereto; (7) unless otherwise stated, the words "herein," "hereof," and "hereto" refer to the Debtors' Specific Disclosure Statement in its entirety rather than to a particular portion of the Debtors' Specific Disclosure Statement; (8) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of, or to affect, the interpretation hereof; (9) unless otherwise stated, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (10) any term used in capitalized form herein that is not otherwise defined herein shall have the meaning ascribed to that term in the Plan or the Alternate Inc. Debtors Plan, as applicable; (11) any term used in capitalized form herein that is not otherwise defined herein or in the Plan or Alternate Inc. Debtors Plan, as applicable, but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable; (12) in computing any period of time prescribed or allowed, the provisions of Bankruptcy Rule 9006(a) shall apply, and if the date on which a transaction may occur pursuant to the Debtors' Specific Disclosure Statement shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day; and (13) unless otherwise specified, all references in the Debtors' Specific Disclosure Statement to monetary figures shall refer to currency of the United States of America.

ARTICLE II SUMMARY OF PLAN

The terms of the Plan are incorporated by reference herein. The statements contained in the Debtors' Specific Disclosure Statement include summaries of the provisions contained in the Plan and in the documents referred to therein, which are qualified in their entirety by reference to the Plan (as well as the exhibits thereto and definitions therein), which is attached hereto as Exhibit A. The statements contained in the Debtors' Specific Disclosure Statement do not purport to be precise or complete statements of all the terms and provisions of the Plan or documents referred to therein, and reference is made to the Plan and to such documents for the full and complete statement of such terms and provisions of the Plan or documents referred to therein.

The Plan itself and the documents therein control the actual treatment of Claims against, and Equity Interests in, LightSquared under the Plan and will, upon the occurrence of the Effective Date, be binding upon all Holders of Claims against, and Equity Interests in, LightSquared, LightSquared's Estates, the Reorganized Debtors, all parties receiving property under the Plan, and other parties in interest. In the event of any conflict between the Debtors' Specific Disclosure Statement, the General Disclosure Statement, and the Plan or any other operative document, the terms of the Plan and/or such other operative document shall control.

ARTICLE III SUMMARY OF ALTERNATE INC. DEBTORS PLAN

The terms of the Alternate Inc. Debtors Plan are incorporated by reference herein. The statements contained in the Debtors' Specific Disclosure Statement include summaries of the provisions contained in the Alternate Inc. Debtors Plan and in the documents referred to therein, which are qualified in their entirety by reference to the Alternate Inc. Debtors Plan (as well as the exhibits thereto and definitions therein), which is attached to the Plan as Exhibit A. The statements contained in the Debtors' Specific Disclosure Statement do not purport to be precise or complete statements of all the terms and provisions of the Alternate Inc. Debtors Plan or documents referred to therein, and reference is made to the Alternate Inc. Debtors Plan and to such documents for the full and complete statement of such terms and provisions of the Alternate Inc. Debtors Plan or documents referred to therein.

The Alternate Inc. Debtors Plan itself and the documents therein control the actual treatment of Claims against, and Equity Interests in, the Inc. Debtors under the Alternate Inc. Debtors Plan and will, upon the occurrence of the Effective Date, be binding upon all Holders of Claims against, and Equity Interests in, the Inc. Debtors, the Inc. Debtors' Estates, the Reorganized Debtors, all parties receiving property under the Alternate Inc. Debtors Plan, and other parties in interest. In the event of any conflict between the Debtors' Specific Disclosure Statement, the General Disclosure Statement, and the Alternate Inc. Debtors Plan or any other operative document, the terms of the Alternate Inc. Debtors Plan and/or such other operative document shall control.

ARTICLE IV VALUATION ANALYSIS AND FINANCIAL PROJECTIONS

A. Valuation of Reorganized Debtors' Assets

At LightSquared's request, Moelis & Company ("Moelis") performed a valuation analysis of the Reorganized Debtors' assets. Based upon, and subject to, the review and analysis described herein, and subject to the assumptions, limitations, and qualifications described herein, Moelis' view, as of December 24, 2013, was that the estimated enterprise valuation of the Reorganized Debtors' assets, as of an assumed Effective Date of September 30, 2014, would be in a range between \$6.7 billion and \$10.0 billion with a midpoint of \$8.4 billion. Moelis' estimated valuation of the Reorganized Debtors' assets as of the assumed Effective Date does not include any value associated with LightSquared's net operating loss carryforwards, proceeds from potential causes of action against the GPS community, or proceeds from other pending litigation claims. Moelis' views are necessarily based on economic, market, and other conditions as in effect on, and the information made available to Moelis as of, the date of its analysis (December 24, 2013). It should be understood that, although subsequent developments may affect Moelis' views, Moelis does not have any obligation to update, revise, or reaffirm its estimate.

Moelis' analysis is based, at LightSquared's direction, on a number of assumptions, including, among other assumptions, that (1) LightSquared will be reorganized in accordance with the Plan which will be effective on or prior to September 30, 2014 and all precedent conditions will be met, including FCC approval of LightSquared's pending license modification application as filed, resulting in 30 MHz of spectrum usable for terrestrial mobile broadband services in accordance therewith, (2) LightSquared will receive FCC clearance to use an additional 10 MHz of spectrum for terrestrial mobile broadband services at a future date (valuation analysis assumes seven years from the assumed Effective Date) resulting in a total of 40 MHz of spectrum authorized for terrestrial mobile broadband services, (3) LightSquared will opt to sell the SkyTerra-2 satellite, which is currently held in storage, prior to the Effective Date, (4) the New LightSquared Entities' capitalization and available cash will be as set forth in the Plan and this Debtors' Specific Disclosure Statement, and (5) the applicable New LightSquared Entities will be able to obtain all future financings, on the terms and at the times, necessary to achieve the Projections. In addition, Moelis assumed that there will be no material change in economic, market, financial, and other conditions as of the assumed Effective Date.

The estimated valuation in this section represents a hypothetical valuation of the assets of the New LightSquared Entities, after giving effect to the Plan, based on certain valuation methodologies as described below. The estimated valuation in this section does not purport to constitute an appraisal or necessarily reflect the actual market value that might be realized through a sale or liquidation of the New LightSquared Entities, their securities or their assets, which may be significantly higher or lower than the estimated valuation range herein. The actual value of the New LightSquared Entities' assets is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in various factors affecting the financial condition and prospects of the New LightSquared Entities.

In conducting its analysis, Moelis, among other things: (1) reviewed certain publicly available business and financial information relating to LightSquared that Moelis deemed relevant; (2) reviewed certain internal information relating to the business, earnings, cash flow, capital expenditures, assets (including their spectrum assets and satellite network assets), liabilities (including spectrum leases), regulatory issues (including concerns about GPS receiver incompatibility and LightSquared's pending license modification application) and general prospects of the New LightSquared Entities, including the Projections, furnished to us by LightSquared; (3) conducted discussions with members of senior management and representatives of LightSquared concerning the matters described in clauses (1) and (2) of this paragraph, as well as their views concerning LightSquared's business and prospects before and after giving effect to the Plan; (4) reviewed publicly available financial and stock market data for certain other companies in lines of business that Moelis deemed relevant; (5) reviewed the financial terms of certain asset sale transactions that Moelis deemed relevant; (6) reviewed a draft of the Plan, dated December 24, 2013; and (7) conducted such other financial studies and analyses and took into account such other information as Moelis deemed appropriate. In connection with its review, Moelis did not assume any responsibility for independent verification of any of the information supplied to, discussed with, or reviewed by Moelis and, with the consent of LightSquared, relied on such information being complete and accurate in all material respects. Moelis also assumed, with LightSquared's consent, that the final form of the Plan does not differ in any respect material to its analysis from the draft that Moelis reviewed.

The estimated valuation in this section does not constitute a recommendation to any Holder of a Claim or Equity Interest as to how such Holder should vote or otherwise act with respect to the Plan. Moelis has not been asked to, and does not, express any view as to what the trading value of the New LightSquared Entities' securities would be when issued pursuant to the Plan or the prices at which they may trade in the future. The estimated valuation set forth herein does not constitute an opinion as to fairness from a financial point of view to any person of the consideration to be received by such person under the Plan or of the terms and provisions of the Plan.

B. Valuation Methodologies

In performing its analysis, Moelis separately valued LightSquared's spectrum usable for terrestrial mobile broadband services and its satellite network. Moelis' valuation of LightSquared's terrestrial spectrum is based on Moelis' analysis of precedent spectrum transactions and government spectrum auctions. Moelis' valuation of the satellite network is based on Moelis' analysis of replacement value.

THIS SUMMARY DOES NOT PURPORT TO BE A COMPLETE DESCRIPTION OF THE ANALYSES PERFORMED AND FACTORS CONSIDERED BY MOELIS. THE PREPARATION OF A VALUATION ANALYSIS IS A COMPLEX ANALYTICAL PROCESS INVOLVING VARIOUS JUDGMENTAL DETERMINATIONS AS TO THE MOST APPROPRIATE AND RELEVANT METHODS OF FINANCIAL ANALYSIS AND THE APPLICATION OF THOSE METHODS TO PARTICULAR FACTS AND CIRCUMSTANCES, AND SUCH ANALYSES AND JUDGMENTS ARE NOT READILY SUSCEPTIBLE TO SUMMARY DESCRIPTION.

1. Spectrum

Moelis' spectrum valuation analysis assumes FCC approval of LightSquared's pending license modification application as filed, resulting in, initially, 30 MHz of spectrum usable for terrestrial mobile broadband services and an additional 10 MHz usable for such purposes in approximately seven (7) years covering the United States.

Valuation of wireless spectrum is generally expressed as a multiple of megahertz-population ("MHzPOP"). The term MHzPOP is defined as the amount of spectrum bandwidth, or potential network capacity, measured in MHz multiplied by the population of the area over which use of the spectrum is authorized. Moelis' analysis is based on a U.S. population of approximately 312 million and a Canadian population of approximately 34 million or a total of 12.3 billion MHzPOPs (which takes into account potential exclusion zones for certain portions of LightSquared's spectrum) and total Canadian MHzPOPs of 1.4 billion.

Moelis reviewed spectrum transactions and government spectrum auctions completed over the last several years to derive its valuation. Moelis determined the most relevant spectrum transactions and government auctions based on a number of factors, including (a) channel size, (b) spectrum depth, (c) frequency range/propagation quality, (d) geographic coverage, (e) equipment ecosystem, and (f) regulatory characteristics.

No spectrum transaction or government auction used in the analysis was identical or directly comparable to LightSquared's U.S. or Canadian spectrum. The analysis involved complex considerations and judgments concerning differences between LightSquared's spectrum and the spectrum involved in the various transactions and government spectrum auctions analyzed. Moelis applied a range of \$0.60 - \$0.90 / MHzPOP for LightSquared's U.S. spectrum (discounted to present value where appropriate) and a range of \$0.12 - \$0.22 / MHzPOP for the Canadian spectrum, resulting in a total gross U.S. spectrum valuation range of \$6.3 - \$9.4 billion and a total gross spectrum valuation range of \$6.5 - \$9.7 billion.

2. Satellite Network

Moelis utilized a replacement value analysis to apply a valuation range to LightSquared's satellite network. LightSquared's satellite network comprises two satellites: Skyterra-1 is in orbit (accepted on February 11, 2011), and SkyTerra-2 is fully built and remains in storage. Moelis used management's estimated total replacement value of \$750 million for both satellites and applied a range of discounts to replacement value. Moelis considered a number of factors in determining its range of discounts, including (a) potential buyer universe, (b) geographic patterning and cost to relocate, (c) inability to offer services at other frequency bands, (d) launch costs and associated risks, and (e) remaining life span. Moelis assumed that LightSquared will opt to sell the SkyTerra-2 satellite prior to the Effective Date, and therefore, is not included in the valuation of the satellite network. However, Moelis assumed LightSquared's 6 MHz of dedicated satellite spectrum is included in the valuation. Based on the mid-point of the valuation range, Moelis concluded a gross valuation of approximately \$250 million for SkyTerra-1.

C. Valuation Considerations

Moelis relied upon spectrum transaction precedents and government auctions and replacement value analysis to derive its valuation for LightSquared's spectrum and satellite network, respectively. Moelis determined that selected company trading analysis was not relevant given the lack of relevant publicly traded comparable companies. Moelis also considered but ultimately determined not to complete a discounted cash flow analysis ("DCF Analysis") as part of its valuation analysis. Moelis did not view a DCF Analysis as a relevant valuation methodology for LightSquared at this time, because LightSquared has not yet developed a business plan or financial forecast related thereto.

As a result of the foregoing, the estimated valuation in this section is not necessarily indicative of actual value, which may be significantly higher or lower than the estimate herein. Accordingly, none of LightSquared, Moelis, or any other person assumes responsibility for the accuracy of such estimated valuation. Depending on the actual financial results of LightSquared, changes in the financial markets, or changes in the market for spectrum, the valuation of the New LightSquared Entities as of the Effective Date may differ from the estimated valuation set forth herein as of an assumed Effective Date of September 30, 2014. In addition, the market prices, to the extent there is a market, of the Reorganized LightSquared Entities' securities will depend upon, among other things, prevailing interest rates, conditions in the financial markets, the investment decisions of prepetition creditors receiving such securities under the Plan (some of whom may prefer to liquidate their investment rather than hold it on a long-term basis), and other factors that generally influence the prices of securities.

D. Financial Projections

As a condition to confirmation of a chapter 11 plan, the Bankruptcy Code requires, among other things, that a bankruptcy court find that confirmation "is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is contemplated by the plan." 11 U.S.C. § 1129(a)(11). In connection with developing the Plan and the Alternate Inc. Debtors Plan, and for the purposes of determining whether the Plan and the Alternate Inc.

Debtors Plan each satisfies feasibility standards, LightSquared's management has, through the development of certain financial projections attached hereto as Exhibit B (the "Projections"), analyzed the New LightSquared Entities' and Reorganized Debtors', as applicable, ability to meet their obligations under the Plan and the Alternate Inc. Debtors Plan, as applicable, and to maintain sufficient liquidity and capital resources to conduct their businesses. The Projections will also assist each Holder of a Claim or Equity Interest in the Voting Classes in determining whether to vote to accept or reject the Plan or the Alternate Inc. Debtors Plan.

LightSquared believes that each of the Plan and the Alternate Inc. Debtors Plan meets the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code, as confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the New LightSquared Entities or the Reorganized Debtors, as applicable. In general, as illustrated by the Projections, LightSquared believes that the New LightSquared Entities and the Reorganized Debtors, as applicable, will be financially viable. Indeed, LightSquared believes that the New LightSquared Entities and the Reorganized Debtors, as applicable, will have sufficient liquidity, assuming the availability of the Exit Financing, to fund obligations as they arise, thereby maintaining value. Accordingly, LightSquared believes that each of the Plan and the Alternate Inc. Debtors Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code. LightSquared prepared the Projections in good faith based upon, among other things, the estimates and assumptions as to the future financial condition and results of operations of the New LightSquared Entities and the Reorganized Debtors, as applicable. Although the Projections represent LightSquared's best estimates of the results of LightSquared's operations and financial position after giving effect to the reorganization contemplated under the Plan or the Alternate Inc. Debtors Plan, as applicable, and although LightSquared believes it has a reasonable basis for the Projections as of the date hereof, the Projections are only estimates, and actual results may vary considerably from forecasts. Consequently, the inclusion of the information regarding the Projections herein should not be regarded as a representation by LightSquared, its advisors, or any other Entity that the forecast results will be achieved.

The estimates and assumptions in the Projections, while considered reasonable by LightSquared's management, may not be realized and are inherently subject to a number of uncertainties and contingencies. The Projections also are based on factors such as industry performance and general business, economic, competitive, regulatory, market, and financial conditions, all of which are difficult to predict and generally beyond LightSquared's control. Because future events and circumstances may well differ from those assumed, and unanticipated events or circumstances may occur, LightSquared expects that the actual and projected results will differ, and the actual results may differ materially from those contained in the Projections. No representations can be made as to the accuracy of the Projections or the New LightSquared Entities' or Reorganized Debtors', as applicable, ability to achieve the projected results. Therefore, the Projections may not be relied upon as a guaranty or other assurance of the actual results that will occur. The inclusion of the Projections herein should not be regarded as an indication that LightSquared considered or considers the Projections to reliably predict future performance. The Projections are subjective in many respects and, thus, are susceptible to interpretations and periodic revisions based on actual experience and developments. LightSquared does not intend to update or otherwise revise the Projections to reflect the occurrence of future events, even if assumptions underlying the Projections are not borne out.

The Projections should be read in conjunction with the assumptions and qualifications set forth herein.

LightSquared did not prepare the Projections with a view towards complying with the guidelines for prospective financial statements published by the American Institute of Certified Public Accountants. LightSquared's independent auditor has neither compiled nor examined the accompanying prospective financial information to determine the reasonableness thereof and, accordingly, has not expressed an opinion or any other form of assurance with respect thereto.

LightSquared does not, as a matter of course, publish projections of its anticipated financial position, results of operations, or cash flows. Accordingly, neither LightSquared nor the New LightSquared Entities or the Reorganized Debtors, as applicable, intend to, and each disclaims any obligation to: (1) furnish updated projections to (a) Holders of Claims and Equity Interests prior to the Effective Date, (b) Holders of Exit Financing Claims, New LightSquared Entities Shares, or the Reorganized Debtors Equity Interests, or (c) any other Entity after the Effective Date; (2) include any such updated information in any documents that may be required to be filed with the Securities and Exchange Commission; or (3) otherwise make such updated information publicly available. LightSquared periodically issues press releases reporting financial results, and Holders of Claims or Equity Interests are urged to review any such press releases when, and as, issued.

The Projections were not prepared with a view toward general use, but rather for the limited purpose of providing information in conjunction with the Plan and the Alternate Inc. Debtors Plan, as applicable. In addition, the Projections have been presented in lieu of pro forma historical financial information. Reference should be made to ARTICLE VI hereof, entitled **"Plan-Related Risk Factors And Alternatives To Confirming And Consummating Plan"** for a discussion of the risks related to the Plan or the Alternate Inc. Debtors Plan.

The Projections assume that the Plan or the Alternate Inc. Debtors Plan will be consummated in accordance with their terms and that all transactions contemplated by the Plan or the Alternate Inc. Debtors Plan will be consummated by the assumed Effective Date. Any significant delay in the assumed Effective Date of the Plan or the Alternate Inc. Debtors Plan may have a significant negative impact on the operations and financial performance of the New LightSquared Entities and the Reorganized Debtors, as applicable.

ARTICLE V CERTAIN PLAN REQUIREMENTS

As mentioned, a description of the procedures and requirements to achieve Confirmation of the Plan or the Alternate Inc. Debtors Plan is provided in Article IV of the General Disclosure Statement, entitled **"Confirmation Procedures."** LightSquared believes that: (i) the Plan and the Alternate Inc. Debtors Plan satisfy or will satisfy all of the statutory requirements of chapter 11 of the Bankruptcy Code; (ii) it has complied or will have complied with all of the requirements of chapter 11 of the Bankruptcy Code; and (iii) the Plan and the Alternate Inc. Debtors Plan have been proposed in good faith. This section discusses certain specific

requirements for confirmation of the Plan and the Alternate Inc. Debtors Plan, as applicable, including that each of the Plan and the Alternate Inc. Debtors Plan is (i) in the “best interests” of creditors and equity interest holders that are Impaired under the Plan and (ii) feasible.

A. Best Interests of Creditors Test

Please refer to (1) Article IV.C.2 of the General Disclosure Statement, entitled “**Best Interests of Creditors Test and Liquidation Analysis**” for a description of the confirmation requirement for a chapter 11 plan to be in the “best interests” of holders of claims and equity interests and (2) Exhibit C attached to the General Disclosure Statement setting forth an analysis of the estimated aggregate amount of liquidation proceeds available to Holders of Claims or Equity Interests in a hypothetical chapter 7 liquidation of LightSquared (the “Liquidation Analysis”). In addition, a comparison of the estimated recoveries of Holders of Claims or Equity Interests in a hypothetical chapter 7 liquidation of LightSquared and the estimated recoveries of Holders of Claims or Equity Interests under each of the Plan and the Alternate Inc. Debtors Plan are attached hereto as Exhibit C-10 and Exhibit D-11, respectively.

Under the Plan, Prepetition Inc. Subordinated Facility Claims, Prepetition LP Facility Claims, Inc. General Unsecured Claims, LP General Unsecured Claims, Existing LP Preferred Units Equity Interests, Existing Inc. Preferred Stock Equity Interests, and Existing Inc. Common Stock Equity Interests are “Impaired” and are entitled to vote to accept or reject the Plan. Under the Alternate Inc. Debtors Plan, Prepetition Inc. Facility Subordinated Claims, General Unsecured Claims, Existing Inc. Preferred Stock Equity Interests, and Existing Inc. Common Stock Equity Interests are “Impaired” and are entitled to vote to accept or reject the Alternate Inc. Debtors Plan. Because the Bankruptcy Code requires that Holders of Impaired Claims or Equity Interests either accept the plan or receive at least as much under the plan as they would in a hypothetical chapter 7 liquidation, the operative “best interests” inquiry in the context of the Plan or the Alternate Inc. Debtors Plan is whether in a chapter 7 liquidation (after accounting for recoveries by Holders of Unimpaired or unclassified Claims), the Holders of Impaired Claims or Equity Interests will receive more than under the Plan or the Alternate Inc. Debtors Plan, as applicable. The Plan or the Alternate Inc. Debtors Plan is not in the best interests of Impaired Claims or Equity Interest Holders if the probable distribution to the Impaired Claims or Equity Interest Holders under a hypothetical chapter 7 liquidation is greater than the distributions to be received by such Holders under the Plan or the Alternate Inc. Debtors Plan, as applicable.

LightSquared believes that the value of any distributions in a chapter 7 case would be the same or less than the value of distributions under the Plan or the Alternate Inc. Debtors Plan. In particular, proceeds generated in a chapter 7 liquidation are likely to be significantly discounted due to the distressed nature of the sale. Holders of Impaired Claims or Equity Interests will likely receive at least as much or more of a recovery under the Plan or the Alternate Inc. Debtors Plan because, among other things, the continued operation of LightSquared as a going concern, rather than a chapter 7 liquidation, will allow the realization of more value on account of the assets of LightSquared. A chapter 7 liquidation also would give rise to additional costs, expenses, and Administrative Claims, including the fees and expenses of a chapter 7 trustee, further reducing Cash available for distribution. In the event of a chapter 7 liquidation, the aggregate amount of General Unsecured Claims no doubt will increase as a result of rejection of a greater number of LightSquared’s Executory Contracts and Unexpired Leases. All of these

factors lead to the conclusion that recoveries under the Plan or the Alternate Inc. Debtors Plan would be greater than the recoveries available in a chapter 7 liquidation.

Accordingly, LightSquared believes that the Plan and the Alternate Inc. Debtors Plan meet the “best interests” test as set forth in section 1129(a)(7) of the Bankruptcy Code. LightSquared believes that the members of each Class that is Impaired will receive at least as much as they would if LightSquared were liquidated under chapter 7 of the Bankruptcy Code.

B. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires the Bankruptcy Court to find, as a condition to confirmation, that confirmation “is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is contemplated by the plan.” Under the Plan and the Alternate Inc. Debtors Plan, the Holders of Administrative Claims, Priority Tax Claims, Other Priority Claims, Other Secured Claims, and Prepetition Inc. Non-Subordinated Facility Claims will be paid in full. Moreover, LightSquared believes that the New LightSquared Entities or the Reorganized Debtors, as applicable, will have sufficient liquidity to fund obligations as they arise. Accordingly, LightSquared believes that the Plan and the Alternate Inc. Debtors Plan satisfy the financial feasibility requirements of section 1129(a)(11) of the Bankruptcy Code.

ARTICLE VI PLAN-RELATED RISK FACTORS TO CONFIRMING AND CONSUMMATING PLAN

The following provides a summary of various important considerations and risk factors associated with the Plan and/or the Alternate Inc. Debtors Plan; however, it is not exhaustive. **Prior to deciding whether and how to vote on the Plan or the Alternate Inc. Debtors Plan, Holders of Claims or Equity Interests in a Voting Class should read and consider carefully all of the information in the Plan, the Alternate Inc. Debtors Plan, the General Disclosure Statement (including the risk factors set forth therein), and the Debtors’ Specific Disclosure Statement (including the risk factors set forth herein), as well as all other information referenced or incorporated by reference into the General Disclosure Statement or the Debtors’ Specific Disclosure Statement.**

Please refer to Article V of the General Disclosure Statement, entitled “**General Risk Factors**” for a description of (i) risk factors affecting LightSquared, including business-related risks, regulatory risks, and legal proceedings, (ii) risks that information in the General Disclosure Statement may be inaccurate, and (iii) risks related to liquidation under chapter 7 of the Bankruptcy Code.

A. Certain Bankruptcy Law Considerations

1. Parties in Interest May Object To LightSquared’s or the Inc. Debtors’ Classification of Claims and Equity Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a class of claims or equity interests in a particular class only if such claim or equity interest is substantially similar to

the other claims and equity interests in such class. LightSquared and the Inc. Debtors, as applicable, believe that the classification of Claims and Equity Interests under the Plan and the Alternate Inc. Debtors Plan complies with the requirements set forth in the Bankruptcy Code, because each Class created by LightSquared or the Inc. Debtors, as applicable, contains Claims or Equity Interests that are substantially similar to the other Claims or Equity Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

2. Plan or Alternate Inc. Debtors Plan May Not Receive Requisite Acceptances

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan or the Alternate Inc. Debtors Plan, LightSquared and the Inc. Debtors, as applicable, intend to seek Confirmation of the Plan or the Alternate Inc. Debtors Plan. If either the Plan or Alternate Inc. Debtors Plan does not receive the required support from the Voting Classes, LightSquared and the Inc. Debtors, as applicable, may elect to amend the Plan or Alternate Inc. Debtors Plan, as applicable.

3. LightSquared or Inc. Debtors May Not Be Able To Obtain Confirmation of Plan or Alternate Inc. Debtors Plan

LightSquared and the Inc. Debtors, as applicable, cannot ensure that they will receive the requisite acceptances to confirm the Plan or the Alternate Inc. Debtors Plan. Even if LightSquared and the Inc. Debtors receive the requisite acceptances, LightSquared and the Inc. Debtors cannot ensure that the Bankruptcy Court will confirm the Plan or the Alternate Inc. Debtors Plan. A Holder of Claims or Equity Interests might challenge the adequacy of the Disclosure Statement, the procedures for solicitation, and results as not being in compliance with the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determined that the Disclosure Statement and the balloting procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Plan or the Alternate Inc. Debtors Plan if it found that any of the statutory requirements for Confirmation had not been met. As discussed in further detail in the General Disclosure Statement, section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan and requires, among other things: (a) a finding by a bankruptcy court that the plan “does not unfairly discriminate” and is “fair and equitable” with respect to any non-accepting classes; (b) that confirmation “is not likely to be followed by a liquidation, or the need for further financial reorganization;” and (c) the value of distributions to non-accepting holders of Claims or Equity Interests within an impaired class will not be “less than the amount that such holder would receive or retain if the debtor were liquidated under chapter 7” of the Bankruptcy Code. While LightSquared and the Inc. Debtors believe that the Plan and the Alternate Inc. Debtors Plan, as applicable, comply with section 1129 of the Bankruptcy Code, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

LightSquared, and the Inc. Debtors, as applicable, subject to the terms and conditions of the Plan and the Alternate Inc. Debtors Plan, reserve the right to modify the terms of the Plan and the Alternate Inc. Debtors Plan as necessary for Confirmation. Any such modification could result in a less favorable treatment of any non-accepting Class or Classes, as well as of any Classes junior to such non-accepting Classes, than the treatment currently provided in the Plan or

the Alternate Inc. Debtors Plan. Such a less favorable treatment could include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or the Alternate Inc. Debtors Plan or no distribution of property whatsoever under the Plan or the Alternate Inc. Debtors Plan.

4. LightSquared May Not Obtain Recognition from Canadian Court

The Plan requires that the Canadian Court have entered the Confirmation Recognition Order as a condition to the Effective Date. LightSquared believes that such order will be approved and entered by the Canadian Court; however, there can be no guarantee that such order is entered by the Canadian Court.

5. LightSquared or Inc. Debtors May Not Be Able To Consummate Plan or Alternate Inc. Debtors Plan

Although LightSquared and the Inc. Debtors believe that they will be able to consummate the Plan or the Alternate Inc. Debtors Plan, as applicable, and the Effective Date will occur, there can be no assurance as to timing or the likelihood of the occurrence of the Effective Date. Consummation of the Plan and the Alternate Inc. Debtors Plan is also subject to certain conditions set forth in the Plan and the Alternate Inc. Debtors Plan themselves. If the Plan or the Alternate Inc. Debtors Plan is not consummated, it is unclear what distributions Holders of Claims and Equity Interests ultimately would receive with respect to their Claims and Equity Interests.

6. Alternate Inc. Debtors Plan May Not Go Effective

The Alternate Inc. Debtors Plan is, in part, premised upon financing that contemplates a priming lien on the Assets securing the Prepetition Inc. Facility. There can be no assurance that the Court will approve such financing and the attendant priming lien. Because the feasibility of the Alternate Inc. Debtors Plan is dependent upon this financing, the Alternate Inc. Debtors Plan may never go effective if the Court does not approve the financing and priming lien.

7. LightSquared and Inc. Debtors May Object to Amount or Classification of Claim

Except as otherwise provided in the Plan or the Alternate Inc. Debtors Plan, LightSquared and the Inc. Debtors reserve the right to object to the amount or classification of any Claim or Equity Interest. The estimates set forth in the Debtors' Specific Disclosure Statement cannot be relied on by any Holder of a Claim or Equity Interest where such Claim or Equity Interest is subject to an objection. Any Holder of a Claim or Equity Interest may not receive its specified share of the estimated distributions described in the Debtors' Specific Disclosure Statement.

8. Contingencies Not To Affect Votes of Impaired Classes To Accept Plan

The distributions available to Holders of Allowed Claims and Equity Interests under the Plan or the Alternate Inc. Debtors Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Claims to be subordinated to

other Claims. The occurrence of any and all such contingencies, which could affect distributions available to Holders of Allowed Claims and Equity Interests under the Plan or the Alternate Inc. Debtors Plan, however, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or the Alternate Inc. Debtors Plan or require re-solicitation of the Impaired Classes.

B. Factors Affecting LightSquared

LightSquared is exposed to various factors and risks that include, without limitation, the following.

1. Regulatory Risks

a. FCC Consents and Related Relief Necessary To Emerge from Chapter 11 May Not Be Obtained on a Timely Basis

The effectiveness of the Plan and the Alternate Inc. Debtors Plan is contingent upon the FCC's issuance of certain consents and grant of certain other relief on or prior to the Effective Date in the case of the Alternate Inc. Debtors Plan or December 31, 2014 in the case of the Plan. The Exit Financing is contingent upon, and specific regulatory risks are associated with, each such consent and grant, including (but not necessarily limited to) the following:

- (i) *FCC Consent to Emergence from Chapter 11.* The effectiveness of either the Plan or the Alternate Inc. Debtors Plan would result in an assignment and/or transfer of control requiring prior FCC consent(s) under the Communications Act and the FCC's implementing rules. Under those rules, any proposed buyer or buyer group must be "qualified" and capable of satisfying FCC policies with respect to foreign ownership, character, spectrum aggregation, competition, etc. In connection with any assignment or transfer of control, other FCC consents also could be required. For example, under the Communications Act and the FCC's implementing rules, a common carrier licensee must petition the FCC for approval of specific foreign ownership in excess of a twenty-five percent (25%) threshold (or twenty percent (20%) in some cases). The filing and grant of such a petition could be required in connection with either the Plan or the Alternate Inc. Debtors Plan to the extent it results in any material change in the indirect foreign ownership of the holder on an FCC authorization. There is no set timetable for the processing of such applications and related filings, and the FCC can take nine (9)-twelve (12) months or longer to review a proposed transaction, particularly where it raises or is intertwined with unresolved substantive issues. There can be no assurance that the FCC will grant all required applications and act upon related filings in a manner conducive to emergence from chapter 11 on or prior to the Effective Date in the

case of the Alternate Inc. Debtors Plan or December 31, 2014 in the case of the Plan.

- (ii) *LightSquared Access to 20 MHz of Uplink Spectrum in the United States.* The effectiveness of the Plan is contingent upon LightSquared holding terrestrial-based spectrum rights in 20 MHz of L-band uplink spectrum in the United States, comprised of 10 MHz nominally at 1627-1637 MHz and 10 MHz nominally at 1646-1656 MHz. LightSquared's License Modification Application seeks, among other things, confirmation that LightSquared can proceed to implement a 4G terrestrial wireless network using its existing spectrum rights in those bands to support uplink operations. LightSquared believes that record evidence demonstrates that such operations would serve the public interest. Nevertheless, LightSquared can provide no assurance that the FCC will agree with LightSquared and grant the requested relief in a timely fashion, or without also imposing conditions that would adversely impact LightSquared's operations and/or ability to satisfy the conditions precedent to the effectiveness of the Plan.
- (iii) *LightSquared Access to 10 MHz of Downlink Spectrum in the United States.* The effectiveness of the Plan is contingent upon LightSquared holding terrestrial-based spectrum rights in 10 MHz of downlink spectrum for the United States, comprised of 5 MHz at 1670-1675 MHz and 5 MHz at 1675-1680 MHz.
 - a) 1670-1675 MHz. As discussed in the General Disclosure Statement, LightSquared (through its subsidiary, One Dot Six Corp.) currently leases spectrum rights in the 1670-1675 MHz band from OP LLC (a subsidiary of Crown Castle). OP LLC recently filed an application with the FCC seeking renewal of the FCC license through which OP LLC holds those spectrum rights. In connection with that application, OP LLC also notified the FCC that those spectrum rights were being used (by One Dot Six Corp.) to provide "substantial service" to the public in a manner it believes are consistent with the FCC's rules and requirements. While LightSquared expects the FCC to accept OP LLC's substantial service showing and renew its license in due course, LightSquared can provide no assurance that the FCC will do so. If the FCC instead were to reject OP LLC's substantial service showing, terminate OP LLC's rights in the 1670-1675 MHz band, and/or impose adverse conditions on the renewal of such license, LightSquared might be unable to use that spectrum to support its operations and satisfy the conditions precedent to the effectiveness of the Plan.

- b) 1675-1680 MHz. As discussed in the General Disclosure Statement, LightSquared has filed: (i) the License Modification Application, which requests, among other things, that the FCC modify various of LightSquared's FCC licenses and authorizations to permit LightSquared to operate in the 1675-1680 MHz band currently used by the National Oceanic and Atmospheric Administration ("NOAA") and (ii) the Spectrum Allocation Petition for Rulemaking, which asks the FCC to amend the U.S. Table of Frequency Allocations to modify the primary non-federal allocation in the 1675-1680 MHz band to allow commercial terrestrial mobile service. The FCC may not act on the License Modification Application until it conducts a rulemaking proceeding as proposed in the Spectrum Allocation Petition for Rulemaking. In connection with such a rulemaking, and prior to grant of the License Modification Application, the FCC may address related matters including: (i) the service rules that will govern the use of the 1675-1680 MHz band (e.g., the terms for sharing with NOAA earth station facilities, other technical parameters for the operation of mobile wireless base stations, license term, etc.); (ii) the manner in which the Commission intends to award license rights in the 1675-1680 MHz band (e.g., award directly to LightSquared, hold an auction, etc.); and (iii) obligations to relocate existing NOAA radiosondes operations to another frequency band. There is no set timetable for the completion of rulemaking proceedings. As such, LightSquared can provide no assurance that these matters will be resolved in a timely fashion. For similar reasons, LightSquared can provide no assurance that the Downlink Spectrum Petition for Rulemaking, discussed in the General Disclosure Statement, will be resolved in less than seven (7) years so as to facilitate LightSquared's ability to use an additional 10 MHz of downlink spectrum in the 1526-1536 MHz band for terrestrial mobile broadband services, a result assumed by Moelis in its valuation of LightSquared (see Article IV hereof) but not required as a condition precedent to the effectiveness of the Plan.
- c) Furthermore, LightSquared can provide no assurance that the FCC ultimately will grant LightSquared access to the 1675-1680 MHz band at all, or in a manner favorable to LightSquared. Preliminary assessments suggest that it should be possible for LightSquared to share the 1675-1680 MHz band with certain NOAA-related operations that are expected to remain in the band if LightSquared limits or foregoes operations in "exclusion zones" surrounding certain earth station facilities, but the scope of relevant "exclusion zones"

has not yet been defined. LightSquared can provide no assurance that any “exclusion zones” – or other terms of sharing – ultimately reflected in any FCC approval(s) will be consistent with LightSquared’s business needs or ability to satisfy other conditions to the effectiveness of the Plan. For example, an expansive definition of relevant “exclusion zones” could preclude LightSquared’s access to spectrum rights sufficient to provide signal coverage to 270 million POPs in the 1675-1680 MHz band as required by the “Terrestrial Coverage” condition discussed below.

- d) It will be necessary for NOAA to relocate its existing radiosonde operations to alternative spectrum to facilitate LightSquared’s ability to utilize the 1675-1680 MHz band for its own business purposes. LightSquared has offered to be responsible for the costs incurred by NOAA in connection with such relocation, which LightSquared expects will be feasible as a technical matter. That commitment must be satisfied in a manner consistent with the requirements of relevant appropriations law. While LightSquared believes that its relocation plan is consistent with such requirements, LightSquared can provide no assurance that the FCC and other government stakeholders will adopt this view or approve this relocation. If LightSquared is not allowed to cover NOAA’s relocation costs, and NOAA does not otherwise effect such relocation, LightSquared could be prevented from using the 1675-1680 MHz band as it proposes.
 - e) It also is possible that LightSquared will be granted access to the 1675-1680 MHz band subject to making significant payments to or on behalf of the federal government. In this respect, LightSquared notes that provisions of the U.S. President’s budgetary proposal for FY 2014 that have not been adopted assume that the commercial user of this spectrum would pay approximately \$70 million in relocation costs as well as and approximately \$230 million in either auction payments or spectrum user fees.
- (iv) *Relief from “ATC” Requirements.* To the extent the spectrum access conditions to the effectiveness of the Plan require LightSquared to have the right to provide terrestrial wireless service on a “stand-alone” basis, this would require that the FCC relax, waive the application of, or eliminate the “ATC” or “ancillary terrestrial component” rules that currently govern LightSquared’s terrestrial operations. As discussed in the General Disclosure Statement, in 2003, the FCC adopted rules permitting LightSquared and other Mobile Satellite Service (“MSS”)

licensees to incorporate an “ancillary terrestrial component” into their networks, and thereby use MSS spectrum to support terrestrial operations subject to technical and service-related “ATC” requirements. Recently, the FCC eliminated these requirements to permit MSS licensees in the 2 GHz band (*i.e.*, DBSD and TerreStar – both subsidiaries of DISH Network Corporation) to conduct “stand-alone” terrestrial operations in the redesignated “AWS-4” band. Neither the License Modification Application nor Spectrum Allocation Petition for Rulemaking asks the FCC to grant such relief. LightSquared can provide no assurance that such relief, once requested, would be granted. Furthermore, there is no set timetable for the completion of such a proceeding. As such, LightSquared can provide no assurance that this matter will be resolved in a timely fashion.

- (v) *Other Conditions.* The effectiveness of the Plan is contingent upon the satisfaction of a number of other conditions, which are discussed below.
 - a) *Terrestrial Coverage of at Least 270 Million POPs.* The Plan provides that LightSquared’s terrestrial-based spectrum rights must allow LightSquared to provide signal coverage to a total U.S. population of at least 270 million. LightSquared anticipates that the spectrum rights conferred by its existing licenses and authorizations, coupled with those that would be made available through grant of the License Modification Application, would be sufficient to satisfy this requirement.
 - b) *Power Levels Commensurate with Other 4G LTE Networks.* The Plan provides that LightSquared must be allowed to operate at power levels commensurate with existing terrestrial-based 4G LTE wireless communications networks. LightSquared believes that the power levels authorized under its existing licenses, as modified by the License Modification Application, are consistent with this requirement.
 - c) *Build-Out Conditions Consistent with Those Imposed on DISH Network Corporation.* The Plan provides that the FCC must approve build-out conditions for LightSquared that are no more onerous than those in effect in connection with the “AWS-4” rights held by DISH Network Corporation’s 2 GHz MSS licensee subsidiaries (*i.e.*, DBSD and TerreStar) as of December 2012, which require DISH Network Corporation to provide terrestrial signal coverage and offer terrestrial service to at least 40 percent (40%) of the U.S. population within four (4) years of that date, and to at least 70 percent (70%) of the U.S. population within seven (7) years of that date. As

discussed in the General Disclosure Statement, the FCC conditioned its approval of the 2010 acquisition of LightSquared by Harbinger on the FCC meeting a network build-out schedule requiring coverage of at least 100 million people by December 31, 2012, at least 145 million people by December 31, 2013, and at least 260 million people by December 31, 2015. On December 20, 2012, the FCC issued an order tolling these deadlines indefinitely pending the resolution of ongoing proceedings that had precluded LightSquared's ability to implement its network. LightSquared has not yet proposed any new build-out deadlines and the FCC may impose a new set of build-out conditions in connection with a grant of the License Modification Application or in the context of another proceeding.

- d) *Restrictions on Future Sale of LightSquared to Certain Buyers.* The Plan provides that any specific FCC restrictions on the sale of LightSquared to future buyers must not preclude a future sale to AT&T, Verizon, T-Mobile, or Sprint. In the 2010 FCC Change of Control Order, the FCC conditioned its approval of the acquisition of LightSquared by Harbinger on LightSquared obtaining FCC consent (i) before making its spectrum available to either of the two largest terrestrial providers of commercial mobile wireless and broadband services (which currently includes AT&T and Verizon), or (ii) before traffic to these largest terrestrial providers accounts for more than twenty-five percent (25%) of the total traffic on the LightSquared terrestrial network in any Economic Area. The receipt of prior FCC consent is a requirement to the sale of any FCC-licensed entity, and nothing in the 2010 FCC Change of Control Order restricts Harbinger's ability to sell LightSquared to any wireless provider. As such, LightSquared believes that this condition precedent to the effectiveness of the Plan will be satisfied in the absence of the FCC imposing a further condition on LightSquared or its future owners.
- e) Except as discussed above, LightSquared believes that each of these FCC-related conditions to the effectiveness of the Plan already has been satisfied (e.g., the "Power Levels" condition) and/or LightSquared has no reason to believe that the FCC will impose requirements that would preclude the satisfaction of such condition (e.g., the "Future Sale" and "Build-Out" conditions). That said, legislative and regulatory processes are unpredictable. As such, LightSquared can provide no assurance with respect to the absence of further legislative or regulatory conditions that would preclude the satisfaction of the conditions precedent to the effectiveness of the Plan. Nor

can LightSquared provide any assurance that the prior FCC consent(s) under the Communications Act and the FCC's implementing rules required to effectuate the Plan will be obtained.

b. FCC May Protect Spectrum Operations in a Manner that May Not Be Compatible with LightSquared's Terrestrial Wireless Service

LightSquared currently is required to provide its terrestrial wireless service without causing "harmful interference" to other spectrum users. LightSquared also currently is required to accept interference into that terrestrial wireless service from certain other spectrum users. It is possible that the FCC could impose restrictions on LightSquared's operations designed to protect spectrum operations in adjacent bands or along border areas that may not be compatible with LightSquared's terrestrial wireless services – regardless of whether such operations currently are legally entitled to interference protection vis-a-vis LightSquared. These requirements and restrictions could hinder the operation or limit the deployment of its 4G LTE terrestrial wireless network, or add additional cost, and may, in certain cases, subject its users to a degradation in service quality. Although LightSquared has agreements with certain spectrum users in neighboring spectrum bands and within the LightSquared's authorized spectrum that are intended to ensure compatibility, there can be no assurance that these agreements will be sufficient or that additional instances of incompatibility with other spectrum users will not occur in the future.

c. LightSquared Cannot Predict Impact of Possible Sale of SkyTerra-2

LightSquared is contemplating the possible sale of the SkyTerra-2 spacecraft. LightSquared's terrestrial spectrum rights currently derive from, and depend on, the maintenance of its satellite spectrum rights. Those satellite spectrum rights, in turn, are based, and depend, on the continued effectiveness of (i) separate spacecraft licenses that LightSquared holds from the FCC and from Industry Canada, and (ii) various negotiated spectrum coordination agreements that provide LightSquared with spectrum priority rights over spacecraft licensed by other nations. If LightSquared does not continue operating its spacecraft or does not promptly replace its spacecraft after they cease to operate, its spectrum rights could be compromised or lost. The SkyTerra-1 spacecraft, licensed by the United States, was launched in 2011. The MSAT-1 spacecraft, licensed by Canada, was slated to be replaced by SkyTerra-2, a Canadian-licensed spacecraft that has been fully constructed but is currently in storage. If MSAT-1 should cease to operate, LightSquared would have up to three years to replace it under ITU regulations and still maintain the ITU spectrum rights that MSAT-1 currently enjoys. Alternatively, LightSquared could launch SkyTerra-2 in accordance with the February 2016 date for implementing that network under ITU rules, and the September 30, 2014 milestone for placing the SkyTerra-2 satellite in its assigned orbital position established by Industry Canada.

If SkyTerra-2 is sold, LightSquared would no longer have a replacement satellite ready to launch in the event of a failure, or the end of the useful life, of MSAT-1, and LightSquared might not be able to launch another spacecraft as a substitute for SkyTerra-2 in accordance with the ITU and Industry Canada deadlines for that satellite. Should MSAT-1 cease to operate, there can be no assurances that LightSquared could implement a replacement satellite within three (3)

years under ITU rules, or that Industry Canada would provide LightSquared with additional time to replace MSAT-1 or to deploy a substitute for SkyTerra-2. Moreover, LightSquared cannot predict the impact of such possible adverse developments on its satellite spectrum rights, its spectrum coordination agreements, or the associated negotiations regarding other satellite networks, or its derivative terrestrial spectrum rights.

d. Transactions Contemplated by Plan May Require Various Regulatory Approvals

Various regulatory approvals, including the expiry of certain statutory waiting periods, may be required in order to give effect to the transactions contemplated in the Plan, including approvals and/or premerger filings under the *Investment Canada Act*, the *Competition Act* (Canada), the *Radiocommunication Act* (Canada), and the *Defence Production Act* (Canada). There is no guarantee that such approvals would be obtained in a timely manner or, possibly, at all. In addition, obtaining these approvals could result in one or more delays in completing the transactions or the imposition of onerous and/or materially disadvantageous terms and conditions.

2. Business-Related Risks

a. LightSquared Will Emerge with Substantial Indebtedness, Which May Adversely Affect Cash Flow, Reduce LightSquared's Ability To Obtain Additional Financing, and Limit LightSquared's Ability To Operate Its Business

LightSquared will emerge from bankruptcy a highly leveraged company as a result of entering into the Exit Financing and the Reorganized LightSquared Inc. Loan. LightSquared may incur significant additional indebtedness to finance the deployment of its 4G LTE terrestrial wireless network, fund its operations, and service its outstanding indebtedness. LightSquared's substantial indebtedness could limit its ability to incur additional indebtedness or issue equity, which it would need to fund its 4G LTE terrestrial wireless network deployment and operating expenses until it can launch commercial services and begin generating cash flow from operations. LightSquared's substantial indebtedness also reduces the amount of cash available for capital expenditures, operating expenses, or other corporate purposes by requiring it to dedicate a substantial portion of its available cash to pay interest on its indebtedness.

Although the agreements governing LightSquared's indebtedness place limitations on the amount of indebtedness it may incur, LightSquared may be able to incur substantial amounts of additional indebtedness in the future and, as a result, it may become even more highly leveraged. If LightSquared incurs additional indebtedness, the related risks could intensify.

b. Exit Financing Contemplated Under Plan and Alternate Inc. Debtors Plan May Contain Covenants that May Limit Operating Flexibility, and LightSquared or Inc. Debtors May Incur Additional Future Debt

The Exit Financing contemplated by each of the Plan and Alternate Inc. Debtors Plan may contain covenants that, among other things, restrict LightSquared's or the Inc. Debtors'

ability to take specific actions, including restrictions that may limit LightSquared's or the Inc. Debtors' ability to engage in actions or transactions that may be in LightSquared's or the Inc. Debtors' long-term interest. In addition, as described above, LightSquared or the Inc. Debtors, as applicable, may incur other indebtedness in the future that may contain financial or other covenants more restrictive than those of the Exit Financing. These covenants may limit LightSquared's or the Inc. Debtors', as applicable, ability to, among other things, incur additional indebtedness, create or incur liens, pay dividends, redeem or prepay indebtedness, make certain investments, engage in mergers or other strategic transactions, sell assets, and engage in transactions with affiliates. These operating restrictions may adversely affect LightSquared's or the Inc. Debtors, as applicable, ability to finance future operations or capital needs, engage in transactions with potential strategic partners, respond to changes in its business or the wireless industry by acquiring or disposing of certain assets, or engage in other business activities. LightSquared's or the Inc. Debtors' ability to comply with any financial covenants may be affected by events beyond LightSquared's or the Inc. Debtors' control, and there is no assurance that LightSquared or the Inc. Debtors, as applicable, will satisfy those requirements.

A breach of any of the restrictive covenants in the agreements governing LightSquared's or the Inc. Debtors' indebtedness could result in a default, which could allow LightSquared's or the Inc. Debtors' lenders to declare all outstanding borrowings, together with accrued interest and other fees, to be immediately due and payable, enforce their security interest, or require LightSquared or the Inc. Debtors, as applicable, to apply all available cash to repay these borrowings. If LightSquared or the Inc. Debtors, as applicable, are unable to repay outstanding borrowings when due, its lenders may have the right to proceed against the collateral granted to them to secure the debt owed to them.

c. LightSquared or Inc. Debtors May Not Be Able To Achieve Its Projected Financial Results

The Projections set forth on Exhibit B attached hereto represent LightSquared's management's best estimate of LightSquared's and the Inc. Debtors' future financial performance based on currently known facts and assumptions about LightSquared's and the Inc. Debtors, as applicable, future operations as well as the economy, in general, and the current industry segments (or those planned industry segments) in which LightSquared or the Inc. Debtors operate in particular. LightSquared's and the Inc. Debtors, as applicable, actual financial results may differ significantly from the Projections. If LightSquared or the Inc. debtors, as applicable, do not achieve their projected financial results, the value of the New LightSquared Entities Shares or Reorganized Debtors Equity Interests may be negatively affected, and LightSquared may lack sufficient liquidity to continue operating as planned after the Effective Date.

d. LightSquared May Not Be Able To Consummate Sale of SkyTerra-2, Which Could Negatively Impact Its Financial Position

LightSquared is contemplating the sale of SkyTerra-2. Such sale is reflected in the Projections, and the proceeds of the sale are expected to provide needed liquidity. Although LightSquared is hopeful that it will be able to consummate the sale as expected, there can be no assurance that it will be able to find a willing buyer, that the purchase price will fall within

expected values, that the sale will not adversely impact LightSquared's spectrum rights or value of those rights, or that the transaction will close in a timely fashion so as to satisfy LightSquared's liquidity requirements.

e. LightSquared May Not Be Successful in Implementing Its Business Plan, and Such Failure Would Have a Material Effect on LightSquared's Financial Condition and Ability To Generate Revenues From Operations and Realize Earnings

LightSquared's current business plan contemplates building a nationwide 4G LTE terrestrial wireless network that incorporates satellite coverage throughout North America. There are significant risks and uncertainties associated with the deployment of LightSquared's 4G LTE terrestrial wireless network and the execution of LightSquared's business plan, and, as a result, LightSquared is unable to predict the extent of its future losses or when it will become profitable, if at all. If LightSquared proceeds with its current business plan but is unable to deploy its network on a timely basis, or if it fails to successfully sell wholesale capacity on its network, its business, prospects, financial condition, and results of operations could be materially adversely affected, and LightSquared could be unable to continue operations.

f. LightSquared May Be Unable To Deploy Its Terrestrial Wireless Network in Appropriate Timeframe and at Appropriate Cost, Which Would Have Material Effect on Its Financial Condition and Ability To Generate Revenues from Operations and To Realize Earnings

LightSquared is at an early stage of deploying its 4G LTE terrestrial wireless network and might not be able to execute its deployment plan in accordance with its currently contemplated timing, budget, or nationwide coverage, if at all. If LightSquared elects to pursue its current business plan, deployment delays could cause LightSquared to delay the launch of its commercial service in certain markets, which will negatively impact LightSquared's ability to generate revenues and could jeopardize its ability to maintain certain of its licenses. Failure to complete the nationwide 4G LTE terrestrial wireless network on a timely basis could also discourage potential wholesale customers from using LightSquared's wireless services or negatively impact such customers' ability to provide retail service offerings that are competitive with wireless operators, such as Verizon Communications Inc., AT&T Inc., or Clearwire Corporation, which could have more fully deployed nationwide 4G networks.

Service limitations during the network deployment phase could impact the marketability of LightSquared's service. While LightSquared expects to be able to provide coverage during its network deployment pursuant to 3G roaming arrangements with wireless carriers, as well as via its integrated next generation satellite network, the quality of the wireless services that it will be able to provide may not meet consumer expectations and may not compare favorably with the 4G services provided by other operators. Wireless services provided by LightSquared's roaming partners' 3G networks and its next generation satellite network will likely offer lower speeds and performance relative to other 4G terrestrial services. Furthermore, devices connecting to LightSquared's satellites will be limited to outdoor use in areas with line of sight to a satellite and will experience latency delays. These service limitations could negatively impact the

experience of consumers using LightSquared's network and damage the reputation of its network quality and reliability.

If commercial service is not launched over during LightSquared's network deployment, LightSquared may fail to generate sufficient revenue to continue operating its business. Deployment delays, budget overruns, or failure to fully deploy LightSquared's network nationwide could materially impair LightSquared's ability to generate cash flow from operations and could materially adversely affect its business, prospects, financial condition, and results of operations.

g. LightSquared Faces Significant Competition from Companies that Are Larger or Have Greater Resources

LightSquared faces significant competition both from companies that are larger or have greater resources and from companies that may introduce new technologies. While LightSquared had planned to be one of the first companies to offer integrated satellite and ATC-based terrestrial services, due to the delays in rolling out its business plan, it expects that parts of its business will face competition from many well-established and well-financed competitors, including existing cellular and Personal Communications Service operators who have large established customer bases and may be able to roll out their businesses ahead of LightSquared. Many of these competitors have substantially greater access to capital and have significantly more operating experience than LightSquared. Further, due to their larger size, many of these competitors enjoy economies of scale benefits that are not available to LightSquared.

LightSquared may also face competition from other MSS operators planning to offer MSS/ATC services. In addition, the FCC or Industry Canada could make additional wireless spectrum available to new or existing competitors.

LightSquared may also face competition from the entry of new competitors or from companies with new technologies, and LightSquared cannot predict the impact that this would have on its business plan or future results of operations.

h. Device Manufacturers May Not Make Their Products Compatible with LightSquared's 4G LTE Terrestrial Wireless Network

Devices operating on LightSquared's 4G LTE terrestrial wireless network would be required to incorporate chipsets that are compatible with LightSquared's 4G LTE terrestrial wireless network. Qualcomm's standard LTE chipset platforms are capable of the L-band spectrum support required to operate on LightSquared's network, and LightSquared may promote additional chipset development in order to develop additional sources of compatible chipsets. However, there can be no assurance that device manufacturers will select compatible chipsets in a sufficient number of popular wireless devices. If manufacturers of commercially popular devices, such as smartphones or tablet computers, do not incorporate compatible chipsets in their products, LightSquared will not be able to offer retail wireless services using capacity on its 4G LTE terrestrial wireless network to connect such devices, which could render LightSquared's service offering less attractive or require LightSquared to deploy alternative technologies.

i. LightSquared's Success Depends Upon Key Management Personnel, and LightSquared's Limited Liquidity and Related Business Risks May Make It Difficult To Retain Key Managers and, If Necessary, Attract New Managers

LightSquared's future success depends upon the knowledge, ability, experience, and reputation of its personnel. The loss of key personnel and the inability to recruit and retain qualified individuals could adversely affect LightSquared's ability to implement its business strategy and to operate its businesses.

j. Adverse Conditions in the U.S. and Global Economies Could Impact LightSquared's Results of Operations

Unfavorable general economic conditions, such as a recession or economic slowdown in the United States, could negatively affect the affordability of, and demand for, 4G LTE terrestrial wireless products and services. In difficult economic conditions, consumers may seek to reduce discretionary spending by electing to use fewer higher margin services or obtaining products and services under lower-cost programs offered by other companies. Similarly, under these conditions, the wholesale customers that LightSquared intends to serve may delay strategic decisions, including the rollout of new retail service offerings. Should these current economic conditions worsen, LightSquared likely would experience a decrease in revenues, which could have a material adverse effect on its results of operations.

3. Risks Related to New LightSquared Entities Shares and Reorganized Debtors Equity Interests

a. There Is Currently No Trading Market for New LightSquared Entities Shares or Reorganized Debtors Equity Interests, Active Liquid Trading Market for New LightSquared Entities Shares or Reorganized Debtors Equity Interests May Not Develop, and New LightSquared Entities Shares and Reorganized Debtors Equity Interests Will Be Subject to Certain Transfer Restrictions in New LightSquared Entities Shareholders Agreements or Reorganized Debtors Shareholder Agreements, as Applicable

There is currently no existing trading market for the New LightSquared Entities Shares or Reorganized Debtors Equity Interests. LightSquared does not currently intend to apply for listing of the New LightSquared Entities Shares or Reorganized Debtors Equity Interests on any securities exchange or for quotation of such securities on any automated dealer quotation system. An active public trading market may not develop for the New LightSquared Entities Shares or Reorganized Debtors Equity Interests and, even if one develops, such public trading market may not be maintained. If an active public trading market for the New LightSquared Entities Shares or Reorganized Debtors Equity Interests does not develop or is not maintained, the market price and liquidity of such securities are likely to be adversely affected, and holders may not be able to sell such securities at desired times and prices or at all. If any New LightSquared Entities Shares

or Reorganized Debtors Equity Interests are traded after their issuance, they may trade at a discount from the price at which such securities were acquired.

The liquidity of the trading market, if any, and future trading prices of the New LightSquared Entities Shares or Reorganized Debtors Equity Interests will depend on, and may be adversely affected by, unfavorable changes in many factors, including, without limitation:

- Prevailing interest rates;
- LightSquared's or the Inc. Debtors', as applicable, businesses, financial condition, results of operations, prospects, and credit quality;
- The market for similar securities and the overall securities market; and
- General economic and financial market conditions.

Many of these factors are beyond LightSquared's control. Historically, the market for equity securities has been volatile. Market volatility could materially and adversely affect the New LightSquared Entities Shares or Reorganized Debtors Equity Interests, regardless of LightSquared's or the Inc. Debtors' businesses, financial condition, results of operations, prospects, or credit quality.

The New LightSquared Entities Shares and the Reorganized Debtors Equity Interests have not been registered under the Securities Act, which could affect the liquidity and price of the New LightSquared Entities Shares and Reorganized Debtors Equity Interests. The New LightSquared Entities Shares and Reorganized Debtors Equity Interests may be transferred by holders of such interests to the extent that there is an available exemption from the registration requirements of the Securities Act and to the extent permitted by the New LightSquared Entities Shareholders Agreements or Reorganized Debtors Shareholders Agreements, as applicable. This could substantially adversely impact both the liquidity and the share price of the New LightSquared Entities Shares and Reorganized Debtors Equity Interests.

C. Litigation Risks

To the extent that distributions available to Holders of Allowed Claims and Equity Interests under the Plan or the Alternate Inc. Debtors Plan may be derived, in whole or in part, from recoveries from Causes of Action asserted by LightSquared or the Inc. Debtors, as applicable, or the New LightSquared Entities or the Reorganized Debtors, as applicable, there can be no assurance that any such Causes of Action will produce recoveries that will enhance the distributions to be made to Holders of Allowed Claims or Equity Interests under the Plan or the Alternate Inc. Debtors Plan. Additionally, there may be significant delay before any resolution of such Causes of Action and, therefore, any distributions made on account of such Causes of Action may not occur until much later in time.

D. Certain Tax Matters

For a discussion of certain United States federal income tax consequences of the Plan to certain Holders of Claims or Equity Interests and to the Reorganized Debtors, see Article VII hereof, entitled “**Certain United States Federal Income Tax Consequences.**”

This statement does not address the Canadian federal income tax considerations of the Plan or the Alternate Inc. Debtors Plan (if any) to the Holders of Claims and Equity Interests. Holders to whom the Canadian federal income tax rules may be relevant should consult their own tax advisors.

ARTICLE VII CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a discussion of certain United States federal income tax consequences of the Plan to LightSquared and certain Holders of Claims and Holders of Equity Interests. This discussion does not address the United States federal income tax consequences to Holders of Claims or Holders of Equity Interests who are Unimpaired or Holders who are not entitled to vote because they are deemed to reject the Plan. Further, this discussion does not address the Canadian federal or provincial income or transactional tax considerations of the Plan or the Alternate Inc. Debtors Plan (if any) to the Holders of Claims and Equity Interests. Holders to whom Canadian tax rules may be relevant should consult their own tax advisors.

ALL HOLDERS OF CLAIMS AND HOLDERS OF EQUITY INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE UNITED STATES FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

This discussion is based on the Internal Revenue Code of 1986 (as amended, the “Tax Code”), Treasury Regulations thereunder, and administrative and judicial interpretations and practice, all as in effect on the date of this Disclosure Statement and all of which are subject to change, with possible retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty exists with respect to some of the tax consequences described below. No opinion of counsel has been obtained, and LightSquared does not intend to seek a ruling from the Internal Revenue Service as to any of the tax consequences of the Plan, including those items discussed below. There can be no assurance that the Internal Revenue Service will not challenge one or more of the tax consequences of the Plan. This discussion does not apply to Holders of Claims or Holders of Equity Interests that are not United States persons (as such term is defined in the Tax Code (except to the limited extent specifically noted herein)), or that are otherwise subject to special treatment under United States federal income tax law (including, without limitation, banks, governmental authorities or agencies, financial institutions, insurance companies, pass-through entities, tax-exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies, regulated investment companies, partnerships, or other pass-through entities (and partners or members in such entities)). The following discussion assumes that Holders of Claims and Holders of Equity Interests hold such Claims and Equity Interests as “capital assets” within the meaning of section 1221 of the Tax Code. Moreover, this discussion does not purport to

cover all aspects of United States federal income taxation that may apply to LightSquared and Holders of Claims or Holders of Equity Interests based upon their particular circumstances. Additionally, this discussion does not discuss any tax consequences that may arise under any laws other than United States federal income tax law, including under state, local, or foreign tax law and does not address the United States “Medicare” tax on certain net investment income.

THE FOLLOWING DISCUSSION OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE SPECIFIC CIRCUMSTANCES OF A HOLDER OF A CLAIM OR A HOLDER OF AN EQUITY INTEREST. ALL HOLDERS OF CLAIMS AND ALL HOLDERS OF EQUITY INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

A. Certain United States Federal Income Tax Consequences of Plan to LightSquared

For United States federal income tax purposes, LightSquared Inc. is the parent of an affiliated group of corporations that files a consolidated federal income tax return. Through December 31, 2012, this group has reported that it incurred United States federal tax net operating loss carryforwards (“NOLs”) of approximately \$2.3 billion, and it expects that additional NOLs were generated in 2013. Some small portion of these NOLs may be subject to existing limitations.

1. Treatment of Transfers to NewCo

Pursuant to the Plan, (a) LightSquared Inc. will contribute to NewCo its Equity Interests in One Dot Six Corp., (b) LightSquared Investors Holdings Inc. will contribute to NewCo its Equity Interests in SkyTerra Investors LLC, LightSquared GP Inc. and LightSquared LP, and (c) TMI Communications Delaware, Limited Partnership will contribute to NewCo its Equity Interests in LightSquared GP Inc. and LightSquared LP. In exchange for these transfers, the transferors will receive, and Reorganized LightSquared Inc. will end up owning, certain Equity Interests in NewCo. The United States federal income tax consequences to LightSquared in connection with the transfers to NewCo and other transactions contemplated by the Plan are not certain. The transactions, taken together, may give rise to net taxable income or gain for LightSquared. To the extent that transferors are treated as related to NewCo for tax purposes, certain tax rules may disallow any losses that may arise in connection with the transfer of individual Assets to NewCo, which could increase any overall net taxable income or gain. Subject to the discussion of the alternative minimum tax, below, it is anticipated that existing NOLs should generally be available to offset net tax gains, if any, recognized as a result of the consummation of the Plan.

2. Cancellation of Debt and Reduction of Tax Attributes

In general, absent an exception, a debtor will realize and recognize cancellation of debt income (“COD Income”) upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess

of (a) the adjusted issue price of the indebtedness satisfied, over (b) the sum of (i) the amount of cash paid and (ii) the fair market value of any other consideration given in satisfaction of such indebtedness at the time of the exchange. A debtor will not, however, be required to include any amount of COD Income in gross income if the debtor is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that proceeding. Instead, as a consequence of such exclusion, a debtor must reduce its tax attributes by the amount of COD Income that it excluded from gross income pursuant to section 108 of the Tax Code. In general, tax attributes will be reduced in the following order: (w) NOLs; (x) most tax credits and capital loss carryovers; (y) tax basis in assets; and (z) foreign tax credits. A debtor with COD Income may elect first to reduce the basis of its depreciable assets pursuant to section 108(b)(5) of the Tax Code.

Under the Plan, LightSquared will satisfy most of the Claims for Cash and Equity Interests of NewCo. Whether LightSquared Inc. and its corporate subsidiaries will recognize COD Income will depend, in part, on the amount that they are considered to owe on the Claims against them for federal income tax purposes and the value of the Equity Interests transferred in exchange for the Claims, in each case as of the Effective Date. Based on the terms of the Plan, LightSquared does not anticipate that there will be a significant amount of COD Income. To the extent LightSquared Inc. or its subsidiaries that are taxed as corporations recognize (or are treated as recognizing) COD Income, such income will reduce tax attributes, including NOLs, that may remain available to Reorganized LightSquared Inc. and its reorganized subsidiaries.

3. Potential Limitations on NOLs and Other Tax Attributes

Following the Effective Date, the NOLs and certain other tax attributes of LightSquared that remain and are allocable to periods prior to the Effective Date (collectively, “pre-change losses”) will be subject to potential limitation under section 382 of the Tax Code. Any section 382 limitations apply in addition to, and not in lieu of, the use of attributes or the attribute reduction that results from COD Income, if any, arising in connection with the Plan.

Under section 382, if a corporation undergoes an “ownership change” and the corporation does not qualify for (or elects out of) the special bankruptcy exception in section 382(l)(5) of the Tax Code discussed below, the amount of its pre-change losses that may be utilized to offset future taxable income is subject to an annual limitation.

The transactions contemplated by the Plan are likely to constitute an “ownership change” of LightSquared Inc. and its corporate subsidiaries for these purposes.

a. General Annual Limitation

In general, the amount of the annual limitation to which a corporation that undergoes an ownership change will be subject is equal to the product of (i) the fair market value of the stock of the corporation *immediately before* the ownership change (with certain adjustments) multiplied by (ii) the “long term tax exempt rate” in effect for the month in which the ownership change occurs (e.g., 3.50% for ownership changes occurring in December 2013). As discussed below, this annual limitation often may be increased in the event the corporation has an overall “built-in” gain in its assets at the time of the ownership change. For a corporation in bankruptcy that undergoes an ownership change pursuant to a confirmed bankruptcy plan, the fair market

value of the stock of the corporation is generally determined immediately *after* (rather than before) the ownership change after giving effect to the discharge of creditors' claims, but subject to certain adjustments; in no event, however, can the stock value for this purpose exceed the pre-change gross value of the corporation's assets.

Any portion of the annual limitation that is not used in a given year may be carried forward, thereby adding to the annual limitation for the subsequent taxable year. However, if the corporation does not continue its historic business or use a significant portion of its historic assets in a new business for at least two (2) years after the ownership change, the annual limitation resulting from the ownership change is reduced to zero (0), thereby precluding any utilization of the corporation's pre-change losses, absent any increases due to recognized built-in gains discussed below. Generally, NOLs expire twenty (20) years after the year in which they arose.

Section 382 of the Tax Code adjusts, in certain cases, for built-in gain or loss. If the loss corporation has a net unrealized built-in gain at the time of an ownership change, any built-in gains recognized (or, according to an Internal Revenue Service notice, treated as recognized) during the following five (5) years (up to the amount of the original net unrealized built-in gain) generally will increase the annual limitation in the year recognized, such that the loss corporation would be permitted to use its pre-change losses against such built-in gain income in addition to its regular annual allowance. Corresponding rules may reduce the corporation's ability to use losses if it has a built-in loss in its assets. In general, a loss corporation's (or consolidated group's) net unrealized built-in gain or loss will be deemed to be zero unless the amount is greater than the lesser of (i) \$10 million or (ii) 15% of the fair market value of its assets (with certain adjustments) before the ownership change. The Debtors expect that they have a substantial net unrealized built-in gain in their assets.

If section 382(l)(5) of the Tax Code, described below, does not apply (either because Reorganized LightSquared Inc. does not qualify or elects not to apply it), and Reorganized LightSquared Inc. is treated as continuing its historic business or uses a significant portion of its historic assets in a new business for at least two (2) years after the ownership change of LightSquared Inc. (there is no dispositive guidance on the application of the continuing business requirement on these particular facts), Reorganized LightSquared Inc. would retain the use and benefit of LightSquared's NOLs subject to the limitations described above.

b. Section 382(l)(5) Bankruptcy Exception

Under section 382(l)(5) of the Tax Code, an exception to the foregoing annual limitation rules generally applies where the shareholders and/or qualified (so-called "old and cold") creditors of a debtor receive or retain, in respect of their claims or equity interests, at least 50% of the vote and value of the stock of the reorganized debtor (or a controlling corporation if also in bankruptcy) pursuant to a confirmed chapter 11 plan. If section 382(l)(5) applies, the loss corporation's losses and tax credits will be reduced by the interest deductions claimed during the current and preceding three (3) taxable years with respect to any debt that was exchanged for equity pursuant to the Chapter 11 Cases. Moreover, if section 382(l)(5) applies and the debtor thereafter undergoes another ownership change within two (2) years, the debtor's pre-change losses with respect to such ownership change (which would include any pre-change loss as of the

effective date of the plan of reorganization, to the extent not yet used or otherwise reduced, and any NOLs incurred in the interim) will be subject to a section 382 limitation of zero (0), which may effectively render such pre-change losses unavailable.

It is uncertain whether section 385(l)(5) of the Tax Code will apply to the ownership change that occurs as a result of the consummation of the Plan or, if it does apply, whether Reorganized LightSquared Inc. will elect not to apply it. If section 382(l)(5) of the Tax Code does apply, Reorganized LightSquared Inc. would retain the full use and benefit of LightSquared's NOLs (excluding those NOLs of any corporate subsidiary transferred to NewCo) remaining after taking into account the use of NOLs to offset gain, if any, recognized in connection with the transfers to NewCo as well as any reduction of NOLs for any COD Income. Any such NOLs may be substantial and will be available to Reorganized LightSquared Inc., and not NewCo.

4. Alternative Minimum Tax

In general, an alternative minimum tax ("AMT") is imposed on a corporation's alternative minimum taxable income ("AMTI") at a 20% rate to the extent such tax exceeds the corporation's regular federal income tax for the year. AMTI is generally equal to regular taxable income with certain adjustments. For purposes of computing AMTI, certain tax deductions and other beneficial allowances are modified or eliminated. For example, only 90% of a corporation's AMTI generally may be offset by available NOLs. The effect of this rule could cause LightSquared to be liable for federal income taxes in connection with gain, if any, arising in connection with the transactions contemplated by the Plan, even if LightSquared has NOLs in excess of any such gain.

B. Certain United States Federal Income Tax Consequences to Holders of Claims and Holders of Equity Interests Under Plan

As used in this section of the Disclosure Statement, the term "U.S. Holder" means a beneficial owner of Claims or Equity Interests that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have authority to control all of its substantial decisions, or if the trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

If a partnership or other entity taxable as a partnership for U.S. federal income tax purposes holds Claims or Equity Interests, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership holding any of such instruments, you should consult your own tax advisor. Where gain or loss is recognized by a Holder of a Claim or a Holder of an Equity Interest, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the Holder and how long the claim or equity interest has been held.

1. Consequences to Holders of Claims

a. Holders of Prepetition Inc. Subordinated Facility Claims

Pursuant to the Plan, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Prepetition Inc. Subordinated Facility Claim, except to the extent that a Holder agrees to any other treatment, each Holder of an Allowed Prepetition Inc. Subordinated Facility Claim will receive NewCo Series B-2 Preferred PIK Interests and NewCo Class B Common Interests. A U.S. Holder of an Allowed Prepetition Inc. Subordinated Facility Claim generally will recognize gain or loss in an amount equal to the difference, if any, between (i) the fair market value of the NewCo Series B-2 Preferred PIK Interests and the NewCo Class B Common Interests received in the exchange (other than amounts allocable to accrued but unpaid interest which will be treated as described below) and (ii) the Holder's adjusted tax basis in the Claim (other than in respect of accrued but unpaid interest). A Holder's tax basis in the NewCo Series B-2 Preferred PIK Interests and the NewCo Class B Common Interests should equal the fair market value of the NewCo Series B-2 Preferred PIK Interests and the NewCo Class B Common Interests on the Effective Date and the Holder's holding period for the NewCo Series B-2 Preferred PIK Interests and the NewCo Class B Common Interests should begin on the day following the Effective Date.

b. Holders of Prepetition LP Facility Non-SPSO Claims

Pursuant to the Plan, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Prepetition LP Facility Non-SPSO Claim, except to the extent that a Holder agrees to any other treatment, each Holder of an Allowed Prepetition LP Facility Non-SPSO Claim will receive Cash and, if the Holders as a Class vote to approve the Plan, Holders of Allowed Prepetition LP Facility Non-SPSO Claims will also receive NewCo Additional Interests and NewCo EARs. A U.S. Holder of an Allowed Prepetition LP Facility Non-SPSO Claim generally will recognize gain or loss in an amount equal to the difference, if any, between (i) the amount of Cash received in the exchange and, if relevant, the fair market value of the NewCo Additional Interests and NewCo EARs (other than to the extent amounts are allocable to accrued but unpaid interest which amount will be treated as described below) and (ii) the Holder's adjusted tax basis in the Claim (other than in respect of accrued but unpaid interest). However, while uncertain, a portion of the gain recognized on the exchange of an Allowed Prepetition LP Facility Non-SPSO Claim for NewCo EARs may be deferred pursuant to the installment sale rules under the Tax Code. Holders of Allowed Prepetition LP Facility Non-SPSO Claims should consult their own tax advisors regarding the potential application of the installment sale rules and the option to elect out of such treatment if it applies.

c. Holders of Inc. General Unsecured Claims

Pursuant to the Plan, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Inc. General Unsecured Claim, on the Effective Date or as soon thereafter as reasonably practicable, except to the extent that a Holder agrees to any other treatment, each Holder of an Allowed Inc. General Unsecured Claim against an individual Inc. Debtor will receive Cash. A U.S. Holder of an Allowed Inc. General Unsecured Claim generally will recognize gain or loss in an amount equal to the difference, if any, between (i) the amount of Cash received in the exchange (other than amounts allocable to accrued but unpaid interest) and (ii) the Holder's adjusted tax basis in the Claim (other than in respect of accrued but unpaid interest).

d. Holders of LP General Unsecured Claims

Pursuant to the Plan, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed LP General Unsecured Claim, except to the extent that a Holder agrees to any other treatment, each Holder of an Allowed LP General Unsecured Claim against an individual LP Debtor will receive Cash. A U.S. Holder of an Allowed LP General Unsecured Claim generally will recognize gain or loss in an amount equal to the difference, if any, between (i) the amount of Cash received in the exchange (other than amounts allocable to accrued but unpaid interest) and (ii) the Holder's adjusted tax basis in the Claim (other than in respect of accrued but unpaid interest).

e. Accrued but Untaxed Interest

A portion of the consideration received by a Holder of Claims may be attributable to accrued but unpaid interest on such Claims. Any amounts treated as received for accrued interest should be taxable to that Holder as interest income if such accrued interest has not been previously included in the Holder's gross income for United States federal income tax purposes. If the fair value of the consideration received by a Holder of Claims is not sufficient to fully satisfy all principal and interest on such Claims, the extent to which the consideration will be attributable to accrued interest is unclear. Under the Plan, the aggregate consideration to be distributed to a Holder of Claims will be allocated first to the principal amount of the Holder's Claims, with any excess allocated to accrued but unpaid interest, if any. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a chapter 11 plan is binding for United States federal income tax purposes. The Internal Revenue Service could take the position, however, that the consideration received by the Holder should be allocated in some way other than as provided in the Plan. A Holder of an Allowed Claim should generally recognize a deductible loss to the extent the Holder previously included accrued interest in its gross income and such interest is not paid in full. A Holder of Claims that receives property other than cash in satisfaction of accrued interest should generally have a tax basis in such property that equals the fair market value of the property on the Effective Date and the Holder's holding period for such property should begin on the day following the Effective Date. Holders of Claims should consult their own tax advisors regarding the proper allocation of the consideration received by them under the Plan.

f. Market Discount

Holders of Claims may be affected by the “market discount” provisions of sections 1276 through 1278 of the Tax Code. Under these provisions, some or all of the gain recognized by a Holder may be treated as ordinary income (instead of capital gain), to the extent of the amount of accrued “market discount” on such Claims.

In general, a debt obligation with a fixed maturity of more than one (1) year that is acquired by a holder on the secondary market (or, in certain circumstances, upon original issuance) is considered to be acquired with “market discount” as to that holder if the debt obligation’s stated redemption price at maturity (or revised issue price as defined in section 1278 of the Tax Code, in the case of a debt obligation issued with original issue discount) exceeds the tax basis of the debt obligation in the holder’s hands immediately after its acquisition. However, a debt obligation is not a “market discount bond” if the excess is less than a statutory *de minimis* amount (equal to 0.25% of the debt obligation’s stated redemption price at maturity, or revised issue price in the case of a debt obligation issued with original issue discount, multiplied by the number of complete years remaining until maturity at the time of the acquisition).

Any gain recognized by a Holder on the taxable disposition of Claims (determined as described above) that were acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while the Claims were considered to be held by the Holder (unless the Holder elected to include market discount in income as it accrued).

2. Consequences to Holders of Equity Interests

a. Consequences to Holders of Existing LP Preferred Units Equity Interests

Pursuant to the Plan, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Existing LP Preferred Units Equity Interest, except to the extent that a Holder agrees to any other treatment, each Allowed Existing LP Preferred Units Equity Interest will receive NewCo Series A Preferred PIK Interests, NewCo Class A Common Interests, and NewCo Series B-1 Preferred PIK Interests. Subject to the discussion below addressing the treatment of the exchange as a non-taxable contribution, an exchanging Holder should recognize gain or loss in an amount equal to the difference, if any, between (i) the fair market value of NewCo Series A Preferred PIK Interests, NewCo Class A Common Interests, and NewCo Series B-1 Preferred PIK Interests received in exchange for its Existing LP Preferred Units Equity Interests and (ii) the Holder’s adjusted tax basis in the Existing LP Preferred Units Equity Interests. A Holder’s tax basis in any NewCo Series A Preferred PIK Interests, NewCo Class A Common Interests, and NewCo Series B-1 Preferred PIK Interests received should equal the fair market value of such interests on the Effective Date and the Holder’s holding period for the NewCo Series A Preferred PIK Interests, NewCo Class A Common Interests, and NewCo Series B-1 Preferred PIK Interests should begin on the day following the Effective Date.

Rather than a Holder of Existing LP Preferred Units Equity Interests being treated as exchanging its interests for interest in NewCo in a taxable transaction, it may be possible that a

Holder will be treated as contributing its Existing LP Preferred Units Equity Interests to NewCo and taking back NewCo Series A Preferred PIK Interests, NewCo Class A Common Interests, and NewCo Series B-1 Preferred PIK Interests in a non-taxable transaction. In that case, a Holder may not recognize gain or loss on the exchange of its Existing LP Preferred Units Equity Interests for Plan consideration, its basis in the NewCo Series A Preferred PIK Interests, NewCo Class A Common Interests, and NewCo Series B-1 Preferred PIK Interests received will equal its basis in its Existing LP Preferred Units Equity Interests, and its holding period for its NewCo Series A Preferred PIK Interests, NewCo Class A Common Interests, and NewCo Series B-1 Preferred PIK Interests would include its holding period in its interests exchanged therefor.

b. Consequences to Holders of Existing Inc. Preferred Stock Equity Interests

Pursuant to the Plan, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Existing Inc. Preferred Stock Equity Interest, except to the extent that a Holder agrees to any other treatment, each Allowed Existing Inc. Preferred Stock Equity Interest will receive (i) its Pro Rata share of 51% of the Reorganized LightSquared Inc. Common Shares, and (ii) the right to participate in the Rights Offering for its Pro Rata share of the Rights Offering Shares.

Assuming that the right to participate in the Rights Offering does not have any independent value, a Holder should be treated as exchanging stock in LightSquared Inc. for stock of the same entity in a transaction that qualifies as a recapitalization under the Tax Code. In that case, subject to the discussion below regarding accrued yield, the Holder would not recognize gain or loss as a result of the exchange, and the Holder's basis in the Reorganized LightSquared Inc. Common Shares received in exchange for its Allowed Existing Inc. Preferred Stock Equity Interest will equal its basis in its Allowed Existing Inc. Preferred Stock Equity Interests. A Holder's holding period for its Reorganized LightSquared Inc. Common Shares would include its holding period in the Allowed Existing Inc. Preferred Stock Equity Interest exchanged therefor.

Notwithstanding the foregoing, if (i) there is accrued but unpaid yield on the Existing Inc. Preferred Stock Equity Interests and (ii) LightSquared Inc. has current or accumulated earnings and profits (as determined for United States federal income tax purposes) at the end of that taxable year, the portion of the consideration received in exchange for the unpaid yield will be treated as dividend income to the extent of LightSquared Inc.'s earnings and profits. In that case, a Holder's basis in the consideration received in respect of accrued yield paid out of LightSquared Inc.'s earnings and profits would be the fair market value of such consideration on the Effective Date, and the Holder's holding period for the consideration should begin on the day following the Effective Date.

c. Consequences to Holders of Existing Inc. Common Stock Equity Interests

Pursuant to the Plan, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Existing Inc. Common Stock Equity Interest, except to the

extent that a Holder agrees to any other treatment, each Holder of an Allowed Existing Inc. Common Stock Equity Interest will receive NewCo Class B Common Interests. A U.S. Holder generally will recognize gain or loss in an amount equal to the difference, if any, between (i) the fair market value of the NewCo Class B Common Interests received and (ii) the Holder's adjusted tax basis in its Existing Inc. Common Stock Equity Interests. A Holder's tax basis in the NewCo Class B Common Interests received should equal their fair market value as of the Effective Date and the Holder's holding period for the NewCo Class B Common Interests should begin on the day following the Effective Date.

3. Consequences of Holding NewCo Interests

a. NewCo Common Interests

NewCo is expected to be taxed as a partnership for United States federal income tax purposes and not as a publicly traded partnership taxed as a corporation. Assuming NewCo is taxed as a partnership, it will generally not be subject to income tax. Instead, its taxable income or loss will be allocated to Holders of equity interests in NewCo based on United States federal income tax rules. Allocation of taxable income to a holder of NewCo Common Interests may result in such Holder being required to pay tax on such income in advance of its receipt of cash distributions from NewCo. In that case, a Holder would be required to fund any such taxes from other sources.

A Holder of NewCo Common Interests that is not a U.S. Holder (a "Non-U.S. Holder") may, as a result of owning an interest in a United States partnership, be attributed income effectively connected with a United States trade or business, and be subject to United States tax and tax filing requirements with respect to its share of income from such trade or business as if it were a U.S. Holder.

b. NewCo Series A Preferred PIK Interests, NewCo Series B-1 Preferred PIK Interests, and NewCo Series B-2 Preferred Non-PIK Interests (together, the "NewCo Preferred Interests")

NewCo is expected to be taxed as a partnership for United States federal income tax purposes and not as a publicly traded partnership taxed as a corporation. Assuming NewCo is taxed as a partnership, it will generally not be subject to income tax. Instead, its taxable income or loss will be allocated to Holders of equity interests in NewCo based on United States federal income tax rules. Allocation of taxable income to a holder of NewCo Preferred Interests may result in such Holder being required to pay tax on such income in advance of its receipt of cash distributions from NewCo. In that case, a Holder would be required to fund any such taxes from other sources. In addition, to the extent a U.S. Holder of NewCo Preferred Interests is or will be entitled to a payment that is determined without regard to NewCo's income, such Holder may be treated as receiving guaranteed payments under section 707(c) of the Tax Code. A U.S. Holder would generally have ordinary income to the extent of any guaranteed payment received (or deemed received as it accrues) with respect to a NewCo Preferred Interest.

A Holder of NewCo Preferred Interests that is not a U.S. Holder (a "Non-U.S. Holder") may, as a result of owning an interest in a United States partnership, be attributed income

effectively connected with a United States trade or business, and be subject to United States tax and tax filing requirements with respect to its share of income from such trade or business as if it were a U.S. Holder.

4. Information Reporting and Backup Withholding

In general, information reporting requirements may apply to distributions or payments under the Plan. Additionally, under the backup withholding rules, a Holder of a Claim or Equity Interest may be subject to backup withholding (at a rate of 28%) with respect to distributions or payments made pursuant to the Plan unless that Holder: (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact or (b) provides a correct taxpayer identification number and certifies under penalty of perjury that its taxpayer identification number is correct and that the Holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax but is, instead, an advance payment that may be refunded to the extent it results in an overpayment of tax; provided, however, that the required information is provided to the Internal Revenue Service.

THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF UNITED STATES FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF A CLAIM OR EQUITY INTEREST IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AND HOLDERS OF EQUITY INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTION CONTEMPLATED BY THE RESTRUCTURING, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

C. Certain Consequences of the Alternate Inc. Debtors Plan⁹

If the Plan is not consummated, the Inc. Debtors may consummate the Alternate Inc. Debtors Plan. The following is a discussion of certain United States federal income tax consequences of the Alternate Inc. Debtors Plan to the Inc. Debtors and certain Holders of Claims and Holders of Equity Interests. This discussion does not address the United States federal income tax consequences to Holders of Claims or Holders of Equity Interests who are Unimpaired or Holders who are not entitled to vote because they are deemed to reject the Alternate Inc. Debtors Plan.

ALL HOLDERS OF CLAIMS AND HOLDERS OF EQUITY INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE UNITED STATES FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE ALTERNATE INC. DEBTORS PLAN.

⁹ Capitalized terms used but not otherwise defined in this section shall have the meanings ascribed to them in the Alternate Inc. Debtors Plan.

This discussion is based on the Internal Revenue Code of 1986 (as amended, the “Tax Code”), Treasury Regulations thereunder, and administrative and judicial interpretations and practice, all as in effect on the date of this Disclosure Statement and all of which are subject to change, with possible retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty exists with respect to some of the tax consequences described below. No opinion of counsel has been obtained, and the Inc. Debtors do not intend to seek a ruling from the Internal Revenue Service as to any of the tax consequences of the Alternate Inc. Debtors Plan, including those items discussed below. There can be no assurance that the Internal Revenue Service will not challenge one or more of the tax consequences of the Alternate Inc. Debtors Plan. This discussion does not apply to Holders of Claims or Holders of Equity Interests that are not United States persons, as such term is defined in the Tax Code (except to the limited extent specifically noted herein), or that are otherwise subject to special treatment under United States federal income tax law (including, without limitation, banks, governmental authorities or agencies, financial institutions, insurance companies, pass-through entities, tax-exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies, regulated investment companies, partnerships, or other pass-through entities (and partners or members in such entities)). The following discussion assumes that Holders of Claims and Holders of Equity Interests hold such Claims and Equity Interests as “capital assets” within the meaning of section 1221 of the Tax Code. Moreover, this discussion does not purport to cover all aspects of United States federal income taxation that may apply to Inc. Debtors and Holders of Claims or Holders of Equity Interests based upon their particular circumstances. Additionally, this discussion does not discuss any tax consequences that may arise under any laws other than United States federal income tax law, including under state, local, or foreign tax law and does not address the United States “Medicare” tax on certain net investment income.

THE FOLLOWING DISCUSSION OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE SPECIFIC CIRCUMSTANCES OF A HOLDER OF A CLAIM OR A HOLDER OF AN EQUITY INTEREST. ALL HOLDERS OF CLAIMS AND ALL HOLDERS OF EQUITY INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE ALTERNATE INC. DEBTORS PLAN.

1. Treatment of Transactions under the Alternate Inc. Debtors Plan

The transactions contemplated by the Alternate Inc. Debtors Plan, and the implementation of any transactions with respect to the LP Debtors, may give rise to net taxable income or gain for the Inc. Debtors. Subject to the discussion of the alternative minimum tax, below, it is anticipated that existing NOLs should generally be available to offset net tax gains, if any, recognized as a result of the consummation of the Alternate Inc. Debtors Plan.

2. Cancellation of Debt and Reduction of Tax Attributes

Under the Alternate Inc. Debtors Plan, most of the Claims will be satisfied for cash and/or certain equity interests of One Dot Six Corp. Whether the Inc. Debtors will recognize

COD Income will depend, in part, on the amount that the Inc. Debtors are considered to owe on the Claims against them for United States federal income tax purposes and the value of the Equity Interests and/or other rights transferred in satisfaction of the Claims, in each case, as of the Effective Date. Based on the terms of the Alternate Inc. Debtors Plan, the Inc. Debtors do not anticipate that there will be a significant amount of COD Income. To the extent the Inc. Debtors recognize COD Income, such income will reduce tax attributes, including NOLs, that may remain available to Reorganized LightSquared Inc.

3. Potential Limitations on NOLs and Other Tax Attributes

Following the Effective Date, the NOLs and certain other tax attributes of the Inc. Debtors that remain and are allocable to periods prior to the Effective Date (collectively, “pre-change losses”) will be subject to potential limitation under section 382 of the Tax Code. Any section 382 limitations apply in addition to, and not in lieu of, the use of attributes or the attribute reduction that results from COD Income, if any, arising in connection with the Alternate Inc. Debtors Plan.

Under section 382, if a corporation undergoes an “ownership change” and the corporation does not qualify for (or elects out of) the special bankruptcy exception in section 382(l)(5) of the Tax Code discussed below, the amount of its pre-change losses that may be utilized to offset future taxable income is subject to an annual limitation.

The transactions contemplated by the Alternate Inc. Debtors Plan are expected to constitute an “ownership change” of LightSquared Inc. and its corporate subsidiaries for purposes of section 382 of the Tax Code.

a. General Annual Limitation

In general, the amount of the annual limitation to which a corporation that undergoes an ownership change will be subject is equal to the product of (i) the fair market value of the stock of the corporation *immediately before* the ownership change (with certain adjustments) multiplied by (ii) the “long term tax exempt rate” in effect for the month in which the ownership change occurs (e.g., 3.50% for ownership changes occurring in December 2013). As discussed below, this annual limitation often may be increased in the event the corporation has an overall “built-in” gain in its assets at the time of the ownership change. For a corporation in bankruptcy that undergoes an ownership change pursuant to a confirmed bankruptcy plan, the fair market value of the stock of the corporation is generally determined immediately *after* (rather than before) the ownership change after giving effect to the discharge of creditors’ claims, but subject to certain adjustments; in no event, however, can the stock value for this purpose exceed the pre-change gross value of the corporation’s assets.

Any portion of the annual limitation that is not used in a given year may be carried forward, thereby adding to the annual limitation for the subsequent taxable year. However, if the corporation does not continue its historic business or use a significant portion of its historic assets in a new business for at least two (2) years after the ownership change, the annual limitation resulting from the ownership change is reduced to zero (0), thereby precluding any utilization of the corporation’s pre-change losses, absent any increases due to recognized built-in

gains discussed below. Generally, NOLs expire twenty (20) years after the year in which they arose.

Section 382 of the Tax Code adjusts, in certain cases, for built-in gain or loss. If the loss corporation has a net unrealized built-in gain at the time of an ownership change, any built-in gains recognized (or, according to an Internal Revenue Service notice, treated as recognized) during the following five (5) years (up to the amount of the original net unrealized built-in gain) generally will increase the annual limitation in the year recognized, such that the loss corporation would be permitted to use its pre-change losses against such built-in gain income in addition to its regular annual allowance. Corresponding rules may reduce the corporation's ability to use losses if it has a built-in loss in its assets. In general, a loss corporation's (or consolidated group's) net unrealized built-in gain or loss will be deemed to be zero unless the amount is greater than the lesser of (i) \$10 million or (ii) 15% of the fair market value of its assets (with certain adjustments) before the ownership change.

If section 382(l)(5) of the Tax Code, described below, does not apply (either because Reorganized LightSquared Inc. does not qualify or elects not to apply it), and Reorganized LightSquared Inc. is treated as continuing its historic business or uses a significant portion of its historic assets in a new business for at least two (2) years after the ownership change of LightSquared Inc. (there is no dispositive guidance on the application of the continuing business requirement on these particular facts), Reorganized LightSquared Inc. would retain the use and benefit of the existing NOLs subject to the limitations described above.

b. Section 382(l)(5) Bankruptcy Exception

Under section 382(l)(5) of the Tax Code, an exception to the foregoing annual limitation rules generally applies where the shareholders and/or qualified (so-called "old and cold") creditors of a debtor receive or retain, in respect of their claims or equity interests, at least 50% of the vote and value of the stock of the reorganized debtor (or a controlling corporation if also in bankruptcy) pursuant to a confirmed chapter 11 plan. If section 382(l)(5) applies, the loss corporation's losses and tax credits will be reduced by the interest deductions claimed during the current and preceding three (3) taxable years with respect to any debt that was exchanged for equity pursuant to the Chapter 11 Cases. Moreover, if section 382(l)(5) applies and the debtor thereafter undergoes another ownership change within two (2) years, the debtor's pre-change losses with respect to such ownership change (which would include any pre-change loss as of the effective date of the plan of reorganization, to the extent not yet used or otherwise reduced, and any NOLs incurred in the interim) will be subject to a section 382 limitation of zero, which may effectively render such pre-change losses unavailable.

It is uncertain whether section 385(l)(5) of the Tax Code will apply to an ownership change that occurs as a result of the consummation of the Alternate Inc. Debtors Plan. Furthermore, if it did apply, it is not certain whether Reorganized LightSquared Inc. will elect not to apply it.

4. Alternative Minimum Tax

In general, an alternative minimum tax (“AMT”) is imposed on a corporation’s alternative minimum taxable income (“AMTI”) at a 20% rate to the extent such tax exceeds the corporation’s regular federal income tax for the year. AMTI is generally equal to regular taxable income with certain adjustments. For purposes of computing AMTI, certain tax deductions and other beneficial allowances are modified or eliminated. For example, only 90% of a corporation’s AMTI generally may be offset by available NOLs. The effect of this rule could cause the Inc. Debtors to be liable for federal income taxes in connection with gain, if any, arising in connection with the transactions contemplated by the Alternate Inc. Debtors Plan, even if there are NOLs in excess of any such gain.

D. Certain United States Federal Income Tax Consequences to Holders of Claims and Holders of Equity Interests Under Alternate Inc. Debtors Plan

As used in this section of the Disclosure Statement, the term “U.S. Holder” means a beneficial owner of Claims or Equity Interests that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have authority to control all of its substantial decisions, or if the trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

If a partnership or other entity taxable as a partnership for U.S. federal income tax purposes holds Claims or Equity Interests, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership holding any of such instruments, you should consult your own tax advisor. Where gain or loss is recognized by a Holder of a Claim or a Holder of an Equity Interest, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the Holder and how long the claim or equity interest has been held.

1. Consequences to Holders of Claims

a. Holders of Subordinated Prepetition Term Loan Claims

Pursuant to the Alternate Inc. Debtors Plan, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Prepetition Inc. Subordinated

Facility Claim, except to the extent that a Holder agrees to any other treatment, each Holder of an Allowed Prepetition Inc. Subordinated Facility Claim will receive Reorganized One Dot Six Common Shares and Reorganized One Dot Six Preferred Shares. A U.S. Holder of an Allowed Subordinated Prepetition Term Loan Claim generally will recognize gain or loss in an amount equal to the difference, if any, between (i) the fair market value of Reorganized One Dot Six Common Shares and Reorganized One Dot Six Preferred Shares received in the exchange (other than amounts allocable to accrued but unpaid interest which will be treated as described below) and (ii) the Holder's adjusted tax basis in the Claim (other than in respect of accrued but unpaid interest). A Holder's tax basis in the Reorganized One Dot Six Common Shares and Reorganized One Dot Six Preferred Shares should equal the fair market value of Reorganized One Dot Six Common Shares and Reorganized One Dot Six Preferred Shares on the Effective Date, and the Holder's holding period for the Reorganized One Dot Six Common Shares and Reorganized One Dot Six Preferred Shares should begin on the day following the Effective Date.

b. Holders of Inc. General Unsecured Claims

Pursuant to the Alternate Inc. Debtors Plan, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Inc. General Unsecured Claim, on the Effective Date or as soon thereafter as reasonably practicable, except to the extent that a Holder agrees to any other treatment, each Holder of an Allowed Inc. General Unsecured Claim against an individual Inc. Debtor will receive Cash in an amount equal to the principal amount of such Allowed Inc. General Unsecured Claim. A U.S. Holder of an Allowed Inc. General Unsecured Claim generally will recognize gain or loss in an amount equal to the difference, if any, between (i) the amount of Cash received in the exchange (other than amounts allocable to accrued but unpaid interest) and (ii) the Holder's adjusted tax basis in the Claim (other than in respect of accrued but unpaid interest).

c. Accrued but Untaxed Interest

A portion of the consideration received by a Holder of Claims may be attributable to accrued but unpaid interest on such Claims. Any amounts treated as received for accrued interest should be taxable to that Holder as interest income if such accrued interest has not been previously included in the Holder's gross income for United States federal income tax purposes. If the fair value of the consideration received by a Holder of Claims is not sufficient to fully satisfy all principal and interest on such Claims, the extent to which the consideration will be attributable to accrued interest is unclear. Under the Alternate Inc. Debtors Plan, the aggregate consideration to be distributed to a Holder of Claims will be allocated first to the principal amount of the Holder's Claims, with any excess allocated to accrued but unpaid interest, if any. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a chapter 11 plan is binding for United States federal income tax purposes. The Internal Revenue Service could take the position, however, that the consideration received by the Holder should be allocated in some way other than as provided in the Alternate Inc. Debtors Plan. A Holder of an Allowed Claim should generally recognize a deductible loss to the extent the Holder previously included accrued interest in its gross income and such interest is not paid in full. A Holder of Claims that receives property other than cash in satisfaction of accrued interest should generally have a tax basis in such property that equals the fair market value of the

property on the Effective Date and the Holder's holding period for such property should begin on the day following the Effective Date. Holders of Claims should consult their own tax advisors regarding the proper allocation of the consideration received by them under the Alternate Inc. Debtors Plan.

d. Market Discount

Holders of Claims may be affected by the "market discount" provisions of sections 1276 through 1278 of the Tax Code. Under these provisions, some or all of the gain recognized by a Holder may be treated as ordinary income (instead of capital gain), to the extent of the amount of accrued "market discount" on such Claims.

In general, a debt obligation with a fixed maturity of more than one (1) year that is acquired by a holder on the secondary market (or, in certain circumstances, upon original issuance) is considered to be acquired with "market discount" as to that holder if the debt obligation's stated redemption price at maturity (or revised issue price as defined in section 1278 of the Tax Code, in the case of a debt obligation issued with original issue discount) exceeds the tax basis of the debt obligation in the holder's hands immediately after its acquisition. However, a debt obligation is not a "market discount bond" if the excess is less than a statutory *de minimis* amount (equal to 0.25% of the debt obligation's stated redemption price at maturity, or revised issue price in the case of a debt obligation issued with original issue discount, multiplied by the number of complete years remaining until maturity at the time of the acquisition).

Any gain recognized by a Holder on the taxable disposition of Claims (determined as described above) that were acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while the Claims were considered to be held by the Holder (unless the Holder elected to include market discount in income as it accrued).

2. Consequences to Holders of Equity Interests

a. Consequences to Holders of Existing Inc. Preferred Stock Equity Interests

Pursuant to the Alternate Inc. Debtors Plan, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Existing Inc. Preferred Stock Equity Interest, except to the extent that a Holder agrees to any other treatment, each Allowed Existing Inc. Preferred Stock Equity Interest will receive its Pro Rata share of the Reorganized LightSquared Common Stock. Except as noted below, a Holder of Allowed Existing Inc. Preferred Stock Equity Interests should be treated as exchanging their preferred stock for Reorganized LightSquared Common Stock in a tax-free recapitalization for U.S. federal income tax purposes. In that case, subject to the discussion below addressing accrued yield, a Holder would not recognize gain or loss on the exchange of its Existing Inc. Preferred Stock Equity Interests for Alternate Inc. Debtors Plan consideration, its basis in the Reorganized LightSquared Common Stock received will equal its basis in its Existing Inc. Preferred Stock Equity Interests, and its holding period for its Reorganized LightSquared Common Stock would include its holding period in its Existing Inc. Preferred Stock Equity Interests exchanged therefor.

Notwithstanding the foregoing, if (i) there is accrued but unpaid yield on the Existing Inc. Preferred Stock Equity Interests and (ii) LightSquared Inc. has current or accumulated earnings and profits (as determined for United States federal income tax purposes) at the end of that taxable year, the portion of the consideration received in exchange for the unpaid yield may be treated as dividend income to the extent of LightSquared Inc.'s earnings and profits. In that case, a Holder's basis in the consideration received in respect of accrued yield paid out of LightSquared Inc.'s earnings and profits would be the fair market value of such consideration on the Effective Date, and the Holder's holding period for the consideration should begin on the day following the Effective Date.

b. Consequences to Holders of Existing Inc. Common Stock Equity Interests

Pursuant to the Alternate Inc. Debtors Plan, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Existing Inc. Common Stock Equity Interest, except to the extent that a Holder agrees to any other treatment, each Holder of an Allowed Existing Inc. Common Stock Equity Interest will receive interests in the Liquidation Trust (the "Trust" and, the interests therein, the "Trust Interests") and a residual interest in the Litigation Trust. A Holder of Existing Inc. Common Stock Equity Interests should recognize gain or loss in an amount equal to the difference, if any, between (i) the value of the Trust Interests and interests in the Litigation Trust received and (ii) the Holder's adjusted tax basis in the Existing Inc. Common Stock Equity Interests exchanged therefor. A Holder's tax basis in its share of the underlying Assets of the Trust and its interest in the Litigation Trust should equal the fair market value of Trust Interests and Litigation Trust interests received on the Effective Date and the Holder's holding period in its share of such Assets and its interest in the Litigation Trust should begin on the day following the Effective Date. It is not clear how residual interests in the Litigation Trust will be treated for federal income tax purposes. They may be interests in a liquidating trust, in which case the treatment of the Trust below would be applicable for the Litigation Trust and the interests therein. Alternatively, the interests in the Litigation Trust may be treated as equity interests in Reorganized One Dot Six, which will likely be treated as a partnership for United States federal income tax purposes. Holders of interests in the Litigation Trust should contact their own tax advisors regarding the tax consequences of holding such interests, including reporting income, gain, loss, or deduction and receiving any payments with respect thereto.

3. Tax Treatment of Trust and Consequences of Holding Trust Interests

a. Treatment of Trust

Each Holder that is a beneficiary of the Trust Interests agrees to treat the Trust as a grantor trust for United States federal income tax purposes and to be treated as the owner of the Assets of the Trust in accordance with its beneficial interest. This discussion assumes that the Trust and the Holders of Trust Interests are properly characterized in this manner for United States federal income tax purposes. Consequently, transfers to the Trust of Assets are treated as transfers of such Assets to the Holders receiving Trust Interests (in accordance with such Holders' beneficial interests in the Trust), followed by the transfer of such Assets to the Trust in exchange for their Trust Interests.

According to the Plan, as soon as possible after the Effective Date, the Trustee shall make a good-faith valuation of the Trust's Assets, and such valuation shall be made available from time to time, to the extent relevant, and shall be used consistently by all parties for all federal income tax purposes.

The Trust is intended to be treated as a liquidating trust, as defined in Treasury Regulations section 301.7701-4(d) and has been structured to conform to the requirements set forth in Revenue Procedure 94-45, 1994-2 C.B. 684, in which the Internal Revenue Service set forth general criteria for obtaining a ruling as to the grantor trust status of a liquidating trust under a chapter 11 plan. At this time, it is not clear whether the Trustee will file a request for such a ruling with the Internal Revenue Service. Therefore, there can be no assurance as to whether the Internal Revenue Service or the courts would agree with the characterization of the Trust. Holders are urged to consult their tax advisors regarding the proper characterization of the Trust.

b. Treatment of Holders of Trust Interests

Each Holder receiving a beneficial interest in the Trust as part of the Alternate Inc. Debtors Plan will be treated as owning a proportionate undivided interest in the Assets of the Trust to the extent of its interest therein. Accordingly, each such Holder will be required to report on its United States federal income tax return the share of any income, gain, loss, deduction, or credit recognized or incurred by the Trust that is allocable to its Trust Interest and should treat such items as derived on its Trust Interest, not in satisfaction of the interests for which it received such Trust Interest. The character of any such items to a beneficiary of the Trust and the ability of such beneficiary to benefit from any loss, deduction, or credit allocable to its Trust Interest will depend on the particular circumstances of such beneficiary and the nature of the Assets held by the Trust.

According to the Alternate Inc. Debtors Plan, and unless otherwise determined by any taxing authority, allocations of the Trust's taxable income among the Trust's beneficiaries shall be determined by reference to the manner in which an amount of Cash equal to such taxable income would be distributed if, immediately prior to such deemed distribution, the Trust had distributed all its other Assets (valued at their tax book value) to the Holders of the Trust Interests, in each case up to the tax book value of the assets treated as contributed by such Holders, adjusted for prior taxable income and loss and taking into account all prior and concurrent distributions from the Trust. Similarly, taxable loss of the Trust shall be allocated by reference to the manner in which an economic loss would be borne immediately after a liquidating distribution of the remaining Trust's assets. The tax book value of the Trust's assets for this purpose shall equal their fair market value on the Effective Date, adjusted in accordance with tax accounting principles prescribed by the Tax Code, the applicable tax regulations, and other applicable administrative and judicial authorities and pronouncements.

Holders of Trust Interests may be required to pay tax on the income of the Trust even if they have not yet received any distributions from the Trust. Any distributions a Holder receives on account of its Trust Interests should not give rise to gain or loss to such Holder for United States federal income tax consequences.

4. Information Reporting and Backup Withholding

In general, information reporting requirements may apply to distributions or payments under the Alternate Inc. Debtors Plan. Additionally, under the backup withholding rules, a Holder of a Claim or Equity Interest may be subject to backup withholding (at a rate of 28%) with respect to distributions or payments made pursuant to the Alternate Inc. Debtors Plan unless that Holder: (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact or (b) provides a correct taxpayer identification number and certifies under penalty of perjury that its taxpayer identification number is correct and that the Holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax but is, instead, an advance payment that may be refunded to the extent it results in an overpayment of tax; provided, however, that the required information is provided to the Internal Revenue Service.

THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF UNITED STATES FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF A CLAIM OR EQUITY INTEREST IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AND HOLDERS OF EQUITY INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTION CONTEMPLATED BY THE RESTRUCTURING, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

ARTICLE VIII CONCLUSION AND RECOMMENDATION

LightSquared believes that Confirmation of the Plan is in the best interests of its Estates and all stakeholders because it is fairest, most confirmable, and provides the greatest opportunity to maximize value for Holders of Claims against and Equity Interests in the LightSquared entities. **Accordingly, LightSquared urges all Holders of Claims entitled to vote on the Plan to vote to accept the Plan and to evidence such acceptance by returning their Ballots so that they are received no later than 4:00 p.m. (prevailing Pacific time) on January 15, 2014.**

New York, New York
Dated: December 31, 2013

LightSquared Inc. (for itself and all other Debtors)

/s/ Douglas Smith
Douglas Smith
Chief Executive Officer, President, and
Chairman of the Board of LightSquared Inc.