

## **AGREEMENT OF COMPROMISE AND SETTLEMENT**

This Agreement of Compromise and Settlement (the “Agreement” or “Settlement”) is entered into as of this 13th day of February, 2013 between and among LightSquared (as defined herein), Sprint (as defined herein), and Sprint Nextel.

### **RECITALS**

WHEREAS, LightSquared Inc. and LightSquared LP entered into that certain Master Services Agreement, dated as of June 3, 2011 (as amended, supplemented, amended and restated, or otherwise modified from time to time, the “Master Services Agreement”), with SprintCom, Inc. (“Sprint”), pursuant to which Sprint agreed to design, deploy, operate, manage and maintain a nationwide terrestrial broadband mobile network that would utilize LightSquared’s spectrum to provide 4G wireless services throughout the United States;

WHEREAS, LightSquared LP paid Sprint \$310,000,000 in advance payments (the “Advance Payments”) for work on the network and its eventual operation;

WHEREAS, pursuant to the terms of the Master Services Agreement, Sprint was entitled to unwind the Master Services Agreement during certain periods of time (the “Unwind Period”);

WHEREAS, LightSquared Inc., LightSquared LP, and Sprint, from time to time, agreed to extend the Unwind Period, including, pursuant to that certain Amendment No. 6 to the Master Services Agreement (“Amendment No. 6”), which provided for, among other things, the final extension of the Unwind Period to commence at any point after March 15, 2012;

WHEREAS, Section 1.05 of the Master Services Agreement, as amended by Amendment No. 6, provided for a termination and reconciliation process of all costs incurred by Sprint and the fees paid by LightSquared LP to Sprint under the Master Services Agreement, with an unwind amount to be paid by either Sprint or LightSquared LP, as appropriate;

WHEREAS, pursuant to Amendment No. 6, LightSquared Inc., LightSquared LP, and Sprint agreed that Sprint had fully earned the amounts set forth in Schedule 1.05(5), attached as Exhibit A to Amendment No. 6, and that such amount was no longer subject to the unwind or dispute under the Master Services Agreement;

WHEREAS, pursuant to Amendment No. 6, Sprint agreed to pay to LightSquared LP \$65,000,000 from the Advance Payments, which amount was paid on March 15, 2012 (the “First Allocation”), leaving \$8,527,832 (the “Unallocated Balance”) of the Advance Payments subject to the termination and unwind process set forth in Section 1.05 of the Master Services Agreement;

WHEREAS, under the Master Services Agreement, Sprint asserts that it incurred certain costs of not less than \$205,000,000 arising from transactions with American Tower Company arising to secure capacity and entitlements required for the LightSquared network (the “ATC Costs”);

WHEREAS, in Amendment No. 6, Sprint agreed to accept \$95,000,000 in respect of incremental ATC Costs as part of the First Allocation and reserved its claim as to the disputed balance of \$110,000,000 (the "Disputed Amount");

WHEREAS, on March 16, 2012 (the "Unwind Exercise Date"), Sprint declined to extend the Unwind Period further and terminated the Master Services Agreement, which was in the best interests of each of Sprint, LightSquared Inc., and LightSquared LP;

WHEREAS, as of the Unwind Exercise Date, Sprint, LightSquared Inc., and LightSquared LP reconciled the allocation of the Unallocated Balance in compliance with the termination and unwind process set forth in Section 1.05 of the Master Services Agreement, resulting in a payment to LightSquared LP in the amount of \$2,332,794, and an agreement among the Parties that \$3,737,604 (the "Remaining Advance Payment") should be retained by Sprint pending further reconciliation;

WHEREAS, Sprint, LightSquared Inc., and LightSquared LP have fully reconciled the appropriate allocation of the Remaining Advance Payment, and determined that LightSquared LP is entitled to \$1,011,371 of the Remaining Advance Payment and Sprint is entitled to \$2,726,233 of the Remaining Advance Payment;

WHEREAS, on May 14, 2012, LightSquared filed petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), which are being jointly administered under Case No. 12-12080 (SCC) (the "Chapter 11 Cases");

WHEREAS, on August 3, 2012, Sprint Nextel filed proof of claim no. 31, asserting a priority claim in the amount of \$11,757.95, and Sprint filed proof of claim nos. 157 and 158, asserting unliquidated, secured claims under the Master Services Agreement, including the Disputed Amount (collectively, the "Sprint Bankruptcy Claims");

WHEREAS, the Parties to the Settlement, without any admission as to liability or wrongdoing and subject to the terms and conditions contained in this Agreement, intend to settle and to resolve, fully and finally, all disputes between them, including, but not limited to, those arising out of or relating to the Master Services Agreement and the Sprint Bankruptcy Claims and all claims, allegations, liabilities, demands, damages, actions, and causes of action that have been or could have been asserted from the beginning of time to the Effective Date (as defined below) in any forum by the Parties, except for claims relating to the enforcement of this Agreement;

NOW, THEREFORE, for and in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

## **AGREEMENT**

### **1. Definitions**

- (a) “Sprint Released Parties” means Sprint and Sprint Nextel, and each of their former, current, and future officers, employees, directors, agents, owners, members, partners, financial advisors, legal advisors, shareholders, managers, consultants, accountants, attorneys, affiliates, and predecessors in interest, and each of their heirs, executors, successors, and assigns and/or representatives of the foregoing.
- (b) “LightSquared” means, collectively, LightSquared Inc., LightSquared LP, LightSquared Corp., LightSquared Network LLC, One Dot Six Corp., TMI Communications Delaware, Limited Partnership, ATC Technologies, LLC, Lightsquared Bermuda Ltd., LightSquared Finance Co., LightSquared GP Inc., LightSquared Inc. of Virginia, LightSquared Investors Holdings Inc., LightSquared Subsidiary LLC, One Dot Four Corp., One Dot Six TVCC Corp., SkyTerra (Canada) Inc., SkyTerra Holdings (Canada) Inc., SkyTerra Investors LLC, SkyTerra Rollup LLC, and SkyTerra Rollup Sub LLC, as debtors and debtors in possession in the Chapter 11 Cases, and the bankruptcy estates of each of the foregoing.
- (c) “LightSquared Released Parties” means LightSquared and its former, current, and future officers, employees, directors, agents, representatives, owners, members, partners, financial advisors, legal advisors, shareholders, managers, consultants, accountants, attorneys, affiliates, and predecessors in interest, and each of their heirs, executors, successors, and assigns.
- (d) The “Parties” to this Agreement are, collectively, Sprint, Sprint Nextel, and LightSquared.
- (e) “Effective Date” means the date on which all of the following shall have occurred:
  - (1) an order, substantially in the form attached hereto as Exhibit A, approving this Agreement (the “9019 Order”) shall have been entered by the Bankruptcy Court, and;
  - and (2) such approval is affirmed on appeal or all time periods for appeals, unless waived, have expired under the applicable Federal Rules of Civil Procedure, Federal Rules of Appellate Procedure, and/or Federal Rules of Bankruptcy Procedure.

### **2. Consideration**

One (1) business day after the Effective Date, Sprint shall make payment by wire transfer to LightSquared LP, in accordance with the wire transfer instructions to be provided by LightSquared, in the amount of \$1,011,371 (the “Settlement Payment”). The consideration to be exchanged by and among the Parties pursuant to this Agreement, includes, the Settlement Payment, the exchange of releases and the compromise of claims, the withdrawal of the Sprint Bankruptcy Claims, and the other covenants and undertakings set forth herein.

### **3. Releases**

(a) **Release of Sprint by LightSquared:** Upon the Effective Date, LightSquared hereby forever and irrevocably releases, discharges, waives, and acquits any and all claims, demands, liabilities, responsibilities, disputes, remedies, causes of action, indebtedness, and obligations existing as of the Effective Date whatsoever in law, admiralty, and equity, whether presently known or unknown, accrued or not accrued, foreseen or unforeseen, matured or not matured, which LightSquared, and any party acting by, through, or under LightSquared, now have or hereafter can, shall, or may have against the Sprint Released Parties for, upon, or by reason of any matter, cause, or thing whatsoever from the beginning of the world to the Effective Date, that relate in any way, directly or indirectly, to the Master Services Agreement and/or the Sprint Bankruptcy Claims (collectively, the "LightSquared Released Claims"). Nothing contained herein shall release Sprint or Sprint Nextel from any obligations under this Agreement.

(b) **Release of LightSquared by Sprint:** Upon the Effective Date, Sprint and Sprint Nextel hereby forever and irrevocably release, discharge, waive, and acquit any and all claims, demands, liabilities, responsibilities, disputes, remedies, causes of action, indebtedness, and obligations existing as of the Effective Date whatsoever in law, admiralty and equity, whether presently known or unknown, accrued or not accrued, foreseen or unforeseen, matured or not matured, which Sprint or Sprint Nextel and any party acting by, through or under Sprint or Sprint Nextel have or hereafter can, shall, or may have against the LightSquared Released Parties for, upon, or by reason of any matter, cause, or thing whatsoever from the beginning of the world to the Effective Date, that relate in any way, directly or indirectly, to the Master Services Agreement and/or the Sprint Bankruptcy Claims (collectively, the "Sprint Released Claims"). Nothing contained herein shall release LightSquared from any obligations under this Agreement.

### **4. Sprint Bankruptcy Claims**

Sprint and Sprint Nextel agree that, effective upon the Effective Date, Sprint and Sprint Nextel hereby fully, finally, and forever withdraw the Sprint Bankruptcy Claims with prejudice.

### **5. Release of Lien**

Sprint agrees that, effective upon the Effective Date, it hereby fully, finally and forever releases its liens against LightSquared's property..

Without limiting the foregoing, upon the Effective Date, Sprint shall deliver to the Collateral Trustee a Consent, Direction and Notice in the form attached hereto as Exhibit B (the "Consent"), pursuant to which Sprint shall (i) consent to and direct the Collateral Trustee to terminate all Sprint Second Lien Security Documents (as such term is defined in the Collateral Trust Agreement), (ii) authorize the Collateral Trustee to

terminate of record all Uniform Commercial Code financing statements, Personal Property Security Act registrations, and United States Patent and Trademark Office filings made in connection with the Sprint Second Lien Obligations (as such term is defined in the Collateral Trust Agreement), and (iii) provide written notice to the Collateral Trustee that, upon termination by the Collateral Trustee of all Sprint Second Lien Security Documents (as such term is defined in the Collateral Trust Agreement), the Discharge of Sprint Second Lien Collateral Requirements (as such term is defined in the Collateral Trust Agreement) shall have occurred. From and after delivery by Sprint to the Collateral Trustee of the Consent, neither the Sprint Second Lien Representative nor any holder of Sprint Second Lien Obligations shall have any further obligation under the Collateral Trust Agreement.

In addition, Sprint shall take all such other steps reasonably necessary and as reasonably required by LightSquared to effectuate such release.

## **6. Representations**

- (a) Each of the Parties represents and warrants that it is authorized to execute, deliver, and perform this Agreement and that this Agreement constitutes a legal, valid, and binding obligation and that it is enforceable in accordance with its terms.
- (b) Each of the Parties represents and warrants that (i) this is a binding agreement, enforceable against it in accordance with its terms, (ii) it has not sold, assigned, transferred, or otherwise disposed of any of the claims, cross-claims, demands or rights that are the subject of this Agreement, and (iii) it will take all necessary actions to effectuate the terms of this Agreement.
- (c) Each of the Parties represents and warrants that its respective attorneys have fully explained the meaning and effect of this Agreement. The Parties to this Agreement further represent and warrant that they have read and understand this Agreement. The Parties to this Agreement further represent and warrant that they have signed this Agreement without duress, coercion, or undue influence. In making this Agreement, the Parties have not relied upon any statement or representation pertaining to this matter, other than those representations expressly stated herein, but rather each has relied solely upon its own legal counsel, representatives, agents, and employees.
- (d) LightSquared represents and warrants that it possesses the authority to prosecute and settle the LightSquared Released Claims as defined in sub-paragraph 3(a) above.
- (e) Sprint and Sprint Nextel each represent and warrant that, as of the date that they execute and deliver this Agreement, (i) they are the sole beneficial owners of the Sprint Released Claims as defined in sub-paragraph 3(b) above, (ii) they possess full power and authority to prosecute, settle, vote, and consent to matters concerning the Sprint Released Claims, and (iii) they have not disposed of, exchanged, assigned, or transferred the Sprint Released Claims.

**7. Choice of Law**

This Agreement shall be governed by and construed in accordance with the Bankruptcy Code (to the extent applicable) and the laws of the State of New York for contracts entered into and performed within the State without regard to conflicts of law principles that would purport to apply the law of another jurisdiction.

**8. Compromise**

This Agreement constitutes a compromise of matters that are unresolved between the Parties. Neither the execution of this Agreement nor any acts undertaken pursuant to the Agreement shall be construed as an admission or evidence of any liability or wrongdoing whatsoever on the part of any Party, which liability or wrongdoing is hereby expressly denied and disclaimed by each Party. Neither this Agreement, nor the fact of its execution, nor any of its provisions, shall be offered or received in evidence in any action or proceeding of any nature or otherwise referred to or used in any manner in any court or other tribunal, except in a proceeding to enforce the terms of the Settlement.

**9. Notices**

All notices required or permitted under this Agreement shall be in writing and delivered by any method providing proof of delivery, including facsimile. Any notice shall be deemed to have been given on the date of receipt. Notices shall be delivered to the Parties at the following addresses until a different address has been designated by the Party:

**Sprint:** McGuireWoods LLP  
1750 Tysons Boulevard  
Suite 1800  
Tysons Corner, VA 22102  
Attention: David I. Swan, Esq.

**LightSquared:** Milbank, Tweed, Hadley & McCloy  
1 Chase Manhattan Plaza  
New York, NY 10005  
Attention: Matthew S. Barr, Esq.  
James H. Ball, Jr., Esq.  
Karen Gartenberg, Esq.

**10. Judicial Approval**

Promptly upon execution of this Agreement, but by no later than ten (10) calendar days thereafter, LightSquared shall file a motion seeking entry of the 9019 Order. Upon execution, this Agreement is of full force and effect and binding on the Parties, conditioned only on the Bankruptcy Court's entry of the 9019 Order.

**11. Integration**

This Agreement constitutes the entire agreement of the Parties, and supersedes any and all prior statements, representations, promises, or other agreements, written or oral, with respect to the subject matter of this Agreement. This Agreement may be amended or any of its provisions waived only in a writing signed by each of the Parties to this Agreement.

**12. Successors**

This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, successors, and assigns, and upon any corporation or other entity into or with which any Party hereto may merge, combine, or consolidate (provided that the Party is the survivor in such merger, combination, or consolidation).

**13. Rules of Construction**

Each Party and counsel to each Party have reviewed and approved this Agreement, and, accordingly, any presumption or other rule of construction that any ambiguities be resolved against the drafting Party shall not be employed in the interpretation of this Agreement.

**14. Counterparts**

This Agreement may be signed in one or more counterpart copies, each of which, taken together, shall constitute one and the same agreement, though no single counterpart bears all Parties' signatures. Facsimile or electronic signatures shall be treated as original signatures.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties by their duly authorized representatives signing below.

<b>LightSquared Inc., et al., as debtors and debtors in possession</b>  By: <u>Curtis P. Lu</u>  Name: Curtis Lu  Title: General Counsel	
<b>SprintCom, Inc.</b>  By: _____  Name: _____  Title: _____	<b>Sprint Nextel</b>  By: _____  Name: _____  Title: _____



IN WITNESS WHEREOF, this Agreement has been executed by the Parties by their duly authorized representatives signing below.

**LightSquared Inc., et al., as debtors and  
debtors in possession**

By: \_\_\_\_\_

Name: Curtis Lu

Title: General Counsel

**SprintCom, Inc.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Sprint Nextel**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_