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

| | | |
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| In re: | ) | Chapter 11 |
| LIGHTSQUARED INC., *et al*., | ) | Case No. 12-12080 (SCC) |
| Debtors.[1] | ) | Jointly Administered |

**LIGHTSQUARED'S MOTION FOR ENTRY OF ORDER AUTHORIZING LIGHTSQUARED TO (A) ENTER INTO AND PERFORM UNDER LETTERS RELATED TO EXIT FINANCING ARRANGEMENTS, (B) PAY FEES AND EXPENSES IN CONNECTION THEREWITH, AND (C) PROVIDE RELATED INDEMNITIES**

[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 the debtors' corporate headquarters is 10802 Parkridge Boulevard, Reston, VA 20191.

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LightSquared Inc. and certain of its affiliates, as debtors and debtors in possession (collectively, "LightSquared") in the above-captioned chapter 11 cases (the "Chapter 11 Cases"), file this motion (the "Motion"),[2] at the direction of the special committee of the boards of directors (the "Special Committee") for LightSquared Inc. and LightSquared GP Inc., for entry of an order (the "Order"), pursuant to sections 105(a) and 363(b) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (as amended, the "Bankruptcy Code"), authorizing LightSquared to (a) (i) immediately enter into and perform under an engagement letter (substantially in the form attached to this Motion as Exhibit A, the "Engagement Letter") and (ii) upon confirmation of the LightSquared Plan (as defined below), enter into a (A) commitment letter (the "Commitment Letter") and (B) fee letter (the "Fee Letter" and, collectively with the Engagement Letter and the Commitment Letter, the "Exit Financing Letters"), which Commitment Letter and Fee Letter will be filed as part of the Plan Supplement,[3] with J.P. Morgan Securities LLC ("JPM Securities"), JPMorgan Chase Bank, N.A. ("JPMorgan Chase Bank" and, collectively with JPM Securities and their respective affiliates, "JPMorgan"), Credit Suisse Securities (USA) LLC ("CS

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[2] Capitalized terms used but not otherwise defined shall having the meanings set forth in the LightSquared Plan and LightSquared Disclosure Statement (each, as defined below), as applicable.

[3] The Commitment Letter and Fee Letter each contains proprietary and confidential information relating to fees that the Lead Arrangers intend to charge LightSquared in connection with its obligations thereunder. LightSquared is filing simultaneously herewith a motion pursuant to section 107 of the Bankruptcy Code seeking authority to file the Commitment Letter and Fee Letter under seal. Pursuant to such motion, the fully unredacted Commitment Letter and Fee Letter will only be available to the United States Trustee for the Southern District of New York, counsel to Harbinger, counsel to the Prepetition Inc. Agent, counsel to the DIP Agent, and counsel to the ad hoc secured group of Prepetition LP Lenders, each of which, with the exception of the U.S. Trustee and counsel to Harbinger, previously executed applicable confidentiality agreements with LightSquared. LightSquared is also prepared to serve the Commitment Letter and Fee Letter on certain other parties who enter into a confidentiality agreement acceptable to LightSquared and the Lead Arrangers. A redacted version of each of the Commitment Letter and Fee Letter will be filed as part of the Plan Supplement. Additionally, in light of LightSquared's request for approval to enter into the Commitment Letter and Fee Letter only upon confirmation of the LightSquared Plan, LightSquared is not seeking approval of the Commitment Letter and Fee Letter at the hearing scheduled for this Motion. Instead, LightSquared's request herein as it relates to its entry into the Commitment Letter and Fee Letter shall be heard at the confirmation hearing scheduled to commence on January 9, 2014 (the "Confirmation Hearing") and any objections in connection therewith are due on the Plan Objection Deadline.

Securities"), Credit Suisse AG (acting through such of its affiliates or branches as it deems appropriate, "CS" and, collectively with CS Securities and their respective affiliates, "Credit Suisse" and, together with JPMorgan, the "Lead Arrangers"), (b) pay certain fees and expenses associated with the Exit Financing Letters, subject to the restrictions and conditions described herein, and (c) provide related indemnities. In support of this Motion, LightSquared respectfully states as follows:

**Preliminary Statement**

1. Three (3) months ago, 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 in a manner aimed at maximizing value for all of LightSquared's stakeholders, whether through a sale process or standalone reorganization. Having diligently sought to maximize value for all constituents, and following months of extensive negotiations, LightSquared is now poised to take the next major steps in its emergence from chapter 11 protection by implementing the one option that contemplates repaying all of its creditors and appropriately compensating all entities across LightSquared's capital structure.

2. As this Court is well aware, on December 24, 2013, LightSquared filed the *Debtors' Second Amended Joint Plan Pursuant to Chapter 11 of Bankruptcy Code* [Docket No. 1133] (the "LightSquared Plan") – a plan of reorganization selected by the Special Committee that is supported by the vast majority of key constituents in the Chapter 11 Cases, as well as independent, third-party investors (collectively, the "Plan Support Parties") and that provides

payment in full in cash to those constituents who are not supporters of that plan.[4] The LightSquared Plan contemplates, among other things, (a) up to $2.5 billion in senior secured exit facility financing (the "Exit Facility Financing" and, such related exit facility, the "Exit Facility"), (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 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 LightSquared's stakeholders. Significantly, the LightSquared Plan provides for a comprehensive reorganization that will allow for the survival of LightSquared's existing businesses and continuation of its operations.

3. To best effectuate the LightSquared Plan, LightSquared now seeks authority to enter into the Exit Financing Letters with the Lead Arrangers – which will allow LightSquared to formally secure the Exit Facility Financing. The Exit Facility Financing contemplated by the Exit Financing Letters is one of the cornerstones of the LightSquared Plan, providing the means for all of LightSquared's estates to successfully exit chapter 11 in a manner which allows ***all*** of LightSquared's significant stakeholders to share in the success of a reorganized LightSquared. LightSquared believes that the LightSquared Plan, which hinges on obtaining the proposed Exit Facility Financing, will bring more value to all of its stakeholders than any other plan that has been proposed in these Chapter 11 Cases to date. Accordingly, LightSquared respectfully submits that entry into the Exit Financing Letters is necessary, appropriate, in the best interests of all stakeholders, and should be approved in accordance with the timing requested herein (i.e., immediate authorization for LightSquared to enter into the

[4] The Plan Support Parties include (a) Fortress Investment Group LLC, (b) JPMorgan Chase & Co., (c) Melody Capital Advisors, LLC, and (d) Harbinger Capital Partners, LLC and its affiliates ("Harbinger").

Engagement Letter following the hearing on this Motion and authorization for LightSquared to enter into the Commitment Letter and Fee Letter upon confirmation of the LightSquared Plan). Entry into the Exit Financing Letters will allow the Lead Arrangers to do the work necessary to ensure that sufficient financing is available to enable all of LightSquared's estates to successfully exit chapter 11.

## Jurisdiction

4. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

5. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

6. The statutory bases for the relief requested herein are sections 105(a) and 363(b) of the Bankruptcy Code.

## Background

7. On May 14, 2012 (the "Petition Date"), LightSquared filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

8. LightSquared continues to operate its businesses and manage its properties as debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No official committee has been appointed in the Chapter 11 Cases. No trustee or examiner has been appointed in the Chapter 11 Cases.

## Background to Motion

### A. Development of LightSquared Plan and Exit Facility Financing Component

9. As discussed above, LightSquared has always believed, continues to believe, and operates 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. In pursuing a resolution with the FCC regarding a terrestrial deployment of its 4G LTE wireless network, LightSquared recognized 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. Accordingly, 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 filed, on August 30, 2013, 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, contemplated the sale of LightSquared's assets, or any grouping or subset thereof. In so doing, LightSquared expressly reserved its rights to pursue a sale or an alternative transaction that is premised upon a regulatory solution in light of the substantially greater value such sale or transaction would yield for LightSquared's estates and stakeholders.

10. In connection therewith, LightSquared – at the direction, and with the participation, of the Special Committee – undertook a process (the "Sale Process") to sell substantially all of the assets of its estates in an auction pursuant to agreed-upon bid procedures. On a dual track, however, LightSquared also continued to welcome any opportunity to engage with any party, both within and outside of LightSquared's capital structure, to discuss and negotiate potential alternative transactions if such alternatives could result in greater recoveries for LightSquared's estates (the "Alternative Transaction Process"). To ensure the integrity of such Sale Process and Alternative Transaction Process, on September 16, 17, and 27, 2013, LightSquared's board of directors elected Alan J. Carr, Neal P. Goldman, and Christopher

Rogers to serve as independent directors and as members of the Special Committee. The Special Committee was delegated the authority to oversee the potential sale of LightSquared's assets in connection with any auction or Sale Process and evaluate potential restructuring plans or plans of reorganization filed by LightSquared or any other parties.

11. 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 new capital to reorganize. LightSquared, at the direction of the Special Committee, worked diligently with such third parties over the course of two (2) months to solidify a new value reorganization proposal. LightSquared's efforts were rewarded with a proposal from the Plan Support Parties to support a plan of reorganization based on new financing – including the Exit Facility Financing – and equity investments (the "Global Restructuring"), subject to the conditions set forth in the LightSquared Plan. Accordingly, LightSquared, at the direction of the Special Committee, modified and supplemented the First Amended Plan, by filing with the Court, on December 24, 2013, the (a) LightSquared Plan and (b) corresponding *Specific Disclosure Statement for Debtors' Second Amended Joint Plan Pursuant to Chapter 11 of Bankruptcy Code*, dated December 24, 2013 [Docket No. 1134] (the "LightSquared Disclosure Statement").

12. One of the key components of the LightSquared Plan is Exit Facility Financing of up to $2.5 billion, which the Lead Arrangers have proposed to structure, arrange, and syndicate pursuant to the terms set forth in the Exit Financing Letters. Over the past several weeks, LightSquared has reviewed and negotiated the Exit Financing Letters carefully and on an arm's length basis. As a result of such efforts, LightSquared believes that the proposed Exit Financing Letter and the engagement of the Lead Arrangers to act as joint lead arrangers and

joint bookrunners with respect to the Exit Facility Financing will benefit LightSquared and its estates. The Exit Facility Financing will afford LightSquared's estates a full and complete resolution of these Chapter 11 Cases, enabling the estates to exit chapter 11 (a) with a sustainable capital structure, (b) stronger and better positioned to avail themselves of the tremendous upside value resulting from the approval of the pending spectrum license modification application, and (c) able to maximize creditor and stakeholder recoveries to the fullest extent possible.

**B. Exit Financing Letters**

13. *Engagement Letter*.[5] Under the Engagement Letter, the Lead Arrangers will be engaged to structure, arrange, and syndicate the Exit Facility. During the Engagement Period[6] set forth in the Engagement Letter, the Lead Arrangers will test the syndication market in an effort to arrange a group of lenders to provide LightSquared with the Exit Facility Financing. Additionally, the Engagement Letter provides that, if LightSquared or the Alternate Transaction Investors (as defined below) determine to, within twelve (12) months of the expiration of the Engagement Period, proceed with any transaction whereby FIG LLC ("Fortress") or any of its affiliates acquires a substantial portion of the equity interests or assets of LightSquared (any such transaction, an "Alternate Transaction"), LightSquared and any investor participating in the Exit Facility Financing (an "Investor") that participates in the financing of such Alternate Transaction (each, an "Alternate Transaction Investor") will appoint JPMorgan Chase Bank, N.A. as sole administrative agent, and the Lead Arrangers as joint lead arrangers and joint bookrunners (or

[5] The summary of the Engagement Letter is only included herein for descriptive purposes. To the extent any conflict exists with the terms of the Engagement Letter, the terms of the Engagement Letter shall control.

[6] "Engagement Period" refers to the period commencing on the date of LightSquared's entry into the Engagement Letter until the earlier of (a) the effective date of the Exit Facility, (b) the approval by the Court of a proposed reorganization of LightSquared or a sale of LightSquared or its assets other than the Global Restructuring, or the issuance by the Court of any ruling barring the consummation of the Global Restructuring, and (c) the termination of the Engagement Letter by LightSquared upon five (5) days' written notice to the other (such period, the "Engagement Period").

equivalent roles for any non-bank financing) for any debt financing relating to such Alternate Transaction ("Alternate Transaction Financing") unless the Lead Arrangers do not agree to take such Alternate Transaction Financing to market. In consideration of the efforts undertaken by the Lead Arrangers in connection with the Engagement Letter, LightSquared will provide the Lead Arrangers with the following fees, expenses, and indemnities:[7]

(a) If, in connection with the consummation of any Alternate Transaction, a financing source other than the Lead Arrangers arrange or provide debt financing within twelve (12) months of the expiration of the Engagement Period, LightSquared and the Alternate Transaction Investors will pay (pro rata based on their respective aggregate investment commitments under the LightSquared Plan and adjusted so that such pro rata shares equal in the aggregate 100% of the fee payable under this paragraph (a)) to the Lead Arrangers an amount equal to the greater of (i) the fee (if any) that would have been payable to the Lead Arrangers with respect to the Exit Facility had the Exit Facility closed with an aggregate principal amount equal to the aggregate principal amount of such Alternate Transaction Financing and (ii) the fee paid to the arranger or arrangers in connection with such Alternate Transaction Financing; provided, that in no instance will the Alternate Inc. Debtors Plan be considered an Alternate Transaction; provided, further, that if the LightSquared Plan is confirmed by the Court and the Lead Arrangers are paid underwriting and arrangement fees in connection with the Exit Facility, the LightSquared and the Alternate Transaction Investors shall have no obligations under this paragraph (a);

(b) LightSquared will reimburse the Lead Arrangers for all reasonable and documented out-of-pocket expenses (including due diligence expenses, syndication expenses, travel expenses, and reasonable fees, charges, and disbursements of Davis Polk & Wardwell LLP, as primary counsel to the Lead Arrangers (and (i) appropriate local counsel in applicable jurisdictions, to the extent necessary, but limited to one local counsel in each such jurisdiction, (ii) appropriate regulatory and other specialist counsel (including, without limitation, FCC counsel) and (iii) solely in the case of a conflict of interest, one additional counsel in each relevant jurisdiction to the affected Engagement Parties similarly situated)) incurred in connection with the Exit Facility and any related documentation (including the Engagement Letter and the definitive

[7] Capitalized terms used in this paragraph 13 but not otherwise defined shall have the meanings set forth in the Engagement Letter.

financing documentation) or, the administration, amendment, modification, waiver or enforcement thereof;

(c) LightSquared will indemnify and hold harmless the Lead Arrangers and their respective officers, directors, employees, advisors, and agents (each, an "Indemnified Person") from and against any and all losses, claims, damages and liabilities to which any such Indemnified Person may become subject arising out of or in connection with the Engagement Letter, the Exit Facility, the use of the proceeds thereof or any related transaction, or any claim, litigation, investigation, or proceeding relating to any of the foregoing, regardless of whether any Indemnified Person is a party thereto, and will reimburse each Indemnified Person upon demand for any reasonable and documented out-of-pocket legal or other expenses incurred in connection with investigating or defending any of the foregoing; provided that the foregoing indemnity will not, as to any Indemnified Person, apply to (i) losses, claims, damages, liabilities, or related expenses to the extent they are found by a final, non-appealable judgment of a court of competent jurisdiction to arise from (A) the bad faith, willful misconduct or gross negligence of such Indemnified Person or (1) any of its controlled affiliates or any of the officers, directors, or employees of any of the foregoing, in each case who are involved in or aware of the Transactions, or (2) any advisors or agents of such Indemnified Person acting at the direction of such Indemnified Person, (B) a material breach of the Engagement Letter by any such Indemnified Person, or (C) disputes between and among Indemnified Persons to the extent such disputes do not arise from any act or omission of Harbinger or any of its non-debtor affiliates (other than claims against an Indemnified Person acting in its capacity as an agent or arranger or similar role in connection with the Exit Facility), unless such claims arise from the gross negligence, bad faith or willful misconduct of such Indemnified Person or (ii) any settlement entered into by such Indemnified Person without LightSquared's written consent (such consent not to be unreasonably withheld, delayed or conditioned); provided, however, that the foregoing indemnity will apply to any such settlement in the event (X) LightSquared was offered the ability to assume the defense of the action that was the subject matter of such settlement and elected not to assume such defense or (Y) such Indemnified Person shall have requested that LightSquared reimburse it for legal or other expenses incurred by it in connection with investigating, responding to, or defending any proceeding in accordance with the Engagement Letter and LightSquared shall not have reimbursed such Indemnified Person within thirty (30) days of such request; and

(d) No Indemnified Person shall be liable for any special, indirect, consequential, or punitive damages in connection with the Exit Facility.

14. LightSquared believes that the terms of the Engagement Letter are fair and reasonable and that such terms are consistent with the terms of similar engagements of financial institutions in today's marketplace. The only financial obligations incurred by LightSquared under the Engagement Letter are the obligation to pay the Alternate Transaction Fee if LightSquared pursues an Alternative Transaction Financing, the obligation to indemnify the Lead Arrangers, and reimbursement of reasonable and documented out-of-pocket expenses. Importantly, the circumstances under which LightSquared shall be required to pay to the Lead Arrangers the Alternate Transaction Fee are very narrowly tailored, especially given that (a) pursuit of the Alternate Inc. Debtors Plan and (b) any sale of LightSquared's assets, or any grouping or subset thereof, are both specifically excluded from the definition of an Alternate Transaction for purposes of triggering the Alternate Transaction Fee.

15. *Commitment Letter and Fee Letter*.[8] The Commitment Letter and Fee Letter provide, in part, that LightSquared will provide the Lead Arrangers with (a) a commitment fee, underwriting fee, and certain additional fees (collectively, the "Financing Fees") as well as (b) reimbursement of fees and expenses regardless of whether the Exit Facility Financing becomes effective. However, LightSquared will become obligated to pay the Financing Fees only if the LightSquared Plan is confirmed and the transactions contemplated thereunder are approved by this Court. As discussed herein and for the avoidance of doubt, LightSquared will request approval at the Confirmation Hearing to enter into the Commitment Letter and Fee Letter and to incur the attendant obligations to pay the Financing Fees ***only*** upon confirmation of the LightSquared Plan and this Court's approval of the Global Restructuring and the Exit Facility Financing contemplated thereunder.

[8] The summary of the Commitment Letter and Fee Letter is only included herein for descriptive purposes. To the extent any conflict exists with the terms of the Commitment Letter and/or Fee Letter, the terms of the Commitment Letter and/or Fee Letter shall control, as applicable.

**Relief Requested**

16. LightSquared respectfully requests that, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, the Court enter the Order authorizing LightSquared to (a) enter into and perform under the Exit Financing Letters (pursuant to the timing set forth in this Motion), (b) pay fees and expenses associated with the Exit Financing Letters, subject to the restrictions and conditions described herein, and (c) provide the indemnities described therein.

**Basis for Relief**

17. LightSquared is seeking authority to enter into and perform under the Exit Financing Letters, pay fees and reimburse of expenses associated therewith, and provide related indemnities under sections 105(a) and 363 of the Bankruptcy Code. Section 105(a) of the Bankruptcy Code provides, in relevant part, that "[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). In addition, section 363(b)(1) of the Bankruptcy Code provides, in relevant part, that a debtor "after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1).

18. A debtor in possession's decision to use, sell, or lease assets outside the ordinary course of business must be based upon its sound business judgment. See Official Comm. of Unsecured Creditors of LTV Aerospace and Def. Co. v. The LTV Corp. (In re Chateaugay Corp.), 973 F.2d 141, 143 (2d Cir. 1992) (holding that judge determining section 363(b) application must find from evidence presented good business reason to grant such application); see also Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.), 722 F.2d 1063, 1071 (2d Cir. 1983) (same); In re Global Crossing Ltd., 295 B.R. 726, 743 (Bankr. S.D.N.Y. 2003) (same); In re Ionosphere Clubs, Inc., 100 B.R. 670, 675 (Bankr. S.D.N.Y. 1989) (noting that standard for determining section 363(b) motion is "good business reason").

19. The business judgment rule is satisfied where "the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company." Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.), 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting Smith v. Van Gorkom, 488 A.2d 858, 872 (Del. 1985)), appeal dismissed, 3 F.3d 49 (2d Cir. 1993). In fact, "[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor's conduct." Comm. of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp. (In re Johns-Manville Corp.), 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). Courts in this district consistently and appropriately have been reluctant to interfere with corporate decisions absent a showing of bad faith, self-interest, or gross negligence and have upheld such decisions as long as they are attributable to any "rational business purpose." Integrated Res., 147 B.R. at 656.

20. Debtors in large chapter 11 cases commonly seek and obtain approval to enter into exit financing commitments. See, e.g., In re Eastman Kodak Company, No. 12-10202 (Bankr. S.D.N.Y. March 8, 2013); In re LCI Holding Company, Inc., No. 12-13319 (Bankr. D. Del. May 21, 2013); In re NewPage Corp., No. 11-12804 (Bankr. D. Del. Nov. 6, 2012); In re The Great Atlantic & Pacific Tea Company, Inc., No. 10-24549 (Bankr. S.D.N.Y. Jan. 27, 2012); In re Lyondell Chemical Company, No. 09-10023 (Bankr. S.D.N.Y. March 24, 2010); In re Delta Air Lines, No. 05-17923 (Bankr. S.D.N.Y. Apr. 17, 2007); accord In re Owens Corning, No. 00-3837 (Bankr. D. Del. July 20, 2006); In re Pliant Corp., No. 06-10001 (Bankr. D. Del. May 9, 2006); In re Meridian Auto Sys.-Composites Operations, Inc., No. 05-11168 (Bankr. D. Del.

June 14, 2006); In re New World Pasta Co., No. 04-2817 (Bankr. M.D. Pa. Sept. 23, 2005); In re Adelphia Communications Corp., No. 02-41729 (Bankr. S.D.N.Y. June 28, 2004).

21. As discussed above, LightSquared has determined that the all-inclusive restructuring proposal set forth in the LightSquared Plan represents LightSquared's best and most value-maximizing option for exiting bankruptcy. To effectuate the LightSquared Plan, LightSquared will require the Exit Financing Facility, which represents an essential cornerstone of the LightSquared Plan. The engagement of the Lead Arrangers to arrange the Exit Facility Financing is thus both necessary and beneficial to all of LightSquared's estates and their stakeholders.

22. LightSquared conducted a thorough and well-considered process to procure the most advantageous terms and conditions for the Exit Facility Financing. Indeed, under the Engagement Letter, LightSquared shall be required to pay to the Lead Arrangers the Alternate Transaction Fee ***only*** under very narrowly tailored circumstances. The triggering of the Alternate Transaction Fee even excludes any scenarios in which LightSquared pursues either (a) a transaction under the Alternate Inc. Debtors Plan or (b) any sale of LightSquared's assets, or any grouping or subset thereof, to an investor other than Fortress. In addition, under the Commitment Letter and Fee Letter, LightSquared will become obligated to pay the Financing Fees only if the LightSquared Plan is confirmed and the transactions contemplated thereunder are approved by this Court and pursued as the path forward in these Chapter 11 Cases.

23. In return for the foregoing, the Lead Arrangers are raising the financing that will enable LightSquared to pursue – under the LightSquared Plan – a viable alternative that contemplates allowing all entities across LightSquared's capital structure to enjoy the upside of LightSquared's significantly valuable assets. Throughout the structuring and negotiation of the

LightSquared Plan, LightSquared and its advisors engaged in a thorough review of the Exit Financing Letters and determined that the Lead Arrangers' proposal provides the most capital at the lowest cost to the estates and thereby provides LightSquared's estates with the greatest opportunity to maximize value for all of its constituents.

24. As such, LightSquared engaged in arm's-length negotiations over the Exit Financing Letters with the Lead Arrangers. LightSquared submits that it has demonstrated good faith in determining to negotiate and enter into the Exit Financing Letters and that its anticipated entry into, and performance under, the Exit Financing Letters, including the payment of the Alternate Transaction Fee, if triggered, the payment of the Financing Fees, if triggered, the reimbursement of expenses, and the provision of indemnities in connection therewith represent a sound exercise of its business judgment and are for a valid business purpose. LightSquared further submits that given, among other things, the limited scope of the Alternate Transaction Fee (i.e., the explicit exclusion of any transaction under the Alternate Inc. Debtors Plan as well as any sale of LightSquared's assets, or any grouping or subset thereof, from triggering the payment of such fee) and the conditional obligation to pay the Financing Fees (i.e., the requirement that the LightSquared Plan be confirmed prior to any payment), the terms of the Exit Financing Letters, and LightSquared's obligations thereunder, are fair and reasonable and should be approved.

25. Accordingly, LightSquared submits that its entry into, and performance under, the Exit Financing Letters as well as the payment of fees, the reimbursement of expenses, and the provision of indemnities in connection with the Exit Financing Letters represent an exercise of LightSquared's sound business judgment and should be authorized pursuant to sections 105(a) and 363(b) of the Bankruptcy Code.

**No Duplication of Services**

26. LightSquared is seeking to retain the Lead Arrangers to structure, arrange, and syndicate the Exit Facility Financing and pursuant to such retention, the Lead Arrangers expect to commit their balance sheets to support a substantial portion of the exit financing. As the Court and other parties in interest are aware, at the commencement of the Chapter 11 Cases, LightSquared retained Moelis & Company LLC ("Moelis") to serve as its investment banker and financial advisor. As a purely advisory firm, Moelis does not extend credit or trade securities. Moelis also does not have a balance sheet to underwrite a deal of this size, nor does it have a trading operation with a sales force. Thus, the services to be provided by the Lead Arrangers to LightSquared pursuant to the Exit Financing Letters are separate and distinct from, and not duplicative of, any services for which LightSquared has engaged Moelis to undertake in these Chapter 11 Cases.

27. Additionally, the engagement letter entered into by LightSquared with Jefferies LLC pursuant to this Court's *Order, Pursuant to 11 U.S.C. §§ 105(a) and 363, Authorizing LightSquared To (A) Enter into and Perform Under Engagement Letter Related to Exit Financing Arrangements, (B) Pay Fees and Expenses in Connection Therewith, and (c) Provide Related Indemnities* [Docket No. 667] was terminated by LightSquared on December 6, 2013, and LightSquared has no further obligations under such letter.

**Waiver of Bankruptcy Rule 6004(h)**

28. To implement the foregoing successfully, LightSquared respectfully requests a waiver of the fourteen (14)-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h). Pursuant to Bankruptcy Rule 6004(h), "[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." Fed. R. Bankr.

P. 6004(h). For the reasons set forth above – most importantly the impending January 9, 2014 confirmation hearing scheduled in these Chapter 11 Cases – LightSquared requires prompt approval of the Engagement Letter so that the Lead Arrangers can commence their work thereunder. Accordingly, LightSquared submits that ample cause exists to justify a waiver of the 14-day stay imposed by Bankruptcy Rule 6004(h), to the extent it applies.

**Motion Practice**

29. This Motion includes citations to the applicable rules and statutory authorities upon which the relief requested herein is predicated, and a discussion of their application to this Motion. As such, LightSquared submits that this Motion satisfies Rule 9013-1(a) of the Local Bankruptcy Rules for the Southern District of New York.

**No Previous Request**

30. Other than as noted above, no prior motion for the relief requested herein has been made by LightSquared to this or any other court.

**Notice**

31. LightSquared has caused notice of this Motion to be provided by electronic mail, facsimile, regular or overnight mail, and/or hand delivery to (a) the United States Trustee for the Southern District of New York, (b) the entities listed on the Consolidated List of Creditors Holding the 20 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d), (c) counsel to the Special Committee, (d) counsel to the Prepetition Agents and the DIP Agent, (e) counsel to the ad hoc secured group of Prepetition LP Lenders, (f) counsel to Harbinger, (f) the Internal Revenue Service, (g) the United States Attorney for the Southern District of New York, (h) the Federal Communications Commission, (i) Industry Canada, (j) counsel to the Lead Arrangers, and (k) all parties who have filed a notice of appearance in the Chapter 11 Cases. LightSquared respectfully submits that no other or further notice is required or necessary.

**WHEREFORE**, for the reasons set forth above, LightSquared respectfully requests that the Court (i) enter the Order, substantially in the form attached hereto as Exhibit B, granting the relief requested herein, and (ii) grant such other and further relief as the Court may deem just and proper.

New York, New York
Dated: December 31, 2013

/s/ Matthew S. Barr
Matthew S. Barr
Alan J. Stone
Karen Gartenberg
MILBANK, TWEED, HADLEY & M<u>C</u>CLOY LLP
1 Chase Manhattan Plaza
New York, NY 10005-1413
(212) 530-5000

*Counsel to Debtors and Debtors in Possession*

**Exhibit A**

**Engagement Letter**

**Execution Version**

CONFIDENTIAL

**J.P. MORGAN SECURITIES LLC**
383 Madison Avenue
New York, New York 10179

**CREDIT SUISSE SECURITIES (USA) LLC**
Eleven Madison Avenue
New York, NY 10010

December 30, 2013

LSQ ACQUISITION CO LLC
One Market Plaza
Spear Tower
42nd Floor
San Francisco, CA 94105 USA
Attn: Andrew McKnight

Harbinger Capital Partners Master Fund I, Ltd.
Harbinger Capital Partners Special Situations Fund, L.P.
Credit Distressed Blue Line Master Fund, Ltd.
450 Park Avenue, Suite 2201
New York, NY 10022
Attention: Phillip Falcone

And from and after the Accession Date (as defined below):

LightSquared, Inc.
10802 Parkridge Boulevard
Reston, VA 20191

Re: LightSquared, Inc. First Lien Senior Secured Term Loan Engagement Letter

Ladies and Gentlemen:

You have advised J.P. Morgan Securities LLC ("JPM Securities") and Credit Suisse Securities (USA) LLC ("CS Securities", and CS Securities and JPM Securities collectively "us") that LightSquared, Inc. (the "Company") has proposed a reorganization (the "Reorganization") of the Company and its subsidiaries pursuant to the Debtors' Second Amended Joint Plan Pursuant to Chapter 11 of Bankruptcy Code, dated December 24, 2013 (the "Plan") to be consummated in the Company's and its subsidiaries' currently pending cases (the "Bankruptcy Cases") under title 11 of the United States Code (the "Bankruptcy Code") in the bankruptcy court for the Southern District of New York (the "Bankruptcy Court"). You have requested that JPM Securities and CS Securities agree to arrange a first lien senior secured term loan facility of up to $2,500,000,000 (the "Exit Facility") for the Company and its subsidiaries to fund the Company's and its subsidiaries' emergence from their respective Bankruptcy Cases pursuant to the Plan, and that JPMorgan Chase Bank, N.A. agree to serve as administrative agent for the Exit Facility.

LSQ Acquisition Co LLC ("Fortress"), and Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Fund, L.P. and Credit Distressed Blue Line Master Fund,

Ltd. (collectively, "Harbinger") (Fortress and Harbinger, collectively, the "Investors") expect to participate in the financing of the Reorganization and, accordingly, expect to benefit indirectly from the Exit Facility.

As used herein, (a) "Transactions" means, collectively, the entering into and funding of the Exit Facility and the consummation of the Plan and all other related transactions, including the payment of fees and expenses in connection therewith, (b) "Closing Date" means the date on which the funding under the Exit Facility occurs and (c) "Order" means the order of the Bankruptcy Court authorizing the entry by the Company into this Engagement Letter.

On the date of the Order, the Company shall execute and deliver the signature page attached hereto as Exhibit A (the date of such execution and delivery, the "Accession Date"). From and after the Accession Date the Company shall be a party to this Engagement Letter (as defined below) with all of the rights and obligations set forth herein. From and after the earlier of the Accession Date and the date of execution by the Company of an Exit Facility Commitment Letter (as defined below), except as expressly set forth herein with respect to the Exculpation Period (as defined below), the Investors shall automatically and without any further action cease to be parties to this Engagement Letter and shall no longer have any rights or obligations under this Engagement Letter. "You" refers to the Investors, prior to the Accession Date, and the Company, from and after the Accession Date. The obligations of the Investors hereunder shall be several, and not joint, and pro rata based on their respective aggregate investment commitments under the Plan (provided that the individual Harbinger affiliates' share of their aggregate liability shall be based further upon on the value of each affiliate's aggregate investments in the Company as determined by Harbinger).

1. Engagement. You hereby engage JPM Securities and CS Securities as joint lead arrangers and joint bookrunners to structure, arrange and syndicate the Exit Facility (acting in such capacities the "Lead Arrangers"). No additional agents, co-agents or arrangers will be appointed, no other titles will be awarded and no compensation will be paid in connection with the Exit Facility without our and your prior written approval, and during the Engagement Period you will not solicit or engage in discussions with any other Person with respect to any financing involving the Company (other than the debt and equity financings contemplated by the Plan as filed on December 24, 2013 or the Alternate Inc. Debtors Plan (as defined in the Plan as filed on December 24, 2013) (excluding in each case any replacement of the Exit Facility contemplated by this Engagement Letter)), and you hereby confirm that all prior engagements to provide financing for the Reorganization have expired or been terminated. JPM Securities shall have "left side" placement in all offering or marketing materials used in connection with the Exit Facility and will have the roles and responsibilities customarily associated with such name placement, and CS Securities shall have "right side" placement in all offering or marketing materials used in connection with the Exit Facility and will have the roles and responsibilities customarily associated with such name placement. It is understood and agreed that this Engagement Letter is not an express or an implied commitment or offer by, and there shall be no obligation of, the Lead Arrangers to provide any financing or to provide or underwrite or participate in any loans or other financing in connection with the Exit Facility or pursuant to this Engagement Letter. The Lead Arrangers intend to sound the market to determine the availability and marking clearing terms of the Exit Facility, upon the terms and subject to the conditions set forth or referred to in this engagement letter (the "Engagement Letter") during the period commencing on the date hereof until the earlier of (i) the effective date of the Exit Facility, (ii) the approval by the Bankruptcy Court of a proposed reorganization of the Company or a sale of the Company or its assets other than the Reorganization or the issuance by the Bankruptcy Court of any ruling barring the consummation of the Reorganization and (iii) the termination of this Engagement Letter by you or us upon five days' written notice to the other (such period, the "Engagement Period"). During the Engagement Period, you will not solicit, initiate, entertain or permit, or enter into any discussions with

any other bank, investment bank, financial institution, person or entity in respect of any offering, arrangement or syndication of the Exit Facility or any similar transaction with respect to the Plan without the consent of the Lead Arrangers.

During the Engagement Period, we intend to syndicate the Exit Facility to a group of Lenders; provided, that it is understood that the Lead Arrangers will not syndicate to any competitors of the Company identified to the Lead Arrangers by the Company prior to the Closing Date (the "Disqualified Competitors"), and you agree to actively assist the Lead Arrangers in completing a syndication. Such assistance shall include (a) your using commercially reasonable efforts to ensure that the syndication efforts benefit materially from your existing lending and commercial relationships, (b) the Company's facilitating to the extent possible direct contact between senior management and advisors of the Company and the proposed Lenders, (c) the Company's assistance at the request of the Lead Arrangers in the preparation by the Lead Arrangers of a customary Confidential Information Memorandum (the "Confidential Information Memorandum"), lender presentation and/or other marketing materials (such materials, collectively, "Information Materials") to be used in connection with the syndication and (d) the Company's hosting, with the Lead Arrangers, of one or more meetings and/or conference calls with prospective Lenders.

At the request of the Lead Arrangers, the Company agrees to assist in the preparation by the Lead Arrangers of a version of the Confidential Information Memorandum or other Information Materials (each, a "Public Version") consisting exclusively of information with respect to the Company and its subsidiaries that is either publicly available or does not contain material non-public information (within the meaning of United States federal securities laws) with respect to the Company and its subsidiaries, or any of its or their respective securities, or the Investors or their respective securities, for purposes of United States federal and state securities laws (such information, "Non-MNPI"). Such Public Versions, together with any other information prepared by the Company or its subsidiaries or the Company's representatives and conspicuously marked "Public" (collectively, the "Public Information"), which at a minimum means that the word "Public" will appear prominently on the first page of any such information, may be distributed by us to prospective Lenders who have advised us that they wish to receive only Non-MNPI (the "Public Side Lenders"), and the Company shall be deemed to have authorized the Public Side Lenders to treat such Public Versions and such marked information as containing only Non-MNPI. The Company acknowledges and agrees that, in addition to Public Information and unless the Company promptly notifies us otherwise, (a) drafts and final definitive documentation with respect to the Exit Facility, (b) administrative materials prepared by the Lead Arrangers for prospective Lenders (such as a lender meeting invitation, allocations and funding and closing memoranda) and (c) notifications of changes in the terms of the Exit Facility may be distributed to Public Side Lenders. It is understood that in connection with the Company's assistance described above, the Company will provide customary authorization letters to the Lead Arrangers authorizing the distribution of the Information Materials to prospective Lenders and containing a customary "10b-5" representation to the Lead Arrangers (and, in the case of the Public Version, a representation that such Information Materials contain only Non-MNPI).

The Lead Arrangers will in consultation with you manage all aspects of the syndication, including decisions as to the selection of institutions to be approached and when they will be approached, each of which shall not be a Disqualified Competitor, when their commitments will be accepted, which institutions will participate, the allocations of the commitments among the Lenders (in each case in consultation with you) and the amount and distribution of fees among the Lenders. The Lead Arrangers will have no responsibility other than to arrange the syndication as set forth herein and shall not be subject to any fiduciary or other implied duties in respect of the Exit Facility, irrespective of whether the Lead Arrangers have advised or are advising you on other matters and you waive, to the fullest extent permitted

by law, any claims you may have against the Lead Arrangers for breach of fiduciary duty or alleged breach of fiduciary duty in respect of the Exit Facility and agree that the Lead Arrangers shall have no liability (whether direct or indirect) to you in respect of such a fiduciary duty claim or to any person asserting such a fiduciary duty claim on behalf of or in right of you, including your stockholders, employees or creditors, in each case solely in respect of the Exit Facility. To assist the Lead Arrangers in their syndication efforts, the Company agrees promptly to prepare and provide to the Lead Arrangers all information with respect to the Borrower and the Transactions to which the Company has access, including all financial information and projections and other forward looking information (the "Projections"), as we may reasonably request in connection with the arrangement and syndication of the Exit Facility. The Company hereby represents and covenants that (a) all information other than the Projections and information of a general economic nature (the "Information") that has been or will be made available to any of the Lead Arrangers by the Company or any of the Company's representatives in connection with the Transaction, when taken as a whole, is or will be, when furnished, complete and correct in all material respects and does not or will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made and (b) the Projections that have been or will be made available to any of the Lead Arrangers by the Company or any of the Company's representatives have been or will be prepared in good faith based upon reasonable assumptions that the Company believed to be reasonable at the time made and at the time such Projections are made available to us; it being recognized that such Projections are not to be viewed as facts and that actual results during the period or periods covered by any such Projections may differ significantly from the projected results, and that no assurance can be given that the projected results will be realized. The Company agrees that if at any time prior to the Closing Date any of the representations in the preceding sentence would be incorrect in any material respect if the Information or Projections were being furnished, and such representations were being made, at such time, then the Company will promptly supplement, or cause to be supplemented, the Information or Projections so that such representations will be correct in all material respects under those circumstances. You understand that in arranging and syndicating the Exit Facility we may use and rely on the Information and Projections without independent verification thereof.

Each Investor, solely with respect to itself, hereby represents and covenants to the Lead Arrangers that all Information (other than publicly available Information or Information relating to the Company) that has been or will be provided in writing to any of the Lead Arrangers by such Investor in connection with the Transaction, when taken as a whole, is or will be, when furnished, complete and correct in all material respects and does not or will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made. Each Investor agrees that if at any time prior to the Closing Date any of the representations in the preceding sentence would be incorrect in any material respect if such Information previously provided in writing were being furnished, and such representations were being made, at such time, then such Investor will promptly supplement, or cause to be supplemented, such Information so that such representations will be correct in all material respects under those circumstances. Each Investor understands that in arranging and syndicating the Exit Facility the Lead Arrangers may use and rely on such Information without independent verification thereof.

Notwithstanding the foregoing, if the Lead Arrangers are unable to place any of the Exit Facility in the form of a loan due to bank regulatory restrictions, then the Company may cause another financial institution to place up to 25% of the Exit Facility without paying any fees on such amount to the Lead Arrangers.

2. Alternative Transaction Fee. The Company and the Alternate Transaction Investors (as defined below) also agree that if the Company or the Alternate Transaction Investors determine to proceed within twelve months of the expiration of the Engagement Period with any transaction whereby Fortress or any of its affiliates acquires a substantial portion of the equity interests or assets of the Company or any of its subsidiaries (any such transaction, an "Alternate Transaction"), the Company and any Investor that participates in the financing of such Alternate Transaction (each, an "Alternate Transaction Investor") will appoint JPMorgan Chase Bank, N.A. as sole administrative agent, and the Lead Arrangers as joint lead arrangers and joint bookrunners (or equivalent roles for any non-bank financing) (on terms acceptable to the Lead Arrangers and the Company and the Alternate Transaction Investors) for any debt financing relating to such Alternate Transaction ("Alternate Transaction Financing") unless the Lead Arrangers do not agree to take such Alternate Transaction Financing to market (on terms acceptable to the Lead Arrangers and the Company and the Alternate Transaction Investors). If, in connection with the consummation of any Alternate Transaction, a financing source other than the Lead Arrangers arrange or provide debt financing (notwithstanding a willingness on the part of the Lead Arrangers to take to market the Exit Facility or such Alternate Transaction Financing) within twelve months of the expiration of the Engagement Period, the Company and the Alternate Transaction Investors (pro rata based on their respective aggregate investment commitments under the Plan and adjusted so that such pro rata shares equal in aggregate 100% of the fee payable under this Section 2) agree to pay to the Lead Arrangers immediately upon the consummation of such Alternate Transaction an amount equal to the greater of (x) the fee (if any) that would have been payable to the Lead Arrangers based on the fee terms separately agreed between us and the Company, and approved by the Investors, with respect to the Exit Facility had the Exit Facility closed with an aggregate principal amount equal to the aggregate principal amount of such Alternate Transaction Financing and (y) the fee paid to the arranger or arrangers in connection with such Alternate Transaction Financing. For purposes hereof, in no instance shall the Inc. Debtors Joint Plan Pursuant to Chapter 11 of Bankruptcy Code, dated December 24, 2013 (as such plan may be amended, supplemented or modified from time to time) be considered an Alternate Transaction. Notwithstanding anything to the contrary contained herein, if the Plan as filed on December 24, 2013 is confirmed by the Bankruptcy Court and the Lead Arrangers are paid underwriting and arrangement fees in amounts agreed to in writing by the Lead Arrangers and the Company in connection therewith, the Company and the Alternate Transaction Investors shall have no obligations under this paragraph 2.

3. Miscellaneous. You hereby acknowledge that (a) the Lead Arrangers are acting as principal and not as agent or fiduciary of you or the Company and (b) your engagement of the Lead Arrangers in connection with the Exit Facility is as independent contractor and not in any other capacity. You agree that you are solely responsible for making your own judgments in connection with the Exit Facility (irrespective of whether the Lead Arrangers have advised or are currently advising you on related or other matters). This Engagement Letter is not a commitment by the Lead Arrangers or any of their affiliates to agree to provide the Exit Facility or any portion thereof and does not guarantee that the Exit Facility or any portion thereof will become effective. You acknowledge that you are not relying on the advice of the Lead Arrangers for tax, legal or accounting matters, you are seeking and will rely on the advice of your own professionals and advisors for such matters and it will make an independent analysis and decision regarding the Exit Facility based upon such advice. This Engagement Letter may be executed in counterparts which, taken together, shall constitute an original. You acknowledge that the Lead Arrangers and their affiliates may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which you may have conflicting interests regarding the Exit Facility and otherwise. The Lead Arrangers will not furnish confidential information obtained from you by virtue of the transactions contemplated hereby to other companies. You hereby agree that the Lead Arrangers may render their services under this Engagement Letter notwithstanding any actual or potential conflict of interest presented by the foregoing, and you hereby

waive any conflict of interest claims relating to the relationship between the Lead Arrangers and you, the Borrower or your respective affiliates in connection with this engagement, on the one hand, and the exercise by the Lead Arrangers or any of their affiliates of any of their rights and duties under any credit or other agreement, on the other hand. You further acknowledge that the Lead Arrangers are full service securities firms engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, the Lead Arrangers may provide investment banking and other financial services to, and/or acquire, hold or sell, for their own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of, you and other companies with which you may have commercial or other relationships. With respect to any securities and/or financial instruments so held by the Lead Arrangers or any of their customers, all rights in respect of such securities and financial instruments, including any voting rights, will be exercised by the holder of the rights, in its sole discretion.

This Engagement Letter may not be amended or any provision hereof waived or modified except by an instrument in writing signed by each of the parties hereto. This Engagement Letter may not be assigned by you without the prior written consent of the Lead Arrangers, and may not be assigned by the Lead Arrangers without your prior written consent. This Engagement Letter embodies the entire agreement and understanding among the Administrative Agent, the Lead Arrangers and you with respect to the specific matters set forth above and supersedes all prior agreements and understandings relating to the subject matter hereof. The terms of this Engagement Letter are confidential and, except for disclosure on a confidential basis to your respective officers, directors, agents and advisors (including your accountants and attorneys) or as may be required by law or the Bankruptcy Court, may not be disclosed in whole or in part to any other person or entity without the prior written consent of the Lead Arrangers. Except as provided herein with respect to the Exculpated Persons and the Indemnified Persons, the provisions contained herein are solely for the benefit of the parties hereto, and this Engagement Letter is not intended to, and does not, confer on any person other than the parties hereto any rights or remedies hereunder.

The Investors agree that the Lead Arrangers, their affiliates and their respective officers, directors, employees, advisors, and agents (each, an "Exculpated Person") shall, solely with respect to the period from the date of this Engagement Letter to the earlier of (x) the Accession Date and (y) the date of execution and delivery by the Company of a commitment letter for the Exit Facility (an "Exit Facility Commitment Letter") (such period, the "Exculpation Period"), have no liability to the Investors or any of their affiliates in connection with any losses, damages, claims under any theory of liability whatsoever arising out of this Engagement Letter or any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any Exculpated Person is a party thereto, except to the extent such losses, damages or claims arise out of the willful misconduct or gross negligence by such Exculpated Persons. Without limitation of the foregoing, no Exculpated Person shall, solely with respect to the Exculpation Period, be liable to the Investors for (i) any damages arising from the use by others of Information or other materials obtained through electronic, telecommunications or other information transmission systems, except to the extent such losses, damages or claims arise out of the bad faith, willful misconduct, gross negligence or breach of this Engagement Letter by such Exculpated Persons, or (ii) any special, indirect, consequential or punitive damages in connection with the Engagement Letter. The agreements of the Investors in this paragraph as to the Exculpation Period shall survive the occurrence of the Accession Date and the execution and delivery by the Company of the Exit Facility Commitment Letter.

The Company agrees (a) to indemnify and hold harmless the Lead Arrangers and their respective officers, directors, employees, advisors, and agents (each, an "Indemnified Person") from and against any and all losses, claims, damages and liabilities to which any such Indemnified Person may become subject

arising out of or in connection with this Engagement Letter, the Exit Facility, the use of the proceeds thereof or any related transaction or any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any Indemnified Person is a party thereto, and to reimburse each Indemnified Person upon demand for any reasonable and documented out-of-pocket legal or other expenses incurred in connection with investigating or defending any of the foregoing; provided that the foregoing indemnity will not, as to any Indemnified Person, apply to (A) losses, claims, damages, liabilities or related expenses to the extent they are found by a final, non-appealable judgment of a court of competent jurisdiction to arise from (i) the bad faith, willful misconduct or gross negligence of such Indemnified Person or (x) any of its controlled affiliates or any of the officers, directors, employees of any of the foregoing, in each case who are involved in or aware of the Transactions, or (y) any advisors or agents of such Indemnified Person acting at the direction of such Indemnified Person, (ii) a material breach of this Engagement Letter by any such Indemnified Person or (iii) disputes between and among Indemnified Persons to the extent such disputes do not arise from any act or omission of Harbinger or any of its affiliates (other than claims against an Indemnified Person acting in its capacity as an agent or arranger or similar role in connection with the Exit Facility), unless such claims arise from the gross negligence, bad faith or willful misconduct of such Indemnified Person or (B) any settlement entered into by such Indemnified Person without the Company's written consent (such consent not to be unreasonably withheld, delayed or conditioned); provided, however, that the foregoing indemnity will apply to any such settlement in the event (x) the Company was offered the ability to assume the defense of the action that was the subject matter of such settlement and elected not to assume such defense or (y) such Indemnified Person shall have requested that the Company reimburse it for legal or other expenses incurred by it in connection with investigating, responding to or defending any proceeding in accordance with this Engagement Letter and the Company shall not have reimbursed such Indemnified Person within 30 days of such request), and (b) to reimburse the Lead Arrangers on demand for all reasonable and documented out-of-pocket expenses (including due diligence expenses, syndication expenses, travel expenses, and reasonable fees, charges and disbursements of one primary counsel to the Lead Arrangers (and (i) appropriate local counsel in applicable jurisdictions, to the extent necessary, but limited to one local counsel in each such jurisdiction, (ii) appropriate regulatory and other specialist counsel (including, without limitation, FCC counsel) and (iii) solely in the case of a conflict of interest, one additional counsel in each relevant jurisdiction to the affected Engagement Parties similarly situated)) incurred in connection with the Exit Facility and any related documentation (including this Engagement Letter and the definitive financing documentation) or, the administration, amendment, modification, waiver or enforcement thereof. No Indemnified Person shall be liable for (i) any damages arising from the use by others of Information or other materials obtained through electronic, telecommunications or other information transmission systems except to the extent such damages resulted primarily and directly from the bad faith, gross negligence or willful misconduct of such Indemnified Person (as determined by a court of competent jurisdiction in a final and non-appealable judgment) or (ii) any special, indirect, consequential or punitive damages in connection with the Exit Facility.

Delivery of an executed signature page of this Engagement Letter by facsimile transmission or other electronic imaging means shall be effective as delivery of a manually executed counterpart hereof. Each of the parties hereto hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Engagement Letter, the transactions contemplated hereby and thereby or the actions of any party hereto in the negotiation, performance or enforcement hereof and thereof. This Engagement Letter shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of law that would require the application of the law of another jurisdiction.

The compensation, reimbursement, indemnification, confidentiality, conflict waiver, jurisdiction, governing law and waiver of jury trial provisions contained herein shall remain in full force and effect

regardless of whether definitive financing documentation shall be executed and delivered and notwithstanding the termination of this Engagement Letter; provided that such indemnification and reimbursement provisions shall be superseded in each case by the applicable provisions contained in the definitive documentation for the Exit Facility upon the Closing Date and thereafter shall have no further force and effect.

You acknowledge that pursuant to the requirements of the USA PATRIOT Act (the "Act"), Title III of Pub. L. 107-56 (signed into law October 26, 2001), the Lead Arrangers are required to obtain, verify and record information that identifies you and the Company, which information includes your name and address and other information that will allow the Lead Arrangers to identify you in accordance with the Act.

[Signature Page Follows]

Very truly yours,

**J.P. MORGAN SECURITIES LLC**

By: _____
Name:
Title: Daniel Pombo
Managing Director

**CREDIT SUISSE SECURITIES (USA) LLC**

By: Jeb Slowik
Name: Jeb Slowik
Title: Managing Director

LSQ ACQUISITION CO LLC

By: _____

Name: MARC K. RURSTEIN
Title: AUTHORIZED SIGNATORY

**HARBINGER CAPITAL PARTNERS MASTER FUND I, LTD.**

By: Harbinger Capital Partners LLC, its investment manager

By: _____
Name: Philip Falcone
Title: President

**HARBINGER CAPITAL PARTNERS SPECIAL SITUATIONS FUND, L.P.**

By: Harbinger Capital Partners Special Situations GP, LLC, its general partner

By: _____
Name: Philip Falcone
Title: President

**CREDIT DISTRESSED BLUE LINE MASTER FUND, LTD.**

By: Harbinger Capital Partners II LP, its investment manager

By: _____
Name: Philip Falcone
Title: Chief Executive Officer

EXHIBIT A

The terms of the Engagement Letter are hereby accepted and agreed:

LIGHTSQUARED INC.

By: _____
Name:
Title:

**Exhibit B**

**Proposed Order**

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

| | | |
|---|---|---|
| In re: | ) | Chapter 11 |
| LIGHTSQUARED INC., *et al*., | ) | Case No. 12-12080 (SCC) |
| Debtors.[1] | ) | Jointly Administered |

**ORDER AUTHORIZING LIGHTSQUARED TO (A) ENTER INTO AND PERFORM UNDER LETTERS RELATED TO EXIT FINANCING ARRANGEMENTS, (B) PAY FEES AND EXPENSES IN CONNECTION THEREWITH, AND (C) PROVIDE RELATED INDEMNITIES**

Upon the motion (the "Motion")[2] of LightSquared Inc. and certain of its affiliates, as debtors and debtors in possession (collectively, "LightSquared") in the above-captioned chapter 11 cases (the "Chapter 11 Cases"), for entry of an order (the "Order"), pursuant to sections 105(a) and 363(b) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532, authorizing LightSquared to (a) enter into and perform under the engagement letter (substantially in the form attached to the Motion as Exhibit A, the "Engagement Letter") with J.P. Morgan Securities LLC ("JPM Securities"), JPMorgan Chase Bank, N.A. ("JPMorgan Chase Bank" and, collectively with JPM Securities and their respective affiliates, "JPMorgan"), Credit Suisse Securities (USA) LLC ("CS Securities"), Credit Suisse AG (acting through such of its affiliates or branches as it deems appropriate, "CS" and, collectively with CS Securities and their

[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 the debtors' corporate headquarters is 10802 Parkridge Boulevard, Reston, VA 20191.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

respective affiliates, "Credit Suisse" and, together with JPMorgan, the "Lead Arrangers") to (b) pay certain fees and expenses associated with the Engagement Letter, and (c) provide related indemnities to the Lead Arrangers, all as more fully set forth in the Motion; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and it appearing that this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that venue of this proceeding and the Motion in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and notice of the Motion appearing adequate and appropriate under the circumstances; and the Court having found that no other or further notice is needed or necessary; and the Court having reviewed the Motion and having heard statements in support of the Motion at a hearing held before the Court (the "Hearing"); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and it appearing, and the Court having found, that the relief requested in the Motion is in the best interests of LightSquared, its estates, its creditors, and other parties in interest; and any objections to the relief requested in the Motion having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is hereby

**ORDERED** that:

1. The Motion is granted to the extent set forth herein.

2. LightSquared's entry into and performance under the Engagement Letter is approved in all respects. LightSquared is authorized, but not directed, to enter into and perform its obligations under the Engagement Letter, pursuant to sections 105(a) and 363 of the Bankruptcy Code, to pay fees and reimburse expenses in connection with the Engagement Letter, to incur the obligation to pay the Alternative Transaction Fee and to pay such fee if triggered, and to indemnify the Lead Arrangers in connection with the Engagement Letter; provided,

however, that fifteen (15) percent of all fees and expenses to be paid, or indemnification to be made, by LightSquared under the Engagement Letter shall be allocable to the Inc. Group[3] and eight-five (85) percent of such fees, expenses, and indemnity shall be allocable to the LP Group.[4]

3. LightSquared is authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

4. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, 9014, or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

5. The requirements set forth in rule 9013-1(a) of the Local Bankruptcy Rules for the Southern District of New York are satisfied.

6. The Court retains jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Order.

Dated: _____, 2014
New York, New York

HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE

[3] The "Inc. Group" consists of the following Debtor entities: LightSquared Inc., One Dot Six Corp., One Dot Four Corp., One Dot Six TVCC Corp., SkyTerra Rollup LLC, SkyTerra Rollup Sub LLC, and SkyTerra Investors LLC.

[4] The "LP Group" consists of the following Debtor entities: LightSquared Inc., LightSquared LP, ATC Technologies, LLC, LightSquared Corp., LightSquared Finance Co., LightSquared Network LLC, LightSquared Inc. of Virginia, LightSquared Subsidiary LLC, SkyTerra Holdings (Canada) Inc., SkyTerra (Canada) Inc., Lightsquared Bermuda Ltd., LightSquared Investors Holdings Inc., TMI Communications Delaware, Limited Partnership, and LightSquared GP Inc.