



ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE MR. )  
JUSTICE MORAWETZ )

WEDNESDAY, THE 20<sup>th</sup>  
DAY OF MARCH, 2013

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C 36, AS AMENDED

APPLICATION OF LIGHTSQUARED LP  
UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT*  
*ACT*, R.S.C. 1985, c. C 36, AS AMENDED

AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE  
UNITED STATES BANKRUPTCY COURT WITH RESPECT TO  
LIGHTSQUARED INC., LIGHTSQUARED INVESTORS HOLDINGS INC., ONE  
DOT FOUR CORP., ONE DOT SIX CORP., SKYTERRA ROLLUP LLC,  
SKYTERRA ROLLUP SUB LLC, SKYTERRA INVESTORS LLC, TMI  
COMMUNICATIONS DELAWARE, LIMITED PARTNERSHIP,  
LIGHTSQUARED GP INC., LIGHTSQUARED LP, ATC TECHNOLOGIES,  
LLC, LIGHTSQUARED CORP., LIGHTSQUARED FINANCE CO.,  
LIGHTSQUARED NETWORK LLC, LIGHTSQUARED INC. OF VIRGINIA,  
LIGHTSQUARED SUBSIDIARY LLC, LIGHTSQUARED BERMUDA LTD.,  
SKYTERRA HOLDINGS (CANADA) INC., SKYTERRA (CANADA) INC. AND  
ONE DOT SIX TVCC CORP. (COLLECTIVELY, THE "CHAPTER 11  
DEBTORS")

RECOGNITION ORDER

**THIS MOTION**, made by LightSquared LP in its capacity as the foreign representative (the "**Foreign Representative**") of the Chapter 11 Debtors, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order substantially in the form attached as Schedule "A" to the notice of motion of the Foreign Representative dated March 12, 2013 (the "**Notice of Motion**"), recognizing an order granted by the United States Bankruptcy Court for the Southern District of New York (the "**U.S. Bankruptcy Court**") in the cases commenced by the

Chapter 11 Debtors under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “**Chapter 11 Cases**”) and approving the Consignment Agreement (defined below) contemplated thereunder, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion, the affidavit of Elizabeth Creary sworn March 11, 2013, the sixth report of Alvarez & Marsal Canada Inc., in its capacity as court-appointed information officer (the “**Information Officer**”) of the Chapter 11 Debtors, dated March 15, 2013 (the “**Sixth Report**”) and the affidavit of Christopher Blake Moran sworn March 19, 2013, and on hearing the submissions of counsel for the Foreign Representative and counsel for the Information Officer, no one else appearing although duly served as appears from the affidavits of service of Stephanie Waugh sworn March 12, 2013 and March 19, 2013, filed,

## **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

## **RECOGNITION OF FOREIGN ORDER**

2. **THIS COURT ORDERS** that the following order (the “**Foreign Order**”) of the U.S. Bankruptcy Court made in the Chapter 11 Cases is hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to Section 49 of the CCAA:

- (a) Order, Pursuant to 11 U.S.C. §§ 105(a), 363(b), and 363(f), (A) Approving and Authorizing LightSquared Network LLC and LightSquared Corp. To Enter into Consignment Agreement (the “**Consignment Agreement**”) with Rincon Technology, Inc. (“**Rincon**”), (B) Authorizing Sale of Consigned Property (the “**Transaction(s)**”), and (C) Authorizing LightSquared to Abandon Unsold Property,

attached hereto as Schedule “A”, provided, however, that in the event of any conflict between the terms of the Foreign Order and the Orders of this Court made in the within proceedings, the Orders of this Court shall govern with respect to the Chapter 11 Debtors’ current and future assets, undertakings and properties of every nature and kind whatsoever in Canada.

### **ADDITIONAL PROVISIONS REGARDING APPROVAL AND VESTING**

3. **THIS COURT ORDERS AND DECLARES** that the Transactions are hereby approved, and the execution of the Consignment Agreement by the Chapter 11 Debtors is hereby authorized and approved. The Chapter 11 Debtors are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transactions and for the conveyance of the Canadian assets contemplated under the Consignment Agreement (the “**Canadian Assets**”) to a purchaser.

4. **THIS COURT ORDERS AND DECLARES** that the Chapter 11 Debtors are authorized, in accordance with the Foreign Order, to transfer additional equipment to Rincon under the terms of the Consignment Agreement, without further order of this Court.

5. **THIS COURT ORDERS AND DECLARES** that upon the closing of each Transaction, all of the Chapter 11 Debtors’ right, title and interest in and to the specific Canadian Assets at issue in the Transaction shall vest absolutely in Rincon, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Orders of the Honourable Justice Morawetz dated May 18, 2012 granted in these proceedings; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system;

and, for greater certainty, this Court orders that all of the Claims affecting or relating to such Canadian Assets are hereby expunged and discharged as against such Canadian Assets.

6. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Canadian Assets received by LightSquared Corp. shall stand in the place and stead of the Canadian Assets, and that from and after closing of the Transactions all Claims shall attach to the net proceeds from the sale of the Canadian Assets received by LightSquared Corp. with the same priority as they had with respect to the Canadian Assets immediately prior to the sale, as if the Canadian Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

7. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of any of the Chapter 11 Debtors and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of any of the Chapter 11 Debtors;

the vesting of the Canadian Assets in Rincon pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Chapter 11 Debtors and shall not be void or voidable by creditors of any of the Chapter 11 Debtors, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. **THIS COURT ORDERS AND DECLARES** that the Transactions are exempt from the application of the *Bulk Sales Act* (Ontario).

9. **THIS COURT ORDERS AND DECLARES** that each of the Chapter 11 Debtors and Rincon have leave to reapply for a further Order or Orders of this Court as may be necessary to carry out the terms of the Transactions.

**INFORMATION OFFICER'S REPORTS**

10. **THIS COURT ORDERS** that the Sixth Report and the activities of the Information Officer as described therein be and are hereby approved.



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ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
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## **SCHEDULE “A”**

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

In re:

LIGHTSQUARED INC., *et al.*,

Debtors.<sup>1</sup>

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

**ORDER, PURSUANT TO 11 U.S.C. §§ 105(a), 363(b), AND 363(f), (A) APPROVING AND  
AUTHORIZING LIGHTSQUARED NETWORK LLC AND LIGHTSQUARED CORP.  
TO ENTER INTO CONSIGNMENT AGREEMENT WITH RINCON TECHNOLOGY,  
INC., (B) AUTHORIZING SALE OF CONSIGNED PROPERTY, AND  
(C) AUTHORIZING LIGHTSQUARED TO ABANDON UNSOLD PROPERTY**

Upon the motion, dated March 5, 2013 (the “Motion”),<sup>2</sup> 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, pursuant to sections 105(a), 363(b), and 363(f) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the “Bankruptcy Code”) and rules 2002, 6004, and 9013 of the Federal Rules of Bankruptcy Procedure (as amended, the “Bankruptcy Rules”), (a) approving and authorizing LightSquared Network LLC and LightSquared Corp. (collectively, the “Consignor”) to enter into the Consignment Agreement, a copy of which is attached to the Motion as Exhibit A, with Rincon Technology, Inc. (“Rincon”), (b) authorizing the Consignor to sell the Consigned

<sup>1</sup> 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.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion or the Consignment Agreement, as applicable.

Property free and clear of any liens, claims, encumbrances, and interests (with any such liens, claims, encumbrances, and interests attaching to the Consideration with the same validity, priority, and effect that such liens, claims, encumbrances, or interests had against the Consigned Property), and (c) authorizing the Consignor to abandon unsold Consigned Property in accordance with the terms of the Consignment Agreement and the De Minimis Abandonment Order, all as more fully set forth in the Motion; and the Court having considered the Motion and determined that the relief requested in the Motion is an exercise of LightSquared's sound business judgment and is in the best interests of LightSquared's estates, its creditors, and other parties in interest; and the Court having determined that time is of the essence in effectuating the Consignment Agreement and proceeding with the sales contemplated therein without interruption; 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 Application 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 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 relief requested in the Motion is granted.
2. The Consignment Agreement is approved in its entirety.



3. The Consignor is authorized to enter into the Consignment Agreement and to perform as required by the Consignment Agreement as and when due thereunder without further order of this Court.

4. The Consigned Property sold pursuant to the Consignment Agreement shall be sold free and clear of liens, claims, encumbrances, and interests, and any such liens, claims, encumbrances, and interests shall be transferred and attach to the Consideration, with the same validity, priority, and effect that such liens, claims, encumbrances, or interests had against the Consigned Property. For the avoidance of doubt, (a) Consigned Property owned by LightSquared Corp. constitutes Prepetition LP Collateral (as defined in the Cash Collateral Order), and the Consideration for the sale of such Consigned Property shall be subject to the Prepetition LP Liens and used in accordance with the terms of the Cash Collateral Order; and (b) Consigned Property owned by LightSquared Network LLC is unencumbered, and the Consideration for the sale of such Consigned Property shall be deposited into an account held by LightSquared Network LLC and used in accordance with the terms of the final order authorizing LightSquared to continue using its existing cash management systems and providing postpetition intercompany claims administrative expense priority [Docket No. 115].

5. After entry of this Order, if the Consignor seeks to transfer and sell Additional Consigned Property pursuant to the Consignment Agreement, LightSquared must follow the following procedures:

- (a) File a notice (each, a “Notice of Additional Consignment”) of intent with the Court and serve such notice upon (i) the parties listed in the Notice section of the Motion and (ii) the Canadian notice parties listed on Schedule 1 attached hereto (collectively, the “Notice Parties”).
- (b) Each Notice of Additional Consignment will list the Additional Consigned Property the Consignor seeks to transfer and sell pursuant to the Consignment Agreement and any known parties

holding or asserting any liens, claims, encumbrances, or interests or potential liens, claims, encumbrances, or interests in the relevant Additional Consigned Property.

- (c) Any objection to a Notice of Additional Consignment must be filed and served upon each of the following: (i) LightSquared Inc., 10802 Parkridge Boulevard, Reston, VA 20191, Attn: Marc R. Montagner and Curtis Lu, Esq., (ii) counsel to LightSquared, Milbank, Tweed, Hadley & McCloy LLP, One Chase Manhattan Plaza, New York, NY 10005, Attn: Matthew S. Barr, Esq. and Karen Gartenberg, Esq., (iii) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, NY 10004, Attn: Susan D. Golden, Esq., (iv) counsel to Harbinger Capital Partners LLC, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153, Attn: Debra A. Dandeneau, Esq. and Ronit Berkovich, Esq., (v) counsel to U.S. Bank National Association, as administrative agent under the Prepetition Inc. Credit Agreement and administrative agent under the Inc. DIP credit agreement, Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, NY 10036, Attn: Philip C. Dublin, Esq. and Kenneth A. Davis, Esq., (vi) counsel to UBS AG, Stamford Branch, as administrative agent under the Prepetition LP Credit Agreement, Latham & Watkins LLP, 885 Third Avenue, New York, NY 10022, Attn: Mark A. Broude, Esq., (vii) counsel to the ad hoc secured group of Prepetition LP Lenders, White & Case LLP, 1155 Avenue of the Americas, New York, NY 10036, Attn: Thomas E. Lauria, Esq. and Andrew C. Ambruso, Esq., and (viii) Rincon Technology Inc., 105 West De La Guerra, Suite 105, Santa Barbara, CA 93101, Attn: M. Jason Kelly, President and CEO (collectively (i) through (viii), the “Objection Parties”), so as to be actually received within seven (7) days after the date of service of such Notice of Additional Consignment. If no such objection is timely filed and served, the Consignor is authorized to transfer the Additional Consigned Property to Rincon for sale pursuant to the Consignment Agreement. This Additional Consigned Property shall thereafter become Consigned Property (as defined in the Consignment Agreement).
- (d) If any Notice Party timely files and serves a written objection to any Notice of Consignment, then such Additional Consigned Property shall only be subject to the Consignment Agreement upon either consensual resolution of the objection by the parties in question (with four (4) days’ notice to the Objection Parties) or further order of the Court. If no resolution to the objection is reached, LightSquared shall schedule a hearing to consider the

transfer of the Additional Consigned Property at the next scheduled omnibus hearing.

6. The Consignor is permitted to abandon property of the Consignor's estates in accordance with the terms and provisions of the Consignment Agreement and the De Minimis Abandonment Order [Docket No. 267].

7. This Order and the terms and provisions of the Consignment Agreement shall be binding on all of LightSquared's creditors and stakeholders (whether known or unknown), LightSquared, Rincon, and their respective affiliates, successors and assigns, and any affected third parties, including, but not limited to, all persons asserting an interest in the Consigned Property, notwithstanding any subsequent appointment of any trustee, party, entity, or other fiduciary under any section of the Bankruptcy Code with respect to the forgoing parties, and as to such trustee, party, entity, or other fiduciary, such terms and provisions likewise shall be binding.

8. The provisions of this Order and the terms and provisions of the Consignment Agreement, and any actions taken pursuant hereto or thereto, shall survive the entry of any order which may be entered confirming or consummating any plan of LightSquared.

9. The Consignment Agreement and any related documents may be modified, amended, or supplemented by the parties thereto in accordance with the terms thereof without further order of this Court; provided that any such modification, amendment, or supplement is not material and adverse to LightSquared and; provided further, that at least five (5) business days prior notice of any such modification, amendment, or supplement shall be filed with the Court and served on the Notice Parties. If any Notice Party timely files and serves an objection to a proposed modification, amendment, or supplement, such modification,

amendment, or supplement shall be of no force or effect unless approved by the Court following notice and a hearing.

10. Notwithstanding Bankruptcy Rule 6004, or any other law that would serve to stay or limit the immediate effect of this Order, this Order shall be effective and enforceable immediately upon entry. In the absence of any person or entity obtaining a stay pending appeal, the Consignor and Rincon are free to perform under the Consignment Agreement upon entry of this Order, subject to the terms of the Consignment Agreement.

11. LightSquared is authorized to take any and all actions reasonably necessary to consummate, and perform any and all obligations contemplated in, the Consignment Agreement, and otherwise take any actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

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

Dated: March 19, 2013  
New York, New York

/s/ Shelley C. Chapman  
HONORABLE SHELLEY C. CHAPMAN  
UNITED STATES BANKRUPTCY JUDGE

**Schedule 1**

**Canadian Notice Parties**

**TO: FRASER MILNER CASGRAIN LLP**

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IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C 36, AS AMENDED,  
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STATES BANKRUPTCY COURT WITH RESPECT TO THE CHAPTER 11 DEBTORS

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PROCEEDING COMMENCED AT  
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**RECOGNITION ORDER**  
**(MARCH 20, 2013)**

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