

Matthew S. Barr  
 Karen Gartenberg  
 Melanie A. McLaughlin  
 MILBANK, TWEED, HADLEY & McCLOY LLP  
 One Chase Manhattan Plaza  
 New York, NY 10005-1413  
 (212) 530-5000

*Proposed Counsel to Debtors and Debtors in Possession*

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

	)				
In re:	)				Chapter 11
	)				
LIGHTSQUARED INC., et al.,	)				Case No. 12-12080 (SCC)
	)				
Debtors. <sup>1</sup>	)				Jointly Administered

**NOTICE OF PRESENTMENT OF LIGHTSQUARED’S SUPPLEMENTAL  
 APPLICATION FOR ENTRY OF ORDER AUTHORIZING MODIFICATION OF  
 SCOPE OF EMPLOYMENT AND RETENTION OF ERNST & YOUNG LLP AS TAX  
 SERVICE AND AGREED UPON PROCEDURES SERVICE PROVIDER**

PLEASE TAKE NOTICE that upon the annexed supplemental application (the “Supplemental Application”) for entry of an order, pursuant to section 327(a) of title 11 of the United States Code (the “Bankruptcy Code”), modifying the scope of LightSquared’s employment and retention of Ernst & Young LLP (“EY LLP”), LightSquared Inc. and certain of its subsidiaries and affiliates, as debtors and debtors in possession (collectively, “LightSquared”), will present the attached proposed order to the Honorable Shelley C. Chapman, Judge of the

<sup>1</sup> The debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal or foreign tax or registration identification number, are: LightSquared Inc. (8845), LightSquared Investors Holdings Inc. (0984), One Dot Four Corp. (8806), One Dot Six Corp. (8763), SkyTerra Rollup LLC (N/A), SkyTerra Rollup Sub LLC (N/A), SkyTerra Investors LLC (N/A), TMI Communications Delaware, Limited Partnership (4456), LightSquared GP Inc. (6190), LightSquared LP (3801), ATC Technologies, LLC (3432), LightSquared Corp. (1361), LightSquared Finance Co. (6962), LightSquared Network LLC (1750), LightSquared Inc. of Virginia (9725), LightSquared Subsidiary LLC (9821), Lightsquared Bermuda Ltd. (7247), SkyTerra Holdings (Canada) Inc. (0631), SkyTerra (Canada) Inc. (0629) and One Dot Six TVCC Corp. (0040). The location of the debtors’ corporate headquarters is 10802 Parkridge Boulevard, Reston, VA 20191.



United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) for signature on **November 16, 2012 at 10:00 a.m. (prevailing Eastern time)**.

**PLEASE TAKE FURTHER NOTICE** that responses or objections, if any, to the Supplemental Application and the relief requested therein must be made in writing, conform to the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for the Southern District of New York, set forth the basis for the objection and the specific grounds therefor, and be filed with the Bankruptcy Court (a) by registered users of the Bankruptcy Court’s case filing system, electronically in accordance with General Order M-399 (which can be found at <http://nysb.uscourts.gov>) and (b) by all other parties in interest, in text-searchable portable document format (PDF) (with a hard copy delivered directly to Chambers (as defined below)), in accordance with the customary practices of the Bankruptcy Court and General Order M-399 and shall be served in accordance with General Order M-399 upon each of the following: (i) the chambers of the Honorable Shelley C. Chapman (“Chambers”), One Bowling Green, New York, New York 10004, Courtroom 621, (ii) LightSquared Inc., 10802 Parkridge Boulevard, Reston, VA 20191, Attn: Marc R. Montagner and Curtis Lu, Esq., (iii) counsel to LightSquared, Milbank, Tweed, Hadley & McCloy LLP, One Chase Manhattan Plaza, New York, NY 10005-1413, Attn: Matthew S. Barr, Esq. and Karen Gartenberg, Esq., (iv) 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., (v) counsel to U.S. Bank National Association, as administrative agent under the Prepetition Inc. Credit Agreement and the DIP 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., (viii) counsel to Harbinger Capital Partners LLC, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153, Attn: Debra A. Dandeneau, Esq. and Ronit J. Berkovich, Esq., and (ix) counsel to EY LLP, Foley & Lardner LLP, One Detroit Center, 500 Woodward Avenue, Suite 2700, Detroit, MI 48226-3489, Attn: John A. Simon, Esq., so as to be actually received **no later than November 15, 2012 at 4:00 p.m. (prevailing Eastern time)** (the “Objection Deadline”). Only those responses or objections that are timely filed, served, and received will be considered at the Hearing.

**PLEASE TAKE FURTHER NOTICE** that if a written objection to the Supplemental Application is not received by the Objection Deadline, the Bankruptcy Court may deem any opposition waived, treat the Supplemental Application as conceded, and enter an order granting the relief requested in the Supplemental Application without further notice or hearing.

**PLEASE TAKE FURTHER NOTICE** that if a written objection is received by the Objection Deadline, a hearing will be held to consider the Supplemental Application, along with any written objection timely received, on **November 28, 2012 at 10:00 a.m. (prevailing Eastern time)** at the United States Bankruptcy Court for the Southern District of New York, Honorable Shelley C. Chapman, United States Bankruptcy Judge, One Bowling Green, New York, New York 10004-1408, 6th Floor. The moving and objecting parties are required to attend the hearing, and failure to attend in person or by counsel may result in relief being granted or denied upon default.

**PLEASE TAKE FURTHER NOTICE** that a copy of the Supplemental Application may be obtained at no charge at <http://www.kccllc.net/LightSquared> or for a fee via PACER at <http://www.nysb.uscourts.gov>.

New York, New York  
Dated: November 8, 2012

Respectfully submitted,

/s/ Matthew S. Barr  
Matthew S. Barr  
Karen Gartenberg  
Melanie A. McLaughlin  
MILBANK, TWEED, HADLEY & M<sup>C</sup>CLOY LLP  
One Chase Manhattan Plaza  
New York, NY 10005-1413  
(212) 530-5000

*Counsel to Debtors and Debtors in Possession*

Matthew S. Barr  
Karen Gartenberg  
Melanie A. McLaughlin  
MILBANK, TWEED, HADLEY & McCLOY LLP  
One Chase Manhattan Plaza  
New York, NY 10005-1413  
(212) 530-5000

*Counsel to Debtors and Debtors in Possession*

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

---

In re:	)	Chapter 11
	)	
LIGHTSQUARED INC., <i>et al.</i> ,	)	Case No. 12-12080 (SCC)
	)	
Debtors. <sup>1</sup>	)	Jointly Administered

---

**LIGHTSQUARED’S SUPPLEMENTAL APPLICATION FOR ENTRY OF ORDER  
AUTHORIZING MODIFICATION OF SCOPE OF EMPLOYMENT AND RETENTION  
OF ERNST & YOUNG LLP AS TAX SERVICE AND AGREED UPON  
PROCEDURES SERVICE PROVIDER**

LightSquared Inc. and certain of its subsidiaries and affiliates, as debtors and debtors in possession (collectively, “LightSquared”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), submit this supplemental application (the “Supplemental Application”) for entry of an order (the “Order”), modifying the scope of LightSquared’s employment and retention of Ernst & Young LLP (“EY LLP”) to provide, in addition to the previously authorized

---

<sup>1</sup> The debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal or foreign tax or registration identification number, are: LightSquared Inc. (8845), LightSquared Investors Holdings Inc. (0984), One Dot Four Corp. (8806), One Dot Six Corp. (8763), SkyTerra Rollup LLC (N/A), SkyTerra Rollup Sub LLC (N/A), SkyTerra Investors LLC (N/A), TMI Communications Delaware, Limited Partnership (4456), LightSquared GP Inc. (6190), LightSquared LP (3801), ATC Technologies, LLC (3432), LightSquared Corp. (1361), LightSquared Finance Co. (6962), LightSquared Network LLC (1750), LightSquared Inc. of Virginia (9725), LightSquared Subsidiary LLC (9821), Lightsquared Bermuda Ltd. (7247), SkyTerra Holdings (Canada) Inc. (0631), SkyTerra (Canada) Inc. (0629) and One Dot Six TVCC Corp. (0040). The location of the debtors’ corporate headquarters is 10802 Parkridge Boulevard, Reston, VA 20191.

services, additional tax services (the “Additional Services”) pursuant to the (i) new statement of work for 2012 tax compliance services for LightSquared Inc. and its affiliates specified therein (the “2012 LightSquared Inc. Tax Compliance SOW”); (ii) new statement of work for 2012 tax compliance services for LightSquared LP and its affiliates specified therein (the “2012 LightSquared LP Tax Compliance SOW” and, together with the 2012 LightSquared Inc. Tax Compliance SOW, the “2012 Tax Compliance SOWs”); and (iii) amendment to the previously approved 2011 tax compliance statement of work with LightSquared LP and certain of its affiliates (the “2011 LightSquared LP Tax Compliance SOW Amendment” and, together with the 2012 Tax Compliance SOWs, the “Additional SOW Documents”), all of which are attached as Attachment 1 to the Second Supplemental Declaration (as defined below).

### **Jurisdiction**

1. This Court has jurisdiction to hear the Application under 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).
2. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The statutory bases for the relief requested herein are section 327(a) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the “Bankruptcy Code”), Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 2014-1 of the Local Bankruptcy Rules for the Southern District of New York (the “Local Rules”).

### **Background**

4. On May 14, 2012 (the “Petition Date”), LightSquared filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.
5. 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 request for the appointment of a trustee or examiner has been made in the Chapter 11 Cases.

**Original Application**

6. On May 29, 2012, LightSquared filed the Debtors' Application for Entry of an Order Authorizing and Approving Employment and Retention of Ernst & Young LLP as Tax and Agreed Upon Procedures Service Provider to the Debtors *Nunc Pro Tunc* to the Petition Date [Docket No. 74] (the "Original Application"). In the Original Application, LightSquared sought authority to retain EY LLP to provide certain tax services and agreed upon procedures services, including 2011 tax compliance services. In support of the Original Application, LightSquared submitted with the Original Application the declaration of Michael Warsaw, a partner of EY LLP (the "Original Declaration"). On June 14, 2012, in further support of the Original Application, EY LLP submitted the first supplemental declaration of Michael Warsaw (the "First Supplemental Declaration") [Docket No. 138]. On June 18, 2012, this Court entered an order approving EY LLP's retention [Docket No. 143] (the "Original Order").

7. LightSquared has determined that it requires, in addition to those services authorized by this Court pursuant to the Original Order, 2012 tax compliance services pursuant to the 2012 Tax Compliance SOWs and additional tax compliance services pursuant to the 2011 LightSquared LP Tax Compliance SOW Amendment. Therefore, LightSquared files this Supplemental Application to modify the scope of EY LLP's services. In further support of this Supplemental Application, EY LLP submits the second supplemental declaration of Michael Warsaw, a partner of EY LLP, attached hereto as Exhibit A (the "Second Supplemental Declaration") and, together with the Original Declaration and the First Supplemental Declaration, the "Declarations").

**Services to be Rendered**<sup>2</sup>

8. Pursuant to the terms of the 2012 Tax Compliance SOWs<sup>3</sup> and the 2011 LightSquared LP Tax Compliance SOW Amendment, and subject to Court approval, EY LLP will provide the following Additional Services:

(a) The "LightSquared Inc. 2012 Tax Compliance Services" under the LightSquared Inc. 2012 Tax Compliance SOW, which include the following services:

- EY LLP will prepare the consolidated U.S. Corporation Income Tax Return, Form 1120, for LightSquared Inc. and its subsidiaries for the year ended December 31, 2012. EY LLP will also prepare the state and local income and franchise tax returns for those jurisdictions for LightSquared Inc. and its subsidiaries listed on Attachment I to the LightSquared Inc. 2012 Tax Compliance SOW.
- EY LLP will prepare Forms 926 for LightSquared Investors Holdings Inc., TMI Communications Delaware, LP and LightSquared GP Inc., if required, for the transfer of property to LightSquared's foreign entities.
- EY LLP will prepare the consolidated U.S. Corporation Income Tax Return, Form 1120, for TVCC Intermediate Corp and its subsidiaries for the year ended March 9, 2012. EY LLP will also prepare the state income and franchise tax returns listed on Attachment I to the LightSquared Inc. 2012 Tax Compliance SOW.

---

<sup>2</sup> Any description of the Additional SOW Documents in this Supplemental Application is provided for convenience only. In the event of any inconsistency between the terms of the Additional SOW Documents, as described herein, and the actual terms of the Additional SOW Documents, the latter shall control.

<sup>3</sup> Pursuant to the 2012 Tax Compliance SOWs, EY LLP will provide tax services to certain of LightSquared's non-debtor subsidiaries. The cost of providing such services is expected to be nominal (approximately \$5,000 or less). The DIP Agent and the DIP Lenders (each as defined in the Order) have consented to the provision of such services to certain of LightSquared's non-debtor subsidiaries and LightSquared's payment therefor. The ad hoc secured group of Prepetition LP Lenders has informed LightSquared that it has no objections to the relief requested in the Supplemental Application. Similarly, the Office of the United States Trustee for the Southern District of New York (the "U.S. Trustee") was provided a copy of the Supplemental Application, the Second Supplemental Declaration, and the Order and has no objections to the relief requested therein.



- EY LLP will prepare the U.S. federal income tax return, Form 1065, and the state income tax returns listed on Attachment I to the LightSquared Inc. 2012 Tax Compliance SOW for the year ended March 9, 2012 for TVCC Holding Company, LLC.
- EY LLP will prepare the U.S. federal income tax return, Form 1065, and the state income tax returns listed on Attachment I to this letter for the year ended December 31, 2012 for TVCC One Six Holdings LLC.
- EY LLP will also prepare extension requests for certain corporate and partnership returns as part of the LightSquared Inc. 2012 Tax Compliance SOW.

(b) The “LightSquared LP 2012 Tax Compliance Services” under the LightSquared LP 2012 Tax Compliance SOW, which include the following services:

- Prepare U.S. federal income tax return, Form 1065, for LightSquared LP for the year ended December 31, 2012. EY LLP will also prepare the state and local income and franchise tax returns for those jurisdictions for LightSquared LP listed on Attachment I to the LightSquared LP 2012 Tax Compliance Services SOW.
- U.S. federal income tax return, Form 1120, for LightSquared Inc. of Virginia for the year ended December 31, 2012. EY LLP will prepare the state and local income and franchise tax returns listed on Attachment I to the LightSquared LP 2012 Tax Compliance Services SOW.
- U.S. federal income tax return, Form 1120, for LightSquared Finance Co. for the year ended December 31, 2012. EY LLP will prepare the state and local income and franchise tax returns listed on Attachment I to the LightSquared LP 2012 Tax Compliance Services SOW.
- Canadian federal income tax return and related provincial tax return schedules for the year ended December 31, 2012.

(c) The “Additional LightSquared LP 2011 Tax Compliance Services” under the 2011 LightSquared LP Tax Compliance SOW Amendment, which include the following services:

- Preparation of the following state and local income and franchise tax returns for LightSquared LP: Form AR1050 State of Arkansas Partnership Return of Income for the tax year ended December 31, 2011, and Forms 500 and 500-T Virginia Corporation Income Tax Return for the tax years ended December 31, 2010 and 2011.

9. The Additional Services of EY LLP are appropriate and necessary to enable LightSquared to execute its duties as debtor and debtor in possession. LightSquared has selected EY LLP to provide the Additional Services because of EY LLP's experience and knowledge in the fields of accounting and taxation, as set forth more fully in the Original Application.

#### **Disinterestedness of Professionals**

10. To the best of LightSquared's knowledge and except as disclosed in the Declarations: (a) EY LLP is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code and as required by section 327(a) and referenced by section 328(a) of the Bankruptcy Code, (b) EY LLP does not hold or represent an interest adverse to LightSquared and its estates and otherwise meets the standards for employment under the Bankruptcy Code, and (c) EY LLP's connections with LightSquared's creditors, any other party in interest, or their respective attorneys are disclosed in the Declarations.

#### **Professional Compensation**

11. Pursuant to the terms and conditions of the 2012 Tax Compliance SOWs and the 2011 LightSquared LP Tax Compliance SOW Amendment, LightSquared has agreed to compensate EY LLP for the Additional Services rendered in these Chapter 11 Cases based on EY LLP's agreed hourly rates for the Additional Services. These rates, by classification of professional, are set forth below. These are the same rates as were previously approved with respect to tax compliance services set forth in the Original Application.

<b>Title</b>	<b>Rate Per Hour</b>
Partner/Principal	\$725-850
Executive Director	\$600-750
Manager/Senior Manager	\$495-675
Senior	\$295-460
Staff	\$145-250

12. In addition to the fees set forth above, LightSquared and EY LLP have agreed that LightSquared shall reimburse EY LLP for any direct expenses incurred in connection with EY LLP's retention in these Chapter 11 Cases and the performance of the Additional Services. EY LLP's direct expenses shall include, but not be limited to, reasonable and customary out-of-pocket expenses for items such as travel, meals, accommodations, and other expenses (including any fees or reasonable expenses of EY LLP's legal counsel) specifically related to this engagement.

13. EY LLP intends to continue to apply to the Court for the allowance of compensation for professional services rendered and reimbursement of expenses incurred consistent with the terms of the 2012 Tax Compliance SOWs and the 2011 LightSquared LP Tax Compliance SOW Amendment and in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, any applicable fee and expense guidelines established by the United States Trustee for the Southern District of New York, the Order Authorizing and Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals, filed June 11, 2012 [Docket No. 122], and any other applicable orders of this Court. EY LLP has agreed to accept as compensation such sums as may be allowed by the Court. EY LLP understands that interim and final fee awards are

subject to approval by this Court. LightSquared believes that the aforementioned fees and expense reimbursement policy are fair and reasonable in light of (a) industry practice, (b) market rates charged for comparable services both in and out of the chapter 11 context, and (c) EY LLP's experience with respect to these services.

14. Pursuant to LightSquared's request, EY LLP commenced the Additional Services under the 2012 Tax Compliance SOWs on October 9, 2012 and commenced the Additional Services under the 2011 LightSquared LP Tax Compliance SOW Amendment on September 13, 2012. Based upon the foregoing, LightSquared submits that cause exists to authorize the retention of EY LLP *nunc pro tunc* to October 9, 2012 and September 13, 2012 under the respective statements of work and request for approval of this Supplemental Application, accordingly.

#### **Relief Requested**

15. By this Supplemental Application, LightSquared respectfully requests authorization to modify the scope of LightSquared's employment and retention of EY LLP as provided herein.

#### **Basis for Relief**

16. LightSquared respectfully requests modification of the scope of LightSquared's retention of EY LLP as its tax service and agreed upon service provider pursuant to section 327(a) of the Bankruptcy Code, which provides that a debtor, subject to court approval:

[M]ay employ one or more attorneys, accountants, appraisers, auctioneers, or other professional persons, that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the [debtor] in carrying out the [debtor]'s duties under this title.

11 U.S.C. §327(a).

17. Bankruptcy Rule 2014(a) requires that an application for retention include:

[S]pecific facts showing the necessity for the employment, the name of the [firm] to be employed, the reasons for the selection, the professional services to be rendered, any proposed arrangement for compensation, and, to the best of the applicant's knowledge, all of the [firm's] connections with the debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee.

Fed. R. Bankr. P. 2014(a).

18. LightSquared submits that for all the reasons stated above and in the Declarations, the modification of the scope of LightSquared's retention of EY LLP as tax service and agreed upon service provider to the LightSquared is warranted. Further, as stated in the Declarations, EY LLP is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code, as required by section 327(a) of the Bankruptcy Code, and does not hold or represent an interest adverse to LightSquared's estates and has no connection to LightSquared, its creditors, or its related parties, except as may be disclosed in the Declarations. Accordingly, the modification of the scope of retention of EY LLP as tax and agreed upon service provider to LightSquared should be approved.

**Potential Future Amendments or Statements of Work**

19. In light of the burden and cost to LightSquared of seeking Court approval of further supplemental applications in the event of further amendments to EY LLP's retention, LightSquared hereby requests that the Court approve a procedure whereby any future amendment or modification to LightSquared's engagement of EY LLP may take effect after fourteen (14) days' notice of such proposed amendment or modification (signed by LightSquared and EY LLP) to: (a) the U.S. Trustee, (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 Prepetition Agents and the DIP Agent, (d) counsel to the ad hoc secured group of Prepetition LP Lenders, (e) counsel to Harbinger Capital Partners LLC, (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, and (j) all parties who have filed a notice of appearance in the Chapter 11 Cases. If no objection is filed within the fourteen (14)-day notice period, the proposed amendments or modifications shall take effect without any further notice, hearing, or requirement for an order of the Court. If an objection is filed and served within the fourteen (14)-day notice period, the matter shall be scheduled for the next omnibus hearing date. Notwithstanding the foregoing, nothing shall affect LightSquared's ability to remove work scope from the scope of EY LLP's employment in its judgment.

#### **Motion Practice**

20. This Supplemental Application 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 Supplemental Application. Accordingly, LightSquared submits that this Supplemental Application satisfies Local Rule 9013-1(a).

#### **Notice**

21. LightSquared has caused notice of this Supplemental Application to be provided by electronic mail, facsimile, regular or overnight mail, and/or hand delivery to (a) the U.S. Trustee, (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 Prepetition Agents and the DIP Agent, (d) counsel to the ad hoc secured group of Prepetition LP Lenders, (e) counsel to Harbinger Capital Partners LLC, (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, and (j) 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.

**No Prior Request**

22. No prior application for the relief requested herein has been made by LightSquared to this or any other court other than the Original Application.

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

New York, New York  
Dated: November 8, 2012

/s/ Marc R. Montagner  
Marc R. Montagner  
Chief Financial Officer  
LIGHTSQUARED INC. (for itself and each of the  
other Debtors and Debtors in Possession)  
10802 Parkridge Boulevard  
Reston, VA 20191  
(703) 390-2700

**Exhibit A**

**Second Supplemental Declaration of Michael Warsaw**



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

---

In re:	)	Chapter 11
	)	
LIGHTSQUARED INC., <i>et al.</i> ,	)	Case No. 12-12080 (SCC)
	)	
Debtors. <sup>1</sup>	)	Jointly Administered

---

**SECOND SUPPLEMENTAL DECLARATION OF MICHAEL WARSAW IN SUPPORT  
OF LIGHTSQUARED'S SUPPLEMENTAL APPLICATION FOR ENTRY OF ORDER  
AUTHORIZING MODIFICATION OF SCOPE OF EMPLOYMENT  
AND RETENTION OF ERNST & YOUNG LLP AS TAX SERVICE  
AND AGREED UPON PROCEDURES SERVICE PROVIDER**

I, Michael Warsaw, under penalty of perjury, declare as follows:

1. I am a partner of Ernst & Young LLP ("EY LLP"). I provide this second supplemental declaration (the "Second Supplemental Declaration") on behalf of EY LLP in support of the supplemental application (the "Supplemental Application")<sup>2</sup> of LightSquared Inc. and certain of its subsidiaries and affiliates, as debtors and debtors in possession (collectively, "LightSquared") in the above-captioned chapter 11 cases (the "Chapter 11 Cases"), to modify the scope of employment of EY LLP to: (a) provide, in addition to the previously authorized services, additional tax services (the "Additional Services") pursuant to (i) the new statement of

---

<sup>1</sup> The debtors in these chapter 11 cases, along with the last four digits of each debtor's federal or foreign tax or registration identification number, are: LightSquared Inc. (8845), LightSquared Investors Holdings Inc. (0984), One Dot Four Corp. (8806), One Dot Six Corp. (8763), SkyTerra Rollup LLC (N/A), SkyTerra Rollup Sub LLC (N/A), SkyTerra Investors LLC (N/A), TMI Communications Delaware, Limited Partnership (4456), LightSquared GP Inc. (6190), LightSquared LP (3801), ATC Technologies, LLC (3432), LightSquared Corp. (1192), 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. (9116), SkyTerra (Canada) Inc. (9314) 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 herein as defined terms and not otherwise defined shall have those meanings ascribed to them in the Supplemental Application.

work for 2012 tax compliance services for LightSquared Inc. and its affiliates specified therein (the “2012 LightSquared Inc. Tax Compliance SOW”); (ii) the new statement of work for 2012 tax compliance services for LightSquared LP and its affiliates specified therein (the “2012 LightSquared LP Tax Compliance SOW” and, together with the 2012 LightSquared Inc. Tax Compliance SOW, the “2012 Tax Compliance SOWs”); and (iii) the amendment to the previously approved 2011 tax compliance statement of work with LightSquared LP and certain of its affiliates (the “2011 LightSquared LP Tax Compliance SOW Amendment” and, together with the 2012 Tax Compliance SOWs, the “Additional SOW Documents”), all of which are attached as Attachment 1 hereto.

### **Scope of Additional Services**<sup>3</sup>

2. Pursuant to the terms of the 2012 Tax Compliance SOWs,<sup>4</sup> and subject to Court approval, EY LLP will provide the following Additional Services:

(a) The “LightSquared Inc. 2012 Tax Compliance Services” under the

LightSquared Inc. 2012 Tax Compliance SOW, which include the following services:

- EY LLP will prepare the consolidated U.S. Corporation Income Tax Return, Form 1120, for LightSquared Inc. and its subsidiaries for the year ended December 31, 2012. EY LLP will also prepare the state and local income and franchise tax returns for those jurisdictions for LightSquared Inc. and its subsidiaries listed on Attachment I to the LightSquared Inc. 2012 Tax Compliance SOW.
- EY LLP will prepare Forms 926 for LightSquared Investors Holdings Inc., TMI Communications Delaware, LP and

---

<sup>3</sup> In the event of any inconsistency between the terms of the Additional SOW Documents as described herein and the actual terms of the Additional SOW Documents, the latter shall control.

<sup>4</sup> Pursuant to the 2012 Tax Compliance SOWs, EY LLP will also provide tax services to certain of LightSquared’s non-debtor subsidiaries. The cost of providing such services is expected to be nominal (approximately \$5,000).

LightSquared GP Inc., if required, for the transfer of property to LightSquared's foreign entities.

- EY LLP will prepare the consolidated U.S. Corporation Income Tax Return, Form 1120, for TVCC Intermediate Corp and its subsidiaries for the year ended March 9, 2012. EY LLP will also prepare the state income and franchise tax returns listed on Attachment 1 to the LightSquared Inc. 2012 Tax Compliance SOW.
- EY LLP will prepare the U.S. federal income tax return, Form 1065, and the state income tax returns listed on Attachment I to the LightSquared Inc. 2012 Tax Compliance SOW for the year ended March 9, 2012 for TVCC Holding Company, LLC.
- EY LLP will prepare the U.S. federal income tax return, Form 1065, and the state income tax returns listed on Attachment I to this letter for the year ended December 31, 2012 for TVCC One Six Holdings LLC.
- EY LLP will also prepare extension requests for certain corporate and partnership returns as part of the LightSquared Inc. 2012 Tax Compliance SOW.

(b) The "LightSquared LP 2012 Tax Compliance Services" under the

LightSquared LP 2012 Tax Compliance SOW, which include the following services:

- Prepare U.S. federal income tax return, Form 1065, for LightSquared LP for the year ended December 31, 2012. EY LLP will also prepare the state and local income and franchise tax returns for those jurisdictions for LightSquared LP listed on Attachment I to the LightSquared LP 2012 Tax Compliance Services SOW.
- U.S. federal income tax return, Form 1120, for LightSquared Inc. of Virginia for the year ended December 31, 2012. EY LLP will prepare the state and local income and franchise tax returns listed on Attachment I to the LightSquared LP 2012 Tax Compliance Services SOW.
- U.S. federal income tax return, Form 1120, for LightSquared Finance Co. for the year ended December 31, 2012. EY LLP will prepare the state and local income and franchise tax returns listed on Attachment I to the LightSquared LP 2012 Tax Compliance Services SOW.

- Canadian federal income tax return and related provincial tax return schedules for the year ended December 31, 2012.

(c) The “Additional LightSquared LP 2011 Tax Compliance Services” under the 2011 LightSquared LP Tax Compliance SOW Amendment, which include the following services:

- Preparation of the following state and local income and franchise tax returns for LightSquared LP: Form AR1050 State of Arkansas Partnership Return of Income for the tax year ended December 31, 2011, Forms 500 and 500-T Virginia Corporation Income Tax Return for the tax years ended December 31, 2010 and 2011.

3. Pursuant to the terms and conditions of the 2012 Tax Compliance SOWs and the 2011 LightSquared LP Tax Compliance SOW Amendment, LightSquared has agreed to compensate EY LLP for the Additional Services rendered in these Chapter 11 Cases based on EY LLP’s agreed hourly rates for the Additional Services. These rates, by classification of professional, are set forth below. These are the same rates as were previously approved with respect to tax compliance services set forth in the Original Application.

<b>Title</b>	<b>Rate Per Hour</b>
Partner/Principal	\$725-850
Executive Director	\$600-750
Manager/Senior Manager	\$495-675
Senior	\$295-460
Staff	\$145-250

4. In addition to the fees set forth above, LightSquared and EY LLP have agreed that LightSquared shall reimburse EY LLP for any direct expenses incurred in connection with EY LLP’s retention in these Chapter 11 Cases and the performance of the Additional

Services. EY LLP's direct expenses shall include, but not be limited to, reasonable and customary out-of-pocket expenses for items such as travel, meals, accommodations, and other expenses (including any fees or reasonable expenses of EY LLP's legal counsel) specifically related to this engagement.

5. EY LLP intends to continue to apply to the Court for the allowance of compensation for professional services rendered and reimbursement of expenses incurred consistent with the terms of the 2012 Tax Compliance SOWs and the 2011 LightSquared LP Tax Compliance SOW Amendment and in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, any applicable fee and expense guidelines established by the United States Trustee for the Southern District of New York, the Order Authorizing and Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals, filed June 11, 2012 [Docket No. 122], and any other applicable orders of this Court.

6. Pursuant to LightSquared's request, EY LLP commenced the Additional Services under the 2012 Tax Compliance SOWs on October 9, 2012 and commenced the Additional Services under the 2011 LightSquared LP Tax Compliance SOW Amendment on September 13, 2012. Therefore, LightSquared and EY LLP request approval of the modification of EY LLP's scope of retention as of such respective dates.

[Remainder of Page Intentionally Left Blank]

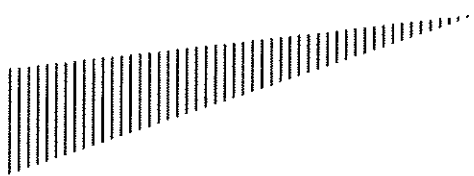
Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on November 7, 2012

/s/ Michael Warsaw  
Michael Warsaw

**Attachment 1**

**2012 Tax Compliance SOWs  
and 2011 LightSquared LP Tax Compliance SOW Amendment**



Ernst & Young LLP  
8484 Westpark Drive  
McLean, Virginia 22102  
Tel: +1 (703) 747-1000  
Fax: +1 (703) 747-0100  
[www.ey.com](http://www.ey.com)

Mr. Stuart Statland  
Vice-President of Tax  
LightSquared Inc.  
10802 Parkridge Boulevard  
Reston, Virginia 20191

October 9, 2012

**Statement of Work - LightSquared Inc. Tax  
Compliance for the Year Ended December 31, 2012**

Dear Stuart:

This Statement of Work (this "SOW") is made by Ernst & Young LLP ("we" or "EY") and LightSquared Inc. on behalf of itself and its affiliated entities listed in Attachment I (collectively, "you" or "Client"), and is being executed pursuant to the Agreement, dated May 22, 2012 (the "Agreement"), between EY and LightSquared Inc. in connection with the filing of a petition under Chapter 11 of the United States Bankruptcy Code ("Chapter 11") on May 14, 2012 with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), and describes certain tax services that EY will perform for Client during the Chapter 11 proceedings. This SOW shall be effective as of October 9, 2012.

Except as otherwise set forth in this SOW, this SOW incorporates by reference, and is deemed to be a part of, the Agreement. The additional terms and conditions of this SOW shall apply only to the tax compliance Services covered by this SOW and not to Services covered by any other Statement of Work pursuant to the Agreement. Capitalized terms used, but not otherwise defined, in this SOW shall have the meanings in the Agreement, and references in the Agreement to "you" or "Client" shall be deemed references to you.

**Scope of Services**

EY will provide the following tax compliance Services to you, contingent upon the Bankruptcy Court's approval of our retention in accordance with the terms and conditions that are set forth in the Agreement (inclusive of this SOW):

EY will prepare the consolidated U.S. Corporation Income Tax Return, Form 1120, for LightSquared Inc. & Subsidiaries for the year ended December 31, 2012. We will also prepare the state and local income and franchise tax returns for those jurisdictions for LightSquared Inc. & Subsidiaries listed on Attachment I to this letter. Subsidiaries included in the tax returns are as follows:

- LightSquared Investors Holdings Inc.
- TMI Communications Delaware, LP
- LightSquared GP Inc.
- One Dot Four Corp.
- One Dot Six Corp.





- One Dot Six TVCC Corp.
- TVCC Intermediate Corp
- Columbia One Six Partners IV, Inc.
- Columbia FMS Spectrum Partners IV, Inc.

We will prepare Forms 926 for LightSquared Investors Holdings Inc., TMI Communications Delaware, LP and LightSquared GP Inc., if required, for the transfer of property to LightSquared's foreign subsidiaries.

EY will prepare the consolidated U.S. Corporation Income Tax Return, Form 1120, for TVCC Intermediate Corp and Subsidiaries for the year ended March 9, 2012. We will also prepare the state income and franchise tax returns listed on Attachment 1 to this letter. Subsidiaries included in the tax returns are as follows:

- Columbia One Six Partners IV, Inc.
- Columbia FMS Spectrum Partners IV, Inc.

EY will prepare the final U.S. federal income tax return, Form 1065, and the state income tax returns listed on Attachment I to this letter for the year ended March 9, 2012 for the following entity:

- TVCC Holding Company, LLC

EY will prepare the U.S. federal income tax return, Form 1065, and the state income tax returns listed on Attachment I to this letter for the year ended December 31, 2012 for the following entity:

- TVCC One Six Holdings LLC

EY will also prepare extension requests for the corporate and partnership returns listed above as part of this engagement (except TVCC Holding Company LLC, which was prepared and filed by Client).

At the request of Client, upon execution of a letter substantially in the form of Exhibit 1 attached hereto in respect of each tax year for which access to such workpapers is sought, EY will provide Client with copies of EY's final workpapers, in a format regularly maintained by EY, produced by EY for purposes of preparing computations in connection with the following services under this letter:

- Extensions for returns listed above (except TVCC Holding Company LLC, which was prepared and filed by Client)
- Originally filed returns listed above

Client may be required to file Schedule UTP ("Uncertain Tax Position Statement") with its federal tax returns beginning with the 2010 tax year. Among other services, EY can assist you with a



review of your financial statement reserve schedules to identify positions that might be subject to disclosure on Schedule UTP, discuss opportunities for remediating such positions, and provide assistance regarding implementation of Schedule UTP processes for current and future years. We will be happy to discuss and provide fee estimates for these services, which would be covered under a separate SOW.

All Client copies of the tax returns and Schedules K-1 will be presented to Client in an electronic format.

The Services may be modified from time to time by our mutual written agreement and approval of the Bankruptcy Court, if required.

Client acknowledges and agrees that, whether or not this SOW has been approved by the Bankruptcy Court at the time any Report is rendered, any such Report rendered by EY prior to the delivery of its final Report is preliminary in nature and cannot be relied upon for any purpose, including penalty protection.

#### Out-of-Scope Services

This engagement does not include (1) an analysis of any shift in ownership of Client stock, (2) the preparation of statements required by Internal Revenue Code §§382 and 383, or (3) a determination of whether such code sections limit the amount of taxable income or tax that can be offset by net operating loss carryforwards, certain recognized built-in losses, certain excess credits, or net capital loss carryovers. The limitations under these provisions may have a material adverse impact on Client's tax liability. We will not prepare a return on which taxable income (or tax) is offset by such attributes unless an analysis is performed. Those services are covered under our Restructuring Advisory Services SOW dated May 22, 2012.

This engagement does not include any advice or determinations regarding what expenses may be qualified research expenses under Internal Revenue Code §41 or comparable state statutes.

Upon written request and pre-approval and further Bankruptcy Court approval, EY will assist Client with other tax compliance services, including preparation of additional returns for the current tax year, and extension requests and computation of estimated tax payments for subsequent tax years. However, these services are not covered under the Scope of Services. We will be happy to discuss and provide fee estimates for such additional services, which would be invoiced separately and subject to all other terms and conditions of this SOW and the above-referenced Agreement.

Any activities not described as Services, as indicated above under Scope of Services, in addition to those described in the preceding three paragraphs, are not covered by the fees stated herein. These services will be considered outside the scope of this SOW and are the responsibility of Client to perform on a timely basis unless otherwise agreed by the parties in writing (in a separate SOW or an amendment to this SOW) and approved by the Bankruptcy Court.



### Your obligations

We draw your attention to the reservations set out in paragraph 5 of the General Terms and Conditions of the Agreement, as well as your management responsibilities under paragraph 6, and your representation, as of the date hereof, under paragraph 26 thereof. You have obtained the prior approval of your Audit Committee for these Services, as applicable.

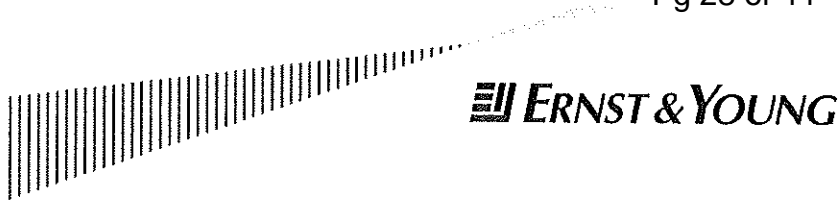
### Additional terms and conditions

Client authorizes EY, its affiliates, and other members of the global Ernst & Young network, including those located outside the United States, to disclose Client's tax return information received or generated in connection with the Services described in this SOW, including prior year tax return information, to and among each other for the purpose of rendering the Services and to discuss and provide related services to you, including, for example, bringing to your attention planning opportunities that we may identify based upon the preparation and/or review of your tax returns. You have the ability to request a more limited disclosure of tax return information than that described above. If, at any time, you would like us to narrow the scope of the information to be disclosed, please contact us in writing and we will limit any disclosures that have not yet occurred. You acknowledge that this consent will be valid for three years from the date this SOW is signed by you below.

### Disclosure of reportable transactions

Treasury regulations require taxpayers to file disclosure statements relating to certain tax strategies/transactions that the Internal Revenue Service ("IRS") has identified as Listed Transactions or Transactions of Interest, any transaction that is substantially similar to a Listed Transaction or Transaction of Interest, and Other Reportable Transactions. The disclosure statements must be filed with the proper tax returns and also sent separately to the IRS. In addition, some states have enacted tax shelter legislation requiring taxpayers to file reportable transaction disclosure statements with the appropriate state income and franchise tax returns. Failure to disclose properly any of these transactions/strategies in which Client directly or indirectly participated may result in the imposition of penalties.

During the process of gathering data to prepare Client's tax returns, EY requires Client to complete a questionnaire about Listed Transactions, Transactions of Interest, and Other Reportable Transactions, which is attached to this SOW. If there is a particular person other than you who should respond to such questionnaire on behalf of Client, please immediately provide to EY that person's name, position, and telephone number. EY shall not be liable for any penalties resulting from Client's failure to accurately and timely respond to the questionnaire or to file timely the required disclosure statement.



### Contacts

You have identified Stuart Statland as your contact with whom we should communicate about these Services. Your contact at EY for these Services will be Mike Warsaw and Adam Sweet.

### Engagement Team

Mike Warsaw (Partner) and Adam Sweet (Manager) will lead the EY team in providing the Services. If either of these individuals ceases to provide tax services to Client pursuant to the Agreement, EY will so advise Client and, if that person is replaced, provide Client with the name of the professional's replacement. Other staff, not identified herein, may be utilized as required to conduct our work in an efficient manner.

### Fees

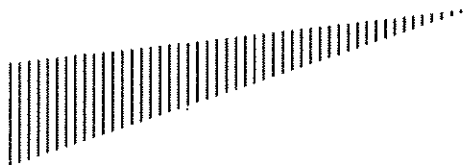
The General Terms and Conditions of the Agreement address our fees and expenses generally.

You shall pay fees for the Services, which fees are based on the time that our professionals spend performing them, as adjusted annually while the Services under this SOW are being performed. The rates, by level of tax professional, are as follows:

<u>Title</u>	<u>Rate Per Hour</u>
Partner/Principal	\$725 - 850
Executive Director	\$600 - 750
Manager/Senior Manager	\$495 - 675
Senior	\$295 - 460
Staff	\$145 - 250

You shall also pay any potential value-added taxes (VAT), sales taxes, and other indirect taxes incurred in connection with the delivery of the Services, including any such taxes and related administrative costs that result from billing arrangements specifically requested by you.

We will submit an itemized and detailed billing statement, and we will request payment of our fees and expenses, in accordance with the United States Bankruptcy Code (the "Bankruptcy Code"), the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Local Rules for the United States Bankruptcy Court for the Southern District of New York ("Local Rules") and any relevant administrative orders. We will submit our invoices as the work progresses and payment of them will be made upon receipt, or as quickly as the Bankruptcy Code, the Bankruptcy Rules, Local Rules and any relevant administrative orders allow.



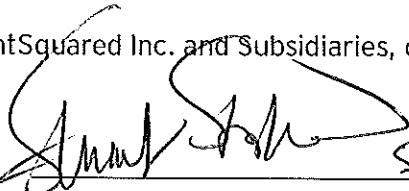
We acknowledge that payment of our fees and expenses hereunder is subject to (i) the jurisdiction and approval of the Bankruptcy Court under Sections 330 and 331 of the Bankruptcy Code, any order of the Bankruptcy Court approving the retention of us and the U.S. Trustee Guidelines, (ii) any applicable fee and expense guidelines and/or orders and (iii) any requirements governing interim and final fee applications.

Thank you again for your selection of our firm.

*Ernst + Young LLP*

Agreed:

LightSquared Inc. and Subsidiaries, on behalf of itself and its affiliates listed in Attachment I

By:  STUART STATLAND VP, TAX COUNSEL 10/27/2012  
Signature Name (Printed) Title Date

Attachments



## Attachment I

List of State and Local Income and Franchise Tax Returns by Entity  
For the Year Ended December 31, 2012

1. LightSquared Inc. & Subsidiaries
  - Alaska Corporation Net Income Tax Return
  - California Franchise/Income Tax Return
  - Illinois Corporation Income and Replacement Tax Return
  - Kansas Corporation Income Tax Return
  - Kentucky Corporation Income Tax Return
  - Massachusetts Combined Business Corp. Excise Return
  - Montana Corporation License Tax Return
  - Nebraska Corporation Income Tax Return
  - New York General Business Corporation Combined Franchise Tax Return
  - New York State General Corporation MTA Surcharge Return
  - Texas Franchise Tax Report
  - Utah Corporation Franchise or Income Tax Return
  - Virginia Corporation Income Tax Return
  
2. LightSquared Investors Holdings Inc.
  - Arkansas Corporation Income Tax Return
  - Colorado State C Corporation Income Tax Combined Return
  - Florida Corporation Income and Emergency Excise Tax Return
  - Louisiana Corporate Income and Franchise Tax Return
  - Maryland Corporate Income Tax Return
  - Mississippi Corporation Income Tax Return
  - Missouri Corporation Income Tax Return
  - North Carolina Corporation Tax Return
  - Oklahoma Corporation Income Tax Return
  - Oklahoma Min/Max Franchise Tax Return
  - Pennsylvania Corporate Tax Return
  - South Carolina Corporation Return
  - Tennessee Franchise and Excise Tax Return
  
3. TMI Communications Delaware, Limited Partnership
  - Arkansas Corporation Income Tax Return
  - Florida Corporation Income and Emergency Excise Tax Return
  - Louisiana Corporate Income and Franchise Tax Return
  - Maryland Corporate Income Tax Return
  - Mississippi Corporation Income Tax Return
  - Missouri Corporation Income Tax Return
  - North Carolina Corporation Tax Return



- Oklahoma Corporation Income Tax Return
- Oklahoma Min/Max Franchise Tax Return
- Pennsylvania Corporate Tax Return
- South Carolina Corporation Return
- Tennessee Franchise and Excise Tax Return

4. TVCC One Six Holdings LLC

- Virginia Income Tax Return

List of State and Local Income and Franchise Tax Returns by Entity  
For the Year Ended March 9, 2012

5. TVCC Intermediate Corp

- Virginia Income Tax Return

6. TVCC Holding Company LLC

- Virginia Income Tax Return

Entities with No Separate Income and Franchise Tax Returns

7. One Dot Four Corp.

8. One Dot Six Corp.

9. One Dot Six TVCC Corp.

10. Columbia One Six Partners IV, Inc.

11. Columbia FMS Spectrum Partners IV, Inc.

12. CCMM I LLC

13. LightSquared GP Inc.



Ernst & Young LLP  
8484 Westpark Drive  
McLean, Virginia 22102  
Tel: +1 (703) 747-1000  
Fax: +1 (703) 747-0100  
[www.ey.com](http://www.ey.com)

Mr. Stuart Statland  
Vice-President of Tax  
LightSquared LP  
10802 Parkridge Boulevard  
Reston, Virginia 20191

October 9, 2012

**Statement of Work - LightSquared LP Tax  
Compliance for the Year Ended December 31, 2012**

Dear Stuart:

This Statement of Work (this "SOW") is made by Ernst & Young LLP ("we" or "EY") and LightSquared LP on behalf of itself and its affiliated entities listed in Attachment I (collectively, "you" or "Client"), and is being executed pursuant to the Agreement, dated May 22, 2012 (the "Agreement"), between EY and LightSquared Inc. in connection with the filing of a petition under Chapter 11 of the United States Bankruptcy Code ("Chapter 11") on May 14, 2012 with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), and describes certain tax services that EY will perform for Client during the Chapter 11 proceedings. This SOW shall be effective as of October 9, 2012.

Except as otherwise set forth in this SOW, this SOW incorporates by reference, and is deemed to be a part of, the Agreement. The additional terms and conditions of this SOW shall apply only to the tax compliance Services covered by this SOW and not to Services covered by any other Statement of Work pursuant to the Agreement. Capitalized terms used, but not otherwise defined, in this SOW shall have the meanings in the Agreement, and references in the Agreement to "you" or "Client" shall be deemed references to you.

**Scope of Services**

EY will provide the following tax compliance Services to you, contingent upon the Bankruptcy Court's approval of our retention in accordance with the terms and conditions that are set forth in the Agreement (inclusive of this SOW):

1. Prepare U.S. federal income tax return, Form 1065, for LightSquared LP for the year ended December 31, 2012. We will also prepare the state and local income and franchise tax returns for those jurisdictions for LightSquared LP listed on Attachment I to this letter.

The specific services we will provide as part of this engagement include:

- Extension requests
- Federal Forms 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations for: LightSquared Bermuda Ltd.; SkyTerra Holdings (Canada) Inc.; LightSquared (UK) Limited; and SkyTerra (Canada) Inc.





2. U.S. federal income tax return, Form 1120, for LightSquared Inc. of Virginia for the year ended December 31, 2012. We will prepare the state and local income and franchise tax returns listed on Attachment I to this letter.

The specific services we will provide as part of this engagement include:

- Extension requests

3. U.S. federal income tax return, Form 1120, for LightSquared Finance Co. for the year ended December 31, 2012. We will prepare the state and local income and franchise tax returns listed on Attachment I to this letter.

The specific services we will provide as part of this engagement include:

- Extension requests

4. Canadian federal income tax return and related provincial tax return schedules for the year ended December 31, 2012 the entities listed below (no extensions available in Canada):
  - a. SkyTerra (Canada) Inc.
  - b. SkyTerra Holdings (Canada) Inc.
  - c. LightSquared Corp

At the request of Client, upon execution of a letter substantially in the form of Exhibit 1 attached hereto in respect of each tax year for which access to such workpapers is sought, EY will provide Client with copies of EY's final workpapers, in a format regularly maintained by EY, produced by EY for purposes of preparing computations in connection with the following services under this letter:

- Extensions for returns listed above
- Originally filed returns listed above

Client may be required to file Schedule UTP ("Uncertain Tax Position Statement") with its federal tax returns beginning with the 2010 tax year. Among other services, EY can assist Client with a review of Client's financial statement reserve schedules to identify positions that might be subject to disclosure on Schedule UTP, discuss opportunities for remediating such positions, and provide assistance regarding implementation of Schedule UTP processes for current and future years. We will be happy to discuss and provide fee estimates for these services, which would be covered under a separate SOW.

All Client copies of the tax returns and Schedules K-1 will be presented to Client in an electronic format.

The Services may be modified from time to time by our mutual written agreement and approval of the Bankruptcy Court, if required.



Client acknowledges and agrees that, whether or not this SOW has been approved by the Bankruptcy Court at the time any Report is rendered, any such Report rendered by EY prior to the delivery of its final Report is preliminary in nature and cannot be relied upon for any purpose, including penalty protection.

#### **Out-of-Scope Services**

This engagement does not include (1) an analysis of any shift in ownership of Client stock, (2) the preparation of statements required by Internal Revenue Code §§382 and 383, or (3) a determination of whether such code sections limit the amount of taxable income or tax that can be offset by net operating loss carryforwards, certain recognized built-in losses, certain excess credits, or net capital loss carryovers. The limitations under these provisions may have a material adverse impact on Client's tax liability. We will not prepare a return on which taxable income (or tax) is offset by such attributes unless an analysis is performed. If you would like EY to perform such an analysis, those services would be covered under a separate engagement letter. Please contact Mike Warsaw if you would like to discuss additional services and fees associated with the analysis and reporting requirements under these rules.

This engagement does not include any advice or determinations regarding what expenses may be qualified research expenses under Internal Revenue Code §41 or comparable state statutes.

Upon written request and pre-approval and further Bankruptcy Court approval, EY will assist Client with other tax compliance services, including preparation of additional returns for the current tax year, and extension requests and computation of estimated tax payments for subsequent tax years. However, these services are not covered under the Scope of Services. We will be happy to discuss and provide fee estimates for such additional services, which would be invoiced separately and subject to all other terms and conditions of this SOW and the above-referenced Agreement.

Any activities not described as Services, as indicated above under Scope of Services, in addition to those described in the preceding three paragraphs are not covered by the fees stated herein. These services will be considered outside the scope of this SOW and are the responsibility of Client to perform on a timely basis unless otherwise agreed by the parties in writing (in a separate SOW or an amendment to this SOW) and approved by the Bankruptcy Court.

#### **Your obligations**

We draw your attention to the reservations set out in paragraph 5 of the General Terms and Conditions of the Agreement, as well as your management responsibilities under paragraph 6, and your representation, as of the date hereof, under paragraph 26 thereof. You have obtained the prior approval of your Audit Committee for these Services, as applicable.



#### **Additional terms and conditions**

Client authorizes EY, its affiliates, and other members of the global Ernst & Young network, including those located outside the United States, to disclose Client's tax return information received or generated in connection with the Services described in this SOW, including prior year tax return information, to and among each other for the purpose of rendering the Services and to discuss and provide related services to you, including, for example, bringing to your attention planning opportunities that we may identify based upon the preparation and/or review of your tax returns. You have the ability to request a more limited disclosure of tax return information than that described above. If, at any time, you would like us to narrow the scope of the information to be disclosed, please contact us in writing and we will limit any disclosures that have not yet occurred. You acknowledge that this consent will be valid for three years from the date this SOW is signed by you below.

#### **Disclosure of reportable transactions**

Treasury regulations require taxpayers to file disclosure statements relating to certain tax strategies/transactions that the Internal Revenue Service ("IRS") has identified as Listed Transactions or Transactions of Interest, any transaction that is substantially similar to a Listed Transaction or Transaction of Interest, and Other Reportable Transactions. The disclosure statements must be filed with the proper tax returns and also sent separately to the IRS. In addition, some states have enacted tax shelter legislation requiring taxpayers to file reportable transaction disclosure statements with the appropriate state income and franchise tax returns. Failure to disclose properly any of these transactions/strategies in which Client directly or indirectly participated may result in the imposition of penalties.

During the process of gathering data to prepare Client's tax returns, EY requires Client to complete a questionnaire about Listed Transactions, Transactions of Interest, and Other Reportable Transactions, which is attached to this SOW. If there is a particular person other than you who should respond to such questionnaire on behalf of Client, please immediately provide to EY that person's name, position, and telephone number. EY shall not be liable for any penalties resulting from Client's failure to accurately and timely respond to the questionnaire or to file timely the required disclosure statement.

#### **Contacts**

You have identified Stuart Statland as your contact with whom we should communicate about these Services. Your contact at EY for these Services will be Mike Warsaw and Adam Sweet.

#### **Engagement Team**



Mike Warsaw (Partner) and Adam Sweet (Manager) will lead the EY team in providing the Services. If either of these individuals ceases to provide tax services to Client pursuant to the Agreement, EY will so advise Client and, if that person is replaced, provide Client with the name of the professional's replacement. Other staff, not identified herein, may be utilized as required to conduct our work in an efficient manner.

#### Fees

The General Terms and Conditions of the Agreement address our fees and expenses generally.

You shall pay fees for the Services, which fees are based on the time that our professionals spend performing them, as adjusted annually while the Services under this SOW are being performed. The rates, by level of tax professional, are as follows:

<u>Title</u>	<u>Rate Per Hour</u>
Partner/Principal	\$725 - 850
Executive Director	\$600 - 750
Manager/Senior Manager	\$495 - 675
Senior	\$295 - 460
Staff	\$145 - 250

You shall also pay any potential value-added taxes (VAT), sales taxes, and other indirect taxes incurred in connection with the delivery of the Services, including any such taxes and related administrative costs that result from billing arrangements specifically requested by you.

We will submit an itemized and detailed billing statement, and we will request payment of our fees and expenses, in accordance with the United States Bankruptcy Code (the "Bankruptcy Code"), the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Local Rules for the United States Bankruptcy Court for the Southern District of New York ("Local Rules") and any relevant administrative orders. We will submit our invoices as the work progresses and payment of them will be made upon receipt, or as quickly as the Bankruptcy Code, the Bankruptcy Rules, Local Rules and any relevant administrative orders allow.

We acknowledge that payment of our fees and expenses hereunder is subject to (i) the jurisdiction and approval of the Bankruptcy Court under Sections 330 and 331 of the Bankruptcy Code, any order of the Bankruptcy Court approving the retention of us and the U.S. Trustee Guidelines, (ii) any applicable fee and expense guidelines and/or orders and (iii) any requirements governing interim and final fee applications.



Thanks again for the selection of our firm.

*Ernst & Young LLP*

Agreed:

LightSquared LP on behalf of itself and its affiliates listed in Attachment I

By: *Stuart Statland* STUART STATLAND VP, Tax Counsel 10-22-2012  
Signature Name (Printed) Title Date

SkyTerra Holdings (Canada) Inc.

By: *Stuart Statland* STUART STATLAND VP Tax Counsel 10-22-2012  
Signature Name (Printed) Title Date

SkyTerra (Canada) Inc.

By: *Stuart Statland* STUART STATLAND VP, Tax Counsel 10-22-2012  
Signature Name (Printed) Title Date

LightSquared Corp.

By: *Stuart Statland* STUART STATLAND VP, Tax Counsel 10-22-2012  
Signature Name (Printed) Title Date

Attachments



## Attachment I

List of State and Local Income and Franchise Tax Returns by Entity  
For the Year Ended December 31, 2012

### 1. LightSquared LP

- Alaska Partnership Income Tax Return
- Arkansas Partnership Income Tax Return
- California Partnership Return of Income
- Colorado Partnership Return of Income
- Florida Partnership Information Return
- Illinois Partnership Replacement Tax Return
- Kansas Partnership or S Corp Income Tax Return
- Kentucky Partnership Income Tax Return
- Louisiana Partnership Return of Income
- Maryland Pass-Through Entity Income Tax Return
- Massachusetts Partnership Return of Income
- Mississippi Partnership/LLP/LLC Income Tax Return
- Missouri Partnership Return of Income
- Montana Montana Partnership Info and Composite Tax Return
- Nebraska Partnership Return of Income
- New York Partnership Return
- North Carolina Partnership Income Tax Return
- Oklahoma Partnership Income Tax Return
- Pennsylvania Partnership Information Return
- South Carolina Partnership Return of Income
- Tennessee Franchise, Excise Tax Return
- Utah Partnership Return of Income
- Virginia Pass-Through Entity Return of Income
- Virginia Corporation Income Tax Return for Telecommunication Companies

### 2. LightSquared Inc. of Virginia

- Virginia Corporation Income Tax Return

### 3. LightSquared Finance Co.

- Virginia Corporation Income Tax Return

**Exhibit B**

**Proposed Order**

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

---

In re:	)	Chapter 11
	)	
LIGHTSQUARED INC., <i>et al.</i> ,	)	Case No. 12-12080 (SCC)
	)	
Debtors. <sup>1</sup>	)	Jointly Administered

---

**ORDER AUTHORIZING MODIFICATION OF SCOPE OF EMPLOYMENT AND  
RETENTION OF ERNST & YOUNG LLP AS TAX SERVICE AND  
AGREED UPON PROCEDURES SERVICE PROVIDER**

Upon the supplemental application (the “Supplemental Application”)<sup>2</sup> of LightSquared Inc. and certain of its subsidiaries and affiliates, as debtors and debtors in possession (collectively, “LightSquared”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), pursuant to section 327(a) of the Bankruptcy Code and Bankruptcy Rule 2014(a) for authorization to modify the scope of employment and retention of Ernst & Young LLP (“EY LLP”) to provide the Additional Services, as defined in the Supplemental Application; and upon the declarations of Michael Warsaw, partner of EY LLP, submitted in support of the Original Application and the Supplemental Application (collectively, the “Declarations”); and the Court

---

<sup>1</sup> The debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal or foreign tax or registration identification number, are: LightSquared Inc. (8845), LightSquared Investors Holdings Inc. (0984), One Dot Four Corp. (8806), One Dot Six Corp. (8763), SkyTerra Rollup LLC (N/A), SkyTerra Rollup Sub LLC (N/A), SkyTerra Investors LLC (N/A), TMI Communications Delaware, Limited Partnership (4456), LightSquared GP Inc. (6190), LightSquared LP (3801), ATC Technologies, LLC (3432), LightSquared Corp. (1192), 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. (9116), SkyTerra (Canada) Inc. (9314) and One Dot Six TVCC Corp. (0040). The location of the debtors’ corporate headquarters is 10802 Parkridge Boulevard, Reston, VA 20191.

<sup>2</sup> Unless otherwise defined herein, all capitalized terms shall have the meaning ascribed to them in the Supplemental Application or the Final Order, Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507, (A) Authorizing Inc. Obligors To Obtain Postpetition Financing, (B) Granting Liens and Providing Superpriority Administrative Expense Status, (C) Granting Adequate Protection, and (D) Modifying Automatic Stay [Docket No. 224], as applicable.



being satisfied, based on the representations made in the Declarations, that EY LLP continues to be a “disinterested person” as defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and, as required by section 327(a) and referenced by section 328(c) of the Bankruptcy Code, neither holds nor represents any interest adverse to the Debtors and their estates, and otherwise meets the standards for employment under the Bankruptcy Code; and the Court having jurisdiction to consider the Supplemental Application and the relief requested therein pursuant to 28 U.S.C. § 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 19, 1984 (Ward, Acting C.J.); and consideration of the Supplemental Application and the requested relief being a core proceeding the Bankruptcy Court can determine pursuant to 28 U.S.C. § 157(b)(2); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Supplemental Application having been provided, and it appearing that no other or further notice need be provided; and the relief requested in the Supplemental Application being in the best interests of LightSquared and its estates and creditors; and the DIP Agent and DIP Lenders having consented to the relief requested in the Supplemental Application, including the provision of services to certain of LightSquared’s non-debtor subsidiaries and LightSquared’s payment therefor; and the Court having reviewed the Supplemental Application; and the Court having determined that the legal and factual bases set forth in the Supplemental Application establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is hereby **ORDERED** that:

1. The Supplemental Application is approved as set forth herein.

2. LightSquared is hereby authorized to modify the scope of its employment and retention of EY LLP in the Chapter 11 Cases, *nunc pro tunc* to October 9, 2012, for expansion of EY LLP's scope to include the Additional Services pursuant to the 2012 Tax Compliance SOWs, and *nunc pro tunc* to September 13, 2012, for the Additional Services pursuant to the 2011 LightSquared LP Tax Compliance SOW Amendment, which statements of work and amendment are hereby approved.

3. EY LLP shall continue to be compensated in accordance with, and will file interim and final fee applications for the allowance of compensation for services rendered and reimbursement of expenses incurred in accordance with, sections 330 and 331 of the Bankruptcy Code, applicable Bankruptcy Rules, Local Bankruptcy Rules, Standing Order Establishing Procedures For Monthly Compensation and Reimbursement of Expenses of Professionals [M-412] (Dec. 21, 2010), the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases [M-389] (Nov. 25, 2009), and the United States Trustee Guidelines (collectively, the "Fee Guidelines"), the Order Authorizing and Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals, filed June 11, 2012 [Docket No. 122], and any applicable orders of this Court.

4. EY LLP shall be reimbursed only for documented, actual, reasonable, and necessary expenses as provided by the Fee Guidelines.

5. Prior to any increases in rates, EY LLP shall file a supplemental affidavit with the Court and give ten (10) business days' notice to LightSquared and the United States Trustee, which supplemental affidavit shall explain the basis for the requested rate increases in accordance with section 330(a)(3)(F) of the Bankruptcy Code and indicate whether the client has received notice of and approved the proposed rate increase.

6. EY LLP shall, to the extent possible, allocate its readily allocable fees and expenses among the Inc. Group<sup>3</sup> and LP Group<sup>4</sup> in its monthly fee statements, interim fee applications, and final fee application. For fees and expenses that cannot be readily allocated, the estates will propose an allocation that shall be reasonably acceptable to the Prepetition Inc. Agent and Prepetition LP Agent or approved by the Court after notice and a hearing. The Court will determine in connection with any objection to a fee statement, interim fee application, and the final fee application any allocation disputes among the Inc. Group and the LP Group. The failure of any party in interest to object to any monthly statement or interim fee application in respect of the allocation of fees and expenses or otherwise shall not prejudice such party's right to object to the final fee application on any grounds, including, without limitation, the allocation of fees and expenses.

7. Notwithstanding anything in the EY LLP engagement letter documents or the Original Application to the contrary, any future amendment or modification to LightSquared's engagement of EY LLP shall take effect after fourteen (14) days' notice of such proposed amendment or modification (signed by LightSquared and EY LLP) to: (a) the U.S. Trustee, (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 Prepetition Agents and the DIP Agent, (d) counsel to the ad hoc secured group of Prepetition LP Lenders, (e) counsel to Harbinger Capital Partners LLC, (f) the Internal Revenue Service, (g) the United

---

<sup>3</sup> 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.

<sup>4</sup> 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.

States Attorney for the Southern District of New York, (h) the Federal Communications Commission, (i) Industry Canada, and (j) all parties who have filed a notice of appearance in the Chapter 11 Cases. If no objection is filed within the fourteen (14)-day notice period, the proposed amendments or modifications shall take effect without any further notice, hearing, or requirement for an order of the Court. If an objection is filed and served within the fourteen (14)-day notice period, the matter shall be scheduled for the next omnibus hearing date. Notwithstanding the foregoing, nothing in this order shall affect LightSquared's ability to remove work scope from the scope of EY LLP's employment in its judgment.

8. To the extent that there may be any inconsistency between the terms of the Supplemental Application and this Order, the terms of this Order shall govern.

9. LightSquared is authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Supplemental Application.

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

11. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

Dated: New York, New York  
\_\_\_\_\_, 2012

---

THE HONORABLE SHELLEY C. CHAPMAN  
UNITED STATES BANKRUPTCY JUDGE

No Objection: 11/7/12

Susan D. Golden  
Office of United States Trustee