Court File No. CV-25-00734802-00CL

Ligado Networks LLC *et al*

PRE-FILING REPORT OF FTI CONSULTING CANADA INC. IN ITS CAPACITY AS PROPOSED INFORMATION OFFICER

January 14, 2025

TABLE OF CONTENTS

Section	Page
INTRODUCTION	3
TERMS OF REFERENCE	7
FTI CANADA’S QUALIFICATIONS TO ACT AS INFORMATION OFFICER AND ITS AFFILIATES	8
BACKGROUND INFORMATION ON DEBTORS	9
CENTRE OF MAIN INTEREST	18
OVERVIEW OF THE PROPOSED RESTRUCTURING PROCESS	19
THE RESTRUCTRUING SUPPORT AGREEMENT	20
THE DIP FACILITY	23
OVERVIEW OF THE AST TRANSACTION	34
DEBTORS’ MOTION FOR ENTRY OF AN ORDER AUTHORIZING PAYMENT OF THE AST TRANSACTION BREAK-UP FEE AND BREAK-UP REIMBURSEMENTS	37
CASH FLOW FORECAST FOR THE CANADIAN DEBTORS FOR THE 13-WEEK PERIOD ENDING APRIL 4, 2025	40
DEBTORS’ CASH MANAGEMENT SYSTEM AND INTERCOMPANY TRANSACTIONS	43
FIRST DAY ORDERS	46
THE CHARGES PROPOSED UNDER THE SUPPLEMENTAL ORDER	52
ACTIVITIES OF THE PROPOSED INFORMATION OFFICER TO DATE	54
CONCLUSION	55

Court File No. CV-25-00734802-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF LIGADO NETWORKS LLC, LIGADO NETWORKS CORP., LIGADO NETWORKS HOLDINGS (CANADA) INC., LIGADO NETWORKS (CANADA) INC., ATC TECHNOLOGIES, LLC, LIGADO NETWORKS INC. OF VIRGINIA, ONE DOT SIX LLC, ONE DOT SIX TVCC LLC, LIGADO NEWORKS SUBSIDIARY LLC, LIGADO NETWORKS FINANCE LLC, AND LIGADO NETWORKS BUILD LLC

APPLICATION OF LIGADO NETWORKS LLC UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C., 1985, c. C-36, AS AMENDED

PRE-FILING REPORT OF FTI CONSULTING CANADA INC. IN ITS CAPACITY AS PROPOSED INFORMATION OFFICER

INTRODUCTION

1. On January 5, 2025 (the "**Petition Date**"), Ligado Networks LLC ("**Ligado**") and certain of its affiliates (collectively, the "**Debtors**"), including Ligado Networks Corp. ("**Networks Corp.**"), Ligado Networks Holdings (Canada) Inc. ("**Holdings**") and Ligado Networks (Canada) Inc. ("**Networks Inc.**", and collectively with Networks Corp. and Holdings, the "**Canadian Debtors**"), filed voluntary petitions for relief (collectively, the "**Petitions**" and each a "**Petition**") in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Court**") under chapter 11 of title 11 of the United States Code (the "**U.S. Bankruptcy Code**"). The proceedings before the U.S. Court commenced by the Petitions are hereinafter referred to as the "**Chapter 11 Cases**".

2. The purpose of the Chapter 11 Cases and the proposed Canadian recognition proceedings (the "**Recognition Proceedings**") is to provide a stabilized environment for the Debtors to continue to operate in the normal course while they implement an orderly restructuring for the benefit of all stakeholders, which is contemplated to include execution of definitive

documentation for and consummation of a long-term commercial transaction with the support of key stakeholders as documented in the RSA (as defined below) and pursuit of the Debtors' rights and compensation as applicable against certain branches of the U.S. Government (as defined below, and with reference to the Debtors' legal action against the U.S. Government, the "**Takings Litigation**") and Inmarsat Global Limited ("**Inmarsat**") as a counterparty to the Cooperation Agreement (as defined below) with the Debtors. Development of the Debtors' technology and commercial ecosystem to fully deploy their spectrum assets is also contemplated to continue in parallel.

3. On January 14, 2025, Ligado in its capacity as the proposed foreign representative of the Debtors (the "**Foreign Representative**") in respect of the Chapter 11 Cases filed an application under the Part IV of the *Companies' Creditors Arrangement Act, R.S.C., 1985, c. C-36,* as amended (the "**CCAA**") with the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**") seeking the following relief:

   (a) an initial recognition order (the "**Initial Recognition Order**") recognizing the Chapter 11 Cases and granting, *inter alia*, a stay of proceedings against the Debtors; and

   (b) a supplemental order (the "**Supplemental Order**"), as described later in this Report, granting various relief including the recognition of certain First Day Orders (defined below) issued in the Chapter 11 Cases and the appointment of FTI Consulting Canada Inc. ("**FTI Canada**") as information officer (in such capacity, the "**Information Officer**").

4. Several first day motions filed by the Debtors in the Chapter 11 Cases (collectively, the "**First Day Motions**") for various orders (collectively, the "**First Day Orders**") were heard before the U.S. Court on January 7, 2025 (the "**First Day Hearing**"). Following the First Day Hearing, the U.S. Court granted the First Day Orders. The Foreign Representative is seeking recognition of the following First Day Orders pursuant to Part IV of CCAA:

   (a) *Order Authorizing Ligado Networks LLC to Act as Foreign Representative Pursuant to 11 U.S.C. §1505* (the "**Foreign Representative Order**");

   (b) *Interim Order (i) Authorizing the Debtors to (a) Continue to Operate their Cash Management System and Maintain Existing Bank Accounts, (b) Utilize their Credit*

Cards, and (c) Engage in Intercompany Transactions, (ii) Granting a Waiver of the Requirements of Section 345(b) of the U.S. Bankruptcy Code and U.S. Trustee Guidelines, and (iii) Granting Related Relief (the "**Interim Cash Management Order**");

(c) *Order (i) Directing Joint Administration of Chapter 11 Cases and (ii) Granting Related Relief* (the "**Joint Administration Order**");

(d) *Interim Order (i) Authorizing the Debtors to (a) Maintain Insurance Policies and Surety Bond Program and Honor Obligations Thereunder, and (b) Renew, Amend, Supplement, Extend, or Purchase Insurance Policies and Surety Bonds, and (ii) Granting Related Relief* (the "**Interim Insurance Order**");

(e) *Interim Order (i) Authorizing the Payment of Certain Taxes and Fees and (ii) Granting Related Relief* (the "**Interim Tax Order**");

(f) *Interim Order (i) Approving the Proposed Adequate Assurance of Payment for Future Utility Services and Related Procedures, (ii) Prohibiting Utility Companies to Alter, Refuse, or Discontinue Services, and (iii) Granting Related Relief* (the "**Interim Utilities Order**");

(g) *Interim Order (i) Authorizing the Debtors to (a) Satisfy Prepetition Obligations on Account of Compensation and Benefits Programs and (b) Continue Compensation and Benefits Programs, and (ii) Granting Related Relief* (the "**Interim Wages Order**");

(h) *Order (i) Authorizing and Approving the Appointment of Omni Agent Solutions, Inc. as Claims and Noticing Agent and (ii) Granting Related Relief* (the "**Omni Retention Order**");

(i) *Order (i) Authorizing the Debtors to Redact Certain Personal Identification Information and (ii) Granting Related Relief* (the "**Personal Information Redaction Order**"); and

(j) *Interim Order (i) Authorizing the Debtors to (a) Obtain Postpetition Financing and (b) Use Cash Collateral; (ii) Granting Liens and Superpriority Administrative Expense Claims; (iii) Granting Adequate Protection; (iv) Modifying the Automatic Stay; (v)*

Scheduling a Final Hearing; and (vi) Granting Related Relief (the "**Interim DIP Order**").

5. This report (the "**Pre-Filing Report**") has been filed by FTI Canada as the proposed information officer (in such capacity, the "**Proposed Information Officer**") in these Recognition Proceedings to inform the Canadian Court on the following with respect to the relief sought by the Foreign Representative during the hearing scheduled for January 16, 2025 (the "**Initial Recognition Hearing**"):

(a) the qualifications of FTI Canada to act as Information Officer and an overview of the involvement of FTI Canada and its affiliates with the Debtors to date;

(b) certain background information regarding the Debtors and their business, including the Canadian Debtors, a financial overview of the Debtors and their capital structure, employee matters, and other relevant information;

(c) the Proposed Information Officer's views in relation to the Initial Recognition Order with respect to recognition of the Chapter 11 Cases as "foreign main proceedings" in respect of the Debtors, and Ligado as the "foreign representative", as such terms are defined in section 45 of the CCAA;

(d) an overview of the proposed restructuring process, including the following:

i. a synopsis of events leading up to the Petition Date;

ii. the restructuring support agreement dated January 5, 2025 (the "**RSA**");

iii. a senior secured postpetition financing facility (the "**DIP Facility**"); and

iv. an overview of the AST Transaction (as defined below);

(e) the results of the security review completed by Stikeman Elliott LLP as legal counsel to the Proposed Information Officer (the "**Proposed Information Officer's Counsel**");

(f) the cash flow forecast for the Canadian Debtors for the 13-week period ending April 4, 2025;

(g) the Debtors' cash management system and intercompany transactions;

(h) the Proposed Information Officer's views regarding the Foreign Representative's application for the Supplemental Order, including among other things:

   i. recognizing certain of the First Day Orders;

   ii. granting a charge on the Canadian Debtors' property in Canada in favour of Canadian counsel to the Foreign Representative and the Canadian Debtors, the Information Officer, and counsel to the Information Officer, up to a maximum amount of CAD$750,000 (the "**Administration Charge**"), as security for their respective professional fees and disbursements incurred in respect of these Recognition Proceedings both before and after the date of the proposed Supplemental Order;

   iii. granting a charge on the Canadian Debtors' property in Canada in favour of the DIP Lenders (defined below) to secure the debtor-in-possession ("**DIP**") financing obligations outstanding from time to time pursuant to the DIP Loan Agreement (defined below); and

(i) the activities of the Proposed Information Officer to date.

TERMS OF REFERENCE

6. In preparing this Pre-Filing Report, the Proposed Information Officer has relied upon unaudited financial information prepared by the Debtors and their representatives, the Debtors' books and records, and discussions with Canadian counsel to the Foreign Representative and the Canadian Debtors (collectively, the "**Information**").

7. Except as described in this Pre-Filing Report:

   (a) the Proposed Information Officer has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Canadian Auditing Standards pursuant to the *Chartered Professional Accountants of Canada Handbook* (the "**Handbook**") and, accordingly, the Proposed Information Officer expresses no opinion or other form of assurance in respect of the Information; and

(b) the Proposed Information Officer has not examined or reviewed forecasts and projections referred to in this Pre-Filing Report in a manner that would comply with the procedures described in the Handbook.

8. Future oriented financial information reported in or relied on in preparing this Pre-Filing Report is based on the assumptions and estimates of the Debtors' management. Actual results may vary from such Information and these variations may be material.

9. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars. Capitalized terms used but not defined herein have the meanings ascribed to them in the Declaration of Douglas Smith, Chief Executive Officer of Ligado, in support of the Petitions and the First Day Motions (the "**Smith Declaration**") attached hereto (without Exhibits) as **Appendix "A"**, or the Affidavit of Douglas Smith sworn January 14, 2025 (the "**Smith Affidavit**") attached hereto (without Exhibits) as **Appendix "B"**.

FTI CANADA'S QUALIFICATIONS TO ACT AS INFORMATION OFFICER AND ITS AFFILIATES

Qualifications to Act

10. FTI is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended. FTI Canada has consented to act as the Information Officer if the Canadian Court grants the Initial Recognition Order and the Supplemental Order sought by the Foreign Representative. A copy of FTI Canada's consent to act is attached hereto as **Appendix "C"**.

11. FTI Canada personnel are familiar with the business and operations of the Debtors, including the Canadian Debtors, and the key issues and stakeholders in these Recognition Proceedings. Further, FTI Canada has substantial experience in domestic and cross-border restructuring proceedings under the CCAA, including acting as the court-appointed information officer in other complex mandates.

12. FTI Canada has searched its global conflicts database in accordance with its usual practice and internal policies. FTI Canada is not aware of any conflict of interest that would prevent it from acting as the Information Officer in these Recognition Proceedings.

Involvement to Date of FTI Canada and its Affiliates

13. FTI Consulting, Inc. ("**FTI U.S.**"), FTI Canada's U.S. parent company, was engaged as financial advisor to the Debtors pursuant to an engagement letter dated June 22, 2022 (the "**FTI Engagement Letter**") and has been active in providing assistance and advice to the Debtors since that time. FTI's role has been to provide financial, strategic and restructuring advice, including assisting the Debtors in preparing for the filing of the Chapter 11 Cases and these Recognition Proceedings. Since December 18, 2024, FTI Canada personnel supported the FTI U.S. team, assisting in the delivery of Canadian restructuring expertise and advice as required and, in particular, with respect to the business and operations of the Canadian Debtors.

14. Neither FTI Canada nor FTI U.S. have provided any accounting or auditing services to the Debtors. Fees payable to FTI Canada and FTI U.S. pursuant to the FTI Engagement Letter are determined on an hourly basis. No success or incentive-based compensation is payable under the FTI Engagement Letter.

BACKGROUND INFORMATION ON DEBTORS

15. A detailed description of the Debtors, including the Canadian Debtors, their businesses, corporate structure, prepetition capital structure and indebtedness, and the events preceding the Chapter 11 Cases and these Recognition Proceedings is provided in the Smith Declaration and Smith Affidavit. Certain of such information is summarized below.

Overview of the Debtors and Their Business

16. The Debtors are a mobile communications company that operates a satellite network across North America providing mobile satellite services ("**MSS**") to government and commercial customers for over 25 years. Ligado's strategy is to evolve its existing satellite services to integrate with terrestrial networks and communicate directly with mobile phones by developing solutions for 5th generation public and private networks using licensed and leased spectrum in the "L-Band" – an attractive lower mid-band in the one- to two-gigahertz spectrum category.

17. Ligado is licensed by the United States Federal Communications Commission ("**FCC**") and Innovation, Science & Economic Development Canada ("**ISED**") as a MSS operator in the L-Band in the United States and Canadian parts of the International Telecommunication Union Region 2. In total, Ligado maintains access to over 35 megahertz of MSS spectrum in the United States and Canada.

18. In the United States, the debtors operate the SkyTerra-1 satellite. In Canada, the Debtors are authorized to provide service using the SkyTerra-1 satellite, and in addition, ISED has authorized the Debtors in principle to operate the SkyTerra-2 satellite which is constructed and stored in preparation for launch into a Canadian orbital location.

19. Ligado's common equity is privately held by certain investment funds or vehicles. Ligado also has five series of preferred equity held by approximately 40 various investment funds or vehicles, including certain holders of the common equity.

20. Ligado owns, directly or indirectly, ten entities – each of which is a Debtor in the Chapter 11 Cases, including seven U.S.-domiciled Debtors (the "**U.S. Debtors**") and three Canadian Debtors. With respect to the Canadian Debtors, Networks Corp. and Networks Inc. are wholly-owned subsidiaries of Ligado while Networks Inc. is directly and indirectly owned by Ligado via Holdings. The organizational chart for Ligado, excerpted from the Smith Affidavit, is attached hereto as **Appendix "D"**.

21. Networks Corp. is the sole operating entity in Canada and operates from four locations, which include: i) a regional Canadian office and satellite gateway ground station located in Ottawa, Ontario; ii) a satellite gateway ground station located in Saskatoon, Saskatchewan; iii) a spectrum management site ("**SCMS**") in St. John's, Newfoundland; and, iv) a SCMS in Whitehorse, Yukon. Networks Inc. and Networks Corp. hold the Canadian spectrum and regulatory licenses on behalf of the Debtors, and Holdings is an inactive holding company without books or records.

Financial Overview

22. Standalone financial statements are not prepared on behalf of the Canadian Debtors in relation to the Canadian Debtors' business in Canada. Rather, financial statements for the Debtors are prepared quarterly on a consolidated basis. For the most recent compiled quarter

ended September 30, 2024, on a consolidated basis, the Debtors had approximately $2.6 billion in total assets and approximately $8.7 billion in total liabilities. For the nine-month period ended September 30, 2024, with total revenues of approximately $7 million and operating expenses of $292 million, the Debtors experienced an operating loss of approximately $285 million on a consolidated basis. Attached hereto as **Appendix "E"** is a copy of the financial statements for the third quarter ended September 30, 2024.

23. As of November 30, 2024, by book value and based on unaudited internal financial statements, the Canadian Debtors had total assets of approximately $6 million (excluding intercompany receivables), and total liabilities of approximately $6 million (excluding intercompany payables), of which approximately $1 million were current liabilities. These figures exclude the Canadian Debtors' contingent obligations as a guarantor of the obligations under the Prepetition First Lien Notes, the Prepetition First Lien Loan Facility, the Prepetition 1.5 Lien Loan Facility, and the Prepetition Second Lien Notes (each as defined below). For the nine-month period ended September 30, 2024, with total revenues of approximately $2 million and operating expenses of approximately $9 million, the Canadian Debtors experienced an operating loss of approximately $7 million.

24. The Canadian Debtors are reliant on Ligado and the other U.S. Debtors financially to fund the Canadian Debtors' operations. To date, the Canadian Debtors have been financially supported by Ligado by way of the Intercompany Transactions (as defined below).

Capital Structure Overview

25. As set out in the Smith Declaration, the Debtors' capital structure can be summarized as follows:

Obligation	Maturity / Redemption	Approximate Principal Amount Outstanding / Liquidation Preference (Amounts stated in millions)
Funded Debt Obligations		
Prepetition First Out Term Loans	November 1, 2023[1]	$319.5
Prepetition First Lien Notes	November 1, 2023	$5,491.8
Prepetition First Lien Senior Pari Term Loans	November 1, 2023	$122.3
Prepetition 1.5 Lien Facility	February 2, 2024	$591.5
Prepetition Second Lien Notes	May 1, 2024	$2,050.0
Preferred Equity		
Series A-0 Preferred Units	N/A	$6,230.7
Series A-1 Preferred Units	N/A	$1,672.8
Series A-2 Preferred Units	N/A	$326.9
Series B Preferred Units	N/A	$294.1
Series C Preferred Units	N/A	$658.1
Common Equity		
Series A Common Units	N/A	N/A
Series B Common Units	N/A	N/A

Funded Debt Obligations

26. As of the Petition Date, the Debtors' capital structure included approximately $8.6 billion in funded debt obligations, which can be summarized as follows:

(a) Prepetition First Lien Notes: Ligado originally issued $2.85 billion aggregate principal amount of 15.5% PIK Senior Secured First Lien Notes due 2023 at an issue price of 100% of par value (the "**Prepetition First Lien Notes**") pursuant to a certain Indenture dated October 23, 2020 (collectively, as amended, restated, amended and restated, or otherwise modified, the "**Prepetition First Lien Indenture**"). U.S. Bank National Association is the trustee and collateral trustee for the Prepetition First Lien Notes. Until November 1, 2023, the Prepetition First Lien Notes carried interest at a rate of 15.5% per annum payable in kind. Under a

[1] All loans issued after this date pursuant to the Prepetition First Out Term Loans are payable on demand.

forbearance agreement with more than a majority of the outstanding principal amount of the Prepetition First Lien Notes dated October 20, 2023, which forbearance date was further extended to the earlier of February 7, 2025, or seven days following the extended date for deferred payments as set forth in the Cooperation Agreement (as defined below), the Debtors paid interest at the default rate of 17.5% per annum payable in kind starting from November 1, 2023. The Prepetition First Lien Notes are guaranteed by Ligado's subsidiaries (including the Canadian Debtors) and secured by first-priority liens on and security interests in substantially all the Debtors' assets excluding certain "excluded property" (the "**Prepetition Collateral**"). As of the Petition Date, an aggregate amount of approximately $5.5 billion was outstanding under the Prepetition First Lien Notes.

(b) Prepetition First Lien Loan Facility: Ligado is the borrower under a certain First Lien Loan Agreement dated December 23, 2022 (collectively, as amended, restated, amended and restated, or otherwise modified, the "**Prepetition First Lien Loan Agreement**" and the facility made available thereunder, the "**Prepetition First Lien Loan Facility**" and collectively with the Prepetition First Lien Notes, the "**Prepetition First Lien Debt**") that provides for up to (i) $122.3 million in term loans secured on a *pari passu* basis with the Prepetition First Lien Notes (the "**Prepetition First Lien Senior Pari Term Loans**"), and (ii) $319.5 million in term loans that are secured on a *pari passu* basis with the Prepetition First Lien Notes but are "first out" in payment priority under a certain intercreditor agreement (the "**Prepetition First Out Term Loans**"). U.S. Bank Trust Company, National Association is the administrative agent and collateral agent for the Prepetition First Lien Loan Facility. Until November 1, 2023, in respect of the Prepetition First Lien Loan Facility, Ligado paid interest at a rate of 15.5% per annum payable in kind. Under a forbearance agreement dated October 20, 2023, which forbearance date was further extended to the earlier of February 7, 2025, or seven days following the extended date for deferred payments as set forth in the Cooperation Agreement, the Debtors paid interest at the default rate of 17.5% per annum payable in kind starting from November 1, 2023. The Prepetition First Lien Loan Facility is guaranteed by Ligado's subsidiaries (including the Canadian Debtors) on a *pari passu* basis with

the Prepetition First Lien Notes and secured by first-priority liens on and security interests in the Prepetition Collateral on a *pari passu* basis with the Prepetition First Lien Notes. As of the Petition Date, an aggregate amount of approximately $441.8 million was outstanding under the Prepetition First Lien Loan Facility.

(c) Prepetition 1.5 Lien Facility: Ligado is the borrower under a certain 1.5 Lien Loan Agreement dated May 27, 2020 (collectively, as amended, restated, amended and restated, or otherwise modified, the "**Prepetition 1.5 Lien Loan Agreement**", and the facility made available thereunder, the "**Prepetition 1.5 Lien Loan Facility**"). Jefferies Finance LLC is the administrative agent and U.S. Bank Trust Company, National Association is the successor collateral agent for the Prepetition 1.5 Lien Facility. Under the Prepetition 1.5 Lien Facility, borrowings accrued interest at the greater of (i) SOFR and (ii) 1.00% plus the applicable margin (20.0% plus 15 bps) until the maturity date of May 1, 2024. Under a forbearance agreement dated January 19, 2024, Ligado pays interest as described above plus 2.00% to account for the default interest rate. The Prepetition 1.5 Lien Facility is guaranteed by Ligado's subsidiaries (including the Canadian Debtors) on a 1.5 priority basis and secured by 1.5-priority liens on and security interests in the Prepetition Collateral. As of the Petition Date, an aggregate amount of approximately $591.5 million was outstanding under the Prepetition 1.5 Lien Facility.

(d) Prepetition Second Lien Notes: Ligado originally issued $1.0 billion aggregate principal amount of 17.5% PIK Senior Secured Second Lien Notes due 2024 at an issue price of 75% of par value (the "**Prepetition Second Lien Notes**", and together with the Prepetition First Lien Debt and the Prepetition 1.5 Lien Loan Facility, the "**Prepetition Secured Debt**") pursuant to a certain Indenture dated October 23, 2020 (collectively, as amended, restated, amended and restated, or otherwise modified, the "**Prepetition Second Lien Indenture**"). U.S. Bank National Association is the trustee and collateral trustee for the Prepetition Second Lien Notes. Until May 1, 2024, the Prepetition Second Lien Notes carried interest at a rate of 17.5% per annum payable in kind. Under a forbearance agreement dated January 19, 2024, which forbearance date was further extended to the earlier of February 7, 2025, or seven days following the extended date for deferred payments

as set forth in the Cooperation Agreement, the Debtors paid interest at the default rate of 19.5% per annum payable in kind starting from May 1, 2024. The Prepetition Second Lien Notes are guaranteed on a second lien priority basis by Ligado's subsidiaries (including the Canadian Debtors) and secured by second-priority liens on and security interests in the Prepetition Collateral. As of the Petition Date, an aggregate amount of approximately $2.0 billion was outstanding under the Prepetition Second Lien Notes.

Membership Interests

27. As of the Petition Date, Ligado had 100,000,000 issued and outstanding preferred units (out of 100,000,000 authorized), and 10,000,000 issued and outstanding common units (out of 20,000,000 authorized).

(a) **Series A-0 Preferred Units**: Ligado has issued 20,000,000 Series A-0 Preferred Units, which are entitled to distributions in accordance with the waterfall set forth in the Amended and Restated Operating Agreement dated October 23, 2020, and generally have priority over the Series A-1 and A-2 Preferred Units, Series B Preferred Units, and Series C Preferred Units.

(b) **Series A-1 and A-2 Preferred Units**: Ligado has issued 20,000,000 Series A-1 Preferred Units and 20,000,000 Series A-2 Preferred Units, which have a liquidation preference equal to approximately $1.6 billion and $326 million, respectively. The Series A-1 Preferred Units generally have priority over the Series A-2 Preferred Units, the Series B Preferred Units and the Series C Preferred Units; however, after a certain amount of distributions have been paid out to the Series A-0 Preferred Units and the Series A-1 Preferred Units, the Series A-1 Preferred Units and the Series A-2 Preferred Units share pro rata with the Series B Preferred Units and Series C Preferred Units – all based on their respective liquidation preferences.

(c) **Series B Preferred Units**: Ligado has issued 20,000,000 Series B Preferred Units with a liquidation preference of approximately $294 million. The Series B Preferred Units generally have priority over the Common Units.

(d) **Series C Preferred Units**: Ligado has issued 20,000,000 Series C Preferred Units with a liquidation preference of approximately $658 million. The Series C Preferred Units generally have priority over the Common Units.

(e) **Common Units**: Ligado has issued 9,700,000 Series A Common Units (out of 19,400,000 authorized) and 300,000 Series B Common Units (out of 600,000 authorized). The Series A Common Units rank pari passu with the Series B Common Units in liquidation and distributions, and both have certain limited voting rights. With respect to distributions of available cash and distributions upon liquidation, the Series A and B Common Units are subordinated to the Series A-0 Preferred Units, Series A-1 Preferred Units, Series A-2 Preferred Units, Series B Preferred Units and Series C Preferred Units.

Unsecured Debt Obligations

28. The Debtors do not have any unsecured funded debt obligations.

29. The Canadian Debtors do not have any funded debt obligations (other than their contingent obligations as guarantors of the Prepetition Secured Debt). As of the Petition Date, the Canadian Debtors had approximately $10 thousand of trade payables (unsecured) outstanding.

30. In the ordinary course, the Canadian Debtors incur trade debt with certain vendors and suppliers in connection with the operation of the Canadian business. These unsecured liabilities are incurred primarily to facilitate operations within Canada and typically include rent, utilities, sales and marketing, employee-related liabilities, and administrative expenses.

31. The Proposed Information Officer understands that the Debtors intend to continue to pay trade obligations as they come due.

Employees

32. The Debtors employ approximately eighty employees of which forty-nine employees are based in the United States and thirty-one employees are based in Canada. None of the employees are unionized. The Debtors supplement their workforce with consultants and independent contractors depending on their business needs.

33. The Canadian employees provide regional support to Ligado for operations, product management, sales and marketing, accounting and legal administrative support. There are neither core business functions nor members of Ligado's senior management ("**Management**") team located in Canada. As a result, the Canadian Debtors could not continue operations without the operational support provided by the U.S. Debtors and Management.

34. Canadian employees are paid on a bi-weekly basis, which accounts for amounts owing for the preceding two week pay period. As of the Petition Date, the Canadian Debtors were current on all payroll obligations and source deductions.

35. The Canadian employees are also eligible to participate in certain bonus programs. As of the Petition Date, there are no bonus amounts outstanding under the Transaction Commission Plan, the referral bonus program, the patent bonus program, and the annual bonus program (the "**Annual Bonus Program**"). The Annual Bonus Program, in which employees receive an annual target based on their salary, was modified for fiscal 2024 and is payable 50% quarterly with the remaining 50% payable upon consummation of a transaction. The Annual Bonus Program has been approved for fiscal 2025, and all quarterly payments owing for fiscal 2024 were made prepetition.

36. The Debtors maintain a number of benefits programs for the Canadian employees. The Canadian employees are automatically enrolled in the Canadian comprehensive benefits program with the Manufacturers Life Insurance Company (the "**Comprehensive Plan**"), which provides comprehensive benefits coverage for, among other things, dental, vision, physiotherapy, and other health benefits subject to certain annual service maximums. The Debtors pay 100% of the premiums for enrolled Canadian Employees. The Debtors also provide supplemental mental health services, life insurance, accidental death and dismemberment insurance and short- and long-term disability coverage to Canadian employees at no additional cost. Certain Canadian employees elect additional voluntary insurance coverage, which is paid for by participating employees. The Debtors estimate that there are no amounts outstanding with respect to the benefits programs for the Canadian employees and intend to honour these obligations in the normal course.

37. The Canadian Debtors also provide a registered defined contribution pension plan (the "**DC Plan**") whereby Canadian employees must contribute 5% of their earnings up to a certain limit with 6.5% of their earnings contributable in excess of the limit. The Canadian Debtors match the contributions on a dollar-for-dollar basis. The Debtors estimate that there are no amounts outstanding with respect to the DC Plan and intend to honour these obligations in the normal course.

38. In addition to the Comprehensive Plan and the DC Plan, Canadian employees also have access to virtual mental health services, insurance and disability benefits, workers' compensation insurance, paid leave benefits, and employee assistance programs (collectively, with the Comprehensive Plan and the DC Plan, the "**Canadian Benefits Programs**"). The Debtors estimate that there are no amounts outstanding with respect to Canadian Benefits Programs and were granted the requested relief in the Interim Wages Order to continue such plans in the ordinary course and pay costs in the normal course of business for both pre- and post-petition amounts.

CENTRE OF MAIN INTEREST

39. As set out in the Smith Affidavit, the Debtors primary operations and interests are located in the United States with Ligado's headquarters located in Reston, Virginia. While a majority of employees are located in the United States, effectively all of the Debtors' senior leadership, including the D&O's (except one Canadian director) and Management, are located in the United States, and Management exercises primary strategic decision making and control of Ligado and its subsidiaries from the United States. In addition, almost all of the Debtors' accounting services and all of its legal services are located in the United States.

40. The vast majority of the Debtors' business operates in the United States. For reference, the Canadian Debtors hold less than 1% of the Debtors' assets, and account for approximately 3% of Ligado's consolidated total expenses for fiscal 2024. The Canadian Debtors do account for approximately 19% of Ligado's consolidated revenue year-to-date; however, these revenues are primarily with cross-border customers that originated in the United States. As previously indicated, the Canadian Debtors are fully reliant financially on the U.S. Debtors to provide funding to continue operations within Canada.

41. In light of the foregoing and based on the evidence set out in the Smith Affidavit, the Proposed Information Officer is of the view that the Canadian Debtors' "centre of main interest" is in the United States, and that it is appropriate in the circumstances to recognize the Chapter 11 Cases as a "foreign main proceeding" and accordingly recognize Ligado's standing as the Foreign Representative for these Recognition Proceedings.

OVERVIEW OF THE PROPOSED RESTRUCTURING PROCESS

Background

42. Details of the events leading up to the commencement of the Chapter 11 Cases and these Recognition Proceedings are set forth in the Smith Declaration and the Smith Affidavit.

43. In summary, Ligado alleges in the Takings Litigation commenced on October 12, 2023, against certain organizations within the U.S. government, including the Department of Defense, the Department of Commerce, the National Telecommunications and Information Administration, and the United States Congress (collectively, the "**U.S. Government**"), that these governmental branches have unlawfully prevented the Debtors from using or otherwise operating within that portion of the spectrum that the FCC exclusively licensed to the Debtors for terrestrial communications services. Ligado claims these actions have prevented the Debtors' full use of their L-Band license, costing the Debtors significant time and billions of dollars in sunk costs and lost profits – resulting in the Debtors' inability to generate adequate cash flows from operations to fund their operating and capital expenditures.

44. The Debtors' business plan and capital structure is also premised on the benefits of a long-term cooperation agreement entered into in 2007 between Inmarsat, an entity acquired by Viasat Inc. ("**Viasat**") in May 2023, and the Debtors (the "**Cooperation Agreement**"), which coordinates the MSS L-Bank spectrum to provide the Debtors with sufficient contiguous spectrum blocks free from interference to help the Debtors' obtain the ability to provide mobile services to the North American market. Expiring on December 31, 2107, the Cooperation Agreement has been amended many times to address various regulatory, technological and spectrum coordination matters with the Debtors making payments to Inmarsat of more than $1.7 billion to date. Over the past year, the Debtors engaged in

extensive discussions with Viasat around a comprehensive resolution of the Cooperation Agreement to restructure the Debtors' significant payment obligations thereunder; however, after many amendments to the Cooperation Agreement including to further delay payments until January 13, 2025 (after application of the grace period), it became clear to the Debtors that a workable commercial resolution was not achievable when Viasat ultimately refused to provide additional payment extensions unless the Debtors made a substantial payment to Inmarsat for an extension despite knowing that the Debtors did not have sufficient liquidity to do so.

THE RESTRUCTURING SUPPORT AGREEMENT

Overview

45. Despite the inability to reach a commercial resolution with Viasat, the Debtors and their key stakeholders were able to negotiate:

    (a) a restructuring transaction to recapitalize the Debtors' balance sheet; and

    (b) a binding strategic collaboration term sheet with AST & Science, LLC ("**AST**") setting forth the terms of a long-term commercial transaction between the Debtors and AST (the "**AST Transaction**"), which culminated in the signing of the RSA.

46. Specifically, the RSA contemplates a restructuring of the Debtors through the following:

    (a) a prearranged Chapter 11 plan to be developed and approved in the Chapter 11 Cases, and recognized in these Recognition Proceedings;

    (b) the DIP Facility to provide the Debtors with the liquidity necessary to fund the Chapter 11 Cases;

    (c) equitization of all of the Debtors' prepetition funded indebtedness (except for debt that is repaid or rolled up through the DIP Facility);

    (d) retention of preferred and common equity interests and relative priority amongst current equity holders;

    (e) entry into the AST Transaction; and

(f) conversion of the DIP Facility into an exit facility upon the effective date of an acceptable plan pursuant to the DIP Facility.

47. The AST Transaction includes the provision to AST of certain usage rights for the Debtors' L-Band MSS spectrum in exchange for AST contributing certain AST common equity, warrants, convertible notes and/or cash to the Debtors, making certain annual usage-right payments to the Debtors, and paying a certain percentage of revenue derived from AST's use of the spectrum. The AST Transaction is outlined in further detail below.

48. The percentage level of support for the RSA by category of stakeholder is presented in the table below:

Obligation	% of Support for RSA
Funded Debt Obligations	
Prepetition First Out Term Loans	93.3%
Prepetition First Lien Notes	86.9%
Prepetition First Lien Senior Pari Term Loans	99.5%
Prepetition 1.5 Lien Facility	96.9%
Prepetition Second Lien Notes	85.1%
Preferred Equity	
Series A-0 Preferred Units	87.3%
Series A-1 Preferred Units	9.7%
Series A-2 Preferred Units	56.8%
Series B Preferred Units	68.6%
Series C Preferred Units	43.8%
Common Equity	
Series A Common Units	35.4%
Series B Common Units	0%

49. The purpose of the Chapter 11 Cases and these Recognition Proceedings are to provide the Debtors time to achieve the following:

(a) pursue their lawsuit against the U.S. Government to obtain compensation for the taking of the spectrum that the FCC granted exclusively to the Debtors for terrestrial use;

(b) continue the Takings Litigation;

(c) continue development of the technology and commercial ecosystem to deploy their spectrum assets; and

(d) execute definitive documentation for and consummate the AST Transaction.

50. Should Ligado successfully execute its restructuring plan and emerge from the Chapter 11 Cases, Ligado estimates its indebtedness will be reduced from approximately $8.6 billion today to approximately $1.2 billion.

Milestones

51. The RSA sets forth the following key case milestones by which the Debtors' restructuring plan and timeline must comply (each, a "**Milestone**" and collectively, the "**Milestones**"). The table rows highlighted in light blue represent Milestones pertaining to these Recognition Proceedings – specifically, the timeline by which certain orders of the U.S. Court must be recognized by the Canadian Court.

Milestone	Timeline
Commencement of Chapter 11 Cases	No later than 11:59 pm ET on January 5, 2025
Break-Up Fee Motion i) Filing and ii) Scheduling of hearing	i) No later than one day after the Petition Date, Break-Up Fee Motion to be filed. ***Filed January 6, 2025***; and, ii) No later than 22 days after the Petition Date, Break-Up Fee Motion hearing to be scheduled. ***Hearing scheduled for January 27, 2025***
U.S. Court enters Interim DIP Order	No later than five days after the Petition Date. ***Interim DIP Order entered on January 8, 2025***
Canadian Court grants Initial Recognition Order and recognizes Interim DIP Order	No later than 10 business days after the Petition Date ***Initial Recognition Hearing scheduled for January 16, 2025***
U.S. Court enters Break-Up Fee Order (as defined below)	No later than 35 days after the Petition Date
U.S Court enters Final DIP Order	No later than 35 days after the Petition Date
Canadian Court recognizes Final DIP Order	No later than 10 business days after U.S. Court entry of the Final DIP Order
Debtors to execute definitive documents for AST Transaction ("**AST Definitive Agreements Execution Milestone**")	No later than 75 days after the Petition Date

Debtors to file motion to approve definitive documents for AST Transaction	No later than 75 days after the Petition Date
Debtors to file the Chapter 11 plan, Disclosure Statement, and motion seeking approval of Solicitation Materials	No later than 75 days after the Petition Date
Company and Required Consenting Creditors to agree on form of new Management Incentive Plan	No later than 7 days after the AST Definitive Agreements Execution Milestone
U.S. Court enters the Disclosure Statement Order	No later than 110 days after the Petition date
U.S. Court enters AST Definitive Agreements Order	No later than 110 days after the Petition date
U.S. Court shall have entered the Confirmation Order	No later than 145 days after the Petition date
Canadian Court recognizes Confirmation Order	No later than 10 days after the entry of the Confirmation Order by the U.S. Court
Effective date of the Chapter 11 plan	No later than 40 months after the Petition Date

THE DIP FACILITY

Background

52. Capitalized terms used but not immediately defined in this section shall have the meanings ascribed to such terms in: (a) the senior secured super-priority debtor in possession loan agreement dated January 5, 2025 (the "**DIP Loan Agreement**") by and among Ligado Networks LLC, as borrower, the Subsidiary Guarantors (as such term is defined therein), U.S. Bank Trust Company, National Association as administrative agent (in such capacity, the "**DIP Agent**"), and the lenders party thereto from time to time; (b) the Interim DIP Order; or, (c) the declaration of Bruce Mendelsohn, Partner and Global Head of the Financing and Capital Solutions Group at Perella Weinberg Partners L.P. ("**PWP**") dated January 6, 2025, in support of the Debtors' motion for entry of the Interim DIP Order, granted, and the final DIP order (the "**Final DIP Order**") sought, as applicable (the "**DIP Declaration**").

53. The proposed Information Officer understands that the Debtors, without access to the DIP Facility, have insufficient liquidity to continue business in the ordinary course, advance their restructuring plan, and administer the Chapter 11 Cases and the Recognition Proceedings.

54. In parallel with negotiating and as part of the RSA, the Debtors reached agreement with certain of the consenting lenders to provide the DIP Facility to fund the restructuring contemplated by the RSA.

55. Certain members of the Ad Hoc Cross-Holder Group and the ad hoc group of Prepetition Lenders and Holders under the 1L Loan Agreement and/or the 1L Notes Indenture and certain other holders of Prepetition Secured Obligations have committed to backstop the entire new money portion of the DIP Facility in exchange for receiving a 12.5% non-cash Backstop Fee, payable in kind on Commitments as of the Closing Date.

56. The DIP New Money Loans are secured by senior secured superpriority liens on substantially all assets and property of the Debtors, subject to certain permitted exceptions, permitted senior liens, and a carve-out for professional expenses. The DIP Facility will mature upon the scheduled Maturity Date and certain events as set forth in the DIP Loan Agreement, including the date of substantial consummation of a plan of reorganization. The scheduled Maturity Date is initially set at 120 days after the Petition Date but may be extended with the consent of certain DIP Lenders by five additional consecutive 120 day periods, which would bring the scheduled term of the DIP Facility to approximately two years in total.

57. In relation to the Canadian Debtors entering into the DIP Loan Agreement, the Canadian Debtors also entered into a senior secured super-priority debtor-in-possession Canadian security agreement dated January 7, 2025 (the "**Canadian Security Agreement**") with U.S. Bank Trust Company, National Association as collateral agent (the "**Collateral Agent**"). The purpose of the Canadian Security Agreement was to supplement the Interim DIP Order, the pending Final DIP Order, and the pending Supplemental Order by fully setting forth the Canadian Debtors' and Collateral Agent's respective rights in connection with such grant of security interest in the collateral of the Debtors located or situated in Canada (the "**Canadian Collateral**").

The Interim DIP Order

58. On January 7, 2025, the U.S. Court approved the Interim DIP Order, which approved the DIP Facility on an interim basis.

59. The Interim DIP Order approves, on an interim basis, the DIP Facility in the amount of $939,133,507 in term loans to be funded as follows:

    (a) new money term loans to be made in:

        i. an Initial Draw of up to $12,000,000 following entry of the Interim DIP Order; and

        ii. after entry of the Final DIP Order, subsequent new money term loan draws in an aggregate principal amount of $429,999,891, which will be available subject to satisfaction of certain milestones and conditions precedent; and

    (b) subject to approval and entry of the Final DIP Order by the U.S. Court, a "roll-up" of Prepetition First Lien Debt (other than the Prepetition First Out Term Loans, which will be paid off in cash in full) in the aggregate principal amount of between $441,999,891 and $497,133,616 in accordance with the terms and conditions set forth in the proposed Final DIP Order.

The Initial Budget

60. Ligado has provided the Initial Budget, originally attached to the motion for the Interim DIP Order and Final DIP Order and attached hereto at **Appendix "F"**, to the DIP Lenders, which is in form and substance satisfactory to the DIP Lenders and reflects the projected cash requirements of the Debtors on a consolidated basis for the 13-week period ending April 4, 2025. As demonstrated in the January Cash Flow Forecast (as defined below) for the Canadian Debtors presented herein, the Canadian Debtors will require approximately $1 million of liquidity from the U.S. Debtors to support their operations during the period noted.

Overview of Certain Key DIP Terms

61. Capitalized terms used in this section but not otherwise defined herein shall have the meaning ascribed to such terms in the DIP Loan Agreement. Further details of certain key terms of the DIP Loan Agreement are set out below:

DIP LOAN AGREEMENT	
Borrower / Debtor in Possession	Ligado Networks LLC
Guarantors / Other Debtors -in -Possession	Each of Ligado's subsidiaries that is a Debtor
Lenders	Certain Prepetition Lenders and Holders or their affiliates (the "**DIP Lenders**")
DIP Agent	U.S. Bank Trust Company, National Association
Term / Maturity	The DIP New Money Loans (as such term is defined below, together with all other DIP obligations under or in connection with the DIP Loan Agreement) shall mature and be due and payable 120 calendar days after the Petition Date. The Debtors may receive five consecutive additional extensions of up to 120 calendar days each with the consent of the Required Ad Hoc Holders.
DIP Facility	Pursuant to the terms and conditions of the DIP Loan Agreement, the Company shall incur the DIP Facility totaling $939,133,507 on a super-priority basis consisting of: (a) a new money term loan facility in an aggregate initial principal amount of up to $441,999,891 (the "**DIP New Money Loans**"); and (b) the roll-up of the Prepetition Roll-Up Indebtedness into Roll-Up Loans hereunder in an aggregate minimum initial principal amount of up to $497,133,616 (the "**Roll-Up Amount**"). <u>DIP New Money Loans</u> • A first advance of $12,000,000 of the DIP New Money Loans shall be made by the DIP Lenders to the Borrower in a single draw, with such amount to be made available upon entry of the Interim DIP Order by the U.S. Court. • A second advance of up to $326,999,891 of the DIP New Money Loans shall be made by the DIP Lenders to the Borrower, with such amount to be made available upon entry of the Final DIP Order and used, in part, to repay in full in cash the Prepetition First Out Term Loans with approximate principal balance of $319.5 million. • A DIP Delayed Draw Term Loan in an amount not exceeding $103,000,000 of the DIP New Money Loans shall be made by the

	DIP Lenders to the Borrower, with such amount to be made available to the Borrower within three days following entry of the Final Order. Roll-Up The DIP Facility also includes a Roll-Up of the Prepetition First Lien Debt (other than Prepetition First Out Term Loans) in the aggregate principal amount of at least $441,999,891 and up to $497,133,616 upon entry of and pursuant to the Final DIP Order. Each Lender (as of the Closing Date) shall automatically, and without further action or order of the U.S. Court, Canadian Court or any other Person, be deemed on such date to have "rolled-up" and refinanced on a cashless basis the Prepetition First Lien Debt (other than the Prepetition First Out Term Loans) held by such Lender immediately prior to the entry date of the Final DIP Order for an aggregate amount of loans under the DIP Facility. More specifically: • For each $1.00 of Loans and/or Commitments held by such Lender as of the date of the Final DIP Order, in an aggregate amount not to exceed such Lender's DIP Pro Rata Allocation Amount, such Lender shall be entitled to, and deemed to have funded in accordance with Section 2.01(d)(i) of the DIP Loan Agreement, $1.00 of Roll-Up Loans; and • For each $1.00 of Loans and/or Commitments held by such Lender as of the date of the Final DIP Order in excess of such Lender's DIP Pro Rata Allocation Amount, such Lender shall be entitled to, and deemed to have funded in accordance with Section 2.01(d)(i) of the DIP Loan Agreement, $2.00 of Roll-Up Loans. On the effective date of the Plan, the DIP New Money Loans and the DIP Roll-Up Loans shall convert into loans under a first lien multi-draw term loan exit facility.
DIP Milestones	The DIP milestones are the same as set forth in the RSA, and the DIP-specific milestones are summarized below for reference: (a) no later than five days after the Petition date, the U.S. Court shall have entered the Interim DIP Order; (b) no later than 10 Business Days after the Petition Date, the Canadian Court shall have issued the Initial CCAA Recognition Order and the Interim DIP Recognition Order; (c) no later than 35 days after the Petition Date, the U.S. Court shall have entered the Final DIP Order; and

	(d) no later than 10 Business Days after entry of the Final DIP Order, the Canadian Court shall have entered the Final DIP Recognition Order.
Interest Rates	Interest will be payable on the unpaid principal amount of all outstanding DIP Loans at a rate per annum equal to 17.5%, payable in kind (or 15.5% per annum to the extent a cash interest election is made).
Fees	<u>DIP Agent Fee</u>: The Borrower will pay to the DIP Agent, for its own account, an initial acceptance fee of $20,000 and an annual agency fee of $80,000 <u>Backstop Fee</u>: 12.5%, payable in kind on Commitments as of the Closing Date <u>Commitment Fee</u>: 5%, payable in kind on Commitments as of the Closing Date <u>DIP First Funding Discount Fee</u>: 5%, payable in kind on the aggregate amount of DIP First Funding Loans made on the DIP First Funding Date <u>DIP Second Funding Discount Fee</u>: 5%, payable in kind on the aggregate amount of DIP Second Funding Loans made on the DIP Second Funding Date (other than any Excess DIP Second Funding Loan Proceeds returned to DIP Lenders on the DIP Second Funding Date) <u>DIP DDTL Funding Discount Fee</u>: 5%, payable in kind on the aggregate amount of DIP Delayed Draw Term Loans made on the DIP DDTL Funding <u>DIP Unused Commitment Fee</u>: DIP Unused Commitment Fee of 3% per annum, payable in kind on unused DIP DDTL Commitments and DIP Second Funding Commitments
Secured Collateral	In exchange for the consent of the DIP Lenders for the use of cash collateral and the priming DIP Loans, the DIP Lenders shall receive, subject to the challenge rights set forth in paragraph 27 of the Interim DIP Order and the Carve Out[2]: (a) adequate protection claims entitled to superpriority expense status; (b) adequate protection liens on the DIP Collateral in the priorities set forth in the Interim DIP Order; (c) payment of certain reasonable and documented fees and expenses of the DIP Lenders; and (d) payment to the

[2] Pursuant to the Interim DIP Order, the "**Carve Out**" means the sum of (i) certain fees paid to the Clerk of the U.S. Court and U.S. Trustee under the U.S. Bankruptcy Code; (ii) amounts up to $25,000 incurred by a trustee under section 726(b) of the U.S. Bankruptcy Code; (iii) the amounts owing to professionals retained by the Debtors and committee if appointed; and (iv) Allowed Professional Fees of Debtor Professionals in an amount not to exceed $2 million plus any U.S. Court approved transaction fee pertaining to day after issuance of the Carve Out Trigger Notice following a Termination Event.

	First Lien Secured Parties of PIK interest at the default rate under the First Lien Debt Documents.
DIP Charge Priority	The Interim DIP Order, if recognized by the CCAA Court, grants the Administrative Agent and the DIP Lenders a super-priority charge on Canadian Collateral, subordinate only to the Administration Charge. For the avoidance of doubt, Canadian Collateral means collateral of the Debtors located or situated in Canada, including any intangibles located or deemed located in Canada pursuant to applicable law.
Conditions Precedent to DIP Facility Advances	Subject to the conditions set forth in "Conditions to Effectiveness", "Conditions to the DIP First Funding Date" and "Conditions to Each DIP DDTL Funding Date" in the DIP Loan Agreement, (a) the amount of the DIP New Money Loans to be available following entry of the Interim DIP Order by the Court shall be up to $12 million and (b) subject to the entry of the Final DIP Order, the balance of the DIP New Money Loans will be made available to the Borrower in multiple draws. The obligation of each Lender to make the DIP First Funding Loans on the Closing Date, shall be subject to the satisfaction or waiver (by the Required Lenders in their sole discretion) of each of the conditions precedent set forth below: **CONDITIONS TO EFFECTIVNESS** The availability of the DIP Facility is conditioned upon satisfaction of customary closing conditions for facilities of this type and purpose, including but not limited to: (a) receipt by the DIP Agent of executed counterparts of the DIP Loan Agreement and the Perfection Certificate (as defined in the DIP Loan Agreement); and (b) delivery of customary organizational documents and an officer's certificate. **CONDITIONS TO THE DIP FIRST FUNDING DATE** The funding of each draw under the DIP Term Loan shall be subject to the following conditions: (a) entry of the Interim DIP Order within five days following the Petition Date; (b) receipt by the DIP Agent of an executed borrowing request; and

	(c) delivery of a customary officer's certificate. **CONDITIONS TO EACH DIP DDTL FUNDING DATE** The obligation of each DIP DDTL Commitment Lender to make DIP Delayed Draw Term Loans on any DIP DDTL Funding Date shall be subject to the satisfaction or waiver of each of the conditions precedent set forth below on such DIP DDTL Funding Date, including but not limited to: (a) the Closing Date shall have occurred and the DIP First and Second Funding Loans and Roll-Up Loans shall have been made; (b) entry of the Final DIP Order within thirty-five (35) days after the Petition Date; and (c) delivery of a customary officer's certificate.

62. The Proposed Information Officer has reviewed the terms of the DIP Loan Agreement, and for the reasons set forth below, is of the view that recognition of the Interim DIP Order and the granting of the DIP Charge is appropriate in the circumstances.

The Proposed Roll-Up Provisions (Final DIP Order)

63. The Interim DIP Order only provides for U.S. Court approval of an initial draw of up to $12 million following entry of the Interim DIP Order and does not approve the roll-up provisions. The proposed Final DIP Order contemplates approval of the roll-up provisions in the DIP Facility by the U.S. Court.

64. The roll-up provision in the DIP Facility, pending approval by the U.S. Court pursuant to the Final DIP Order, would not be permissible in a plenary proceeding under the CCAA as a result of section 11.2 of the CCAA which provides that an interim financing charge may not secure an obligation that existed before an initial order has been made. However, section 49 of the CCAA, provides that the Canadian Court may make any order that it considers appropriate, provided the Canadian Court is satisfied that it is necessary for the protection of the Debtor's property or the interests of a creditor or creditors.

65. Even though the Foreign Representative is not seeking approval of the roll-up provisions at this time, the Proposed Information Officer is of the view that providing an overview of such provisions is appropriate in the circumstances in order that the Canadian Court can consider the proposed roll-up in the broader context of the Debtors' restructuring plan and DIP Facility.

The Security Opinions

66. In anticipation of these Recognition Proceedings, the Proposed Information Officer requested that the Proposed Information Officer's Counsel review and provide an opinion on the validity and enforceability of the Ontario law governed security agreements entered into by the Canadian Debtors in respect of the Prepetition First Lien Indenture, the Prepetition First Lien Loan Agreement, the Prepetition 1.5 Lien Loan Agreement, and the Prepetition Second Lien Indenture, and the personal property security registrations made against the Canadian Debtors in the requisite provinces in favour of the parties secured under each such security agreement (collectively, the "**Security Opinions**"). For this purpose, the Proposed Information Officer's Counsel retained McDougall Gauley LLP to act as local counsel in Saskatchewan, and McInnes Cooper to act as local counsel in Nova Scotia (together, "**Local Counsel**"), on behalf of the Proposed Information Officer.

67. The Proposed Information Officer's Counsel and Local Counsel have completed their reviews and provided Security Opinions to the Proposed Information Officer which, subject to certain customary assumptions and qualifications, provide that:

    (a) the security agreements create a valid security interest in favour of the relevant collateral agent;

    (b) each of the security agreements is enforceable against each Canadian Debtor in accordance with its terms under the laws of Ontario; and

    (c) registrations have been made in all public offices in Ontario, Saskatchewan, and Nova Scotia where such registration in necessary at this time to perfect the security interests created by the security agreements.

68. As set out in the Smith Affidavit, searches conducted under the Personal Property Security Act (or equivalent legislation) on or about December 16, 2024, in Ontario, Saskatchewan

and Nova Scotia (the "**PPSA Searches**") where the assets of the Canadian Debtors are located indicate that:

(a) **Network Corp. and Holdings**: Registrations in Ontario, Saskatchewan and Nova Scotia were found in favour of U.S. Bank National Association, as Collateral Trustee, and U.S. Bank Trust Company, National Association, as Collateral Agent; and

(b) **Networks Inc.**: Registrations in Ontario and Saskatchewan in favour of U.S. Bank National Association, as Collateral Trustee, and U.S. Bank Trust Company, National Association, as Collateral Agent.

69. Copies of the PPSA Searches are attached to the Smith Affidavit as Exhibits "G", "H" and "I".

Proposed Information Officer's Views on the Interim DIP Order

70. The Debtors are of the view that the principle of comity and the following reasons, particularly given the circumstances of the Debtors, support recognition of the Interim DIP Order as well as the proposed granting of the roll-up:

(a) the DIP Facility facilitates the objectives of the CCAA and will allow Ligado, and its subsidiaries, to continue operations and pursue their restructuring plan;

(b) the Debtors require the initial draw to fund operations until the Final DIP Order can be approved, at which time they will require an additional draw shortly thereafter, estimated to be approximately $23 million per the Initial Budget, to provide liquidity to the Debtors and ensure operations continue in the ordinary course;

(c) PWP, who solicited the DIP Facility, notes the following in the DIP Declaration in support of the DIP Facility generally, including the roll-up provisions:

i. eleven potential third-party lenders with the financial wherewithal and potential interest to provide DIP financing were solicited by PWP and all eleven parties reported they were unwilling to extend financing to the Debtors;

ii. the Debtors were unable to obtain sufficient credit either on an administrative priority basis, secured liens on unencumbered property, or secured by junior liens on already encumbered property;

iii. the DIP Facility and use of Cash Collateral are expected to provide the Debtors with sufficient capital to administer the Chapter 11 Cases;

iv. PWP is not aware of any party that was willing to provide financing on an unsecured or junior basis and none of the third-party financing sources were willing to engage in a priming fight;

v. the economic terms of the DIP Facility, including the roll-up provisions, are appropriate for the unique circumstances of this case as such terms were negotiated at arm's length and reflect the best terms available to the Debtors;

vi. the DIP Lenders were unwilling to extend the DIP Facility unless the DIP Facility refinanced these prepetition obligations; and,

vii. the DIP Lenders were unwilling to provide funding to the Chapter 11 Debtors unless the Canadian subsidiaries guarantee the Borrower's liability under the DIP Facility;

(d) the proposed DIP Facility is supported by the majority of secured creditors with an economic interest in the Debtors; and

(e) given the existing capital structure, including the fact that the Canadian Debtors previously guaranteed the Debtors' Prepetition Secured Debt and that the Debtors intend to continue paying the Canadian unsecured creditors in the ordinary course, the DIP Facility will not cause material prejudice to any of the Debtors' Canadian creditors.

71. Absent any other viable alternative, the DIP Facility provides the only available option for the Debtors to implement a value maximizing transaction and restructuring plan for the benefit of the Debtors' stakeholders.

72. As such, the Proposed Information Officer is of the view that recognition of the Interim DIP Order is appropriate in the circumstances as it provides sufficient liquidity for the Debtors,

including the Canadian Debtors, to continue to operate its business and carry out its restructuring efforts.

73. The Proposed Information Officer, subject to its appointment as Information Officer, will continue to monitor developments with respect to the Final DIP Order, and will provide an update and relevant analysis as required to the Canadian Court when the Foreign Representative seeks recognition of such relief in the Recognition Proceedings.

OVERVIEW OF THE AST TRANSACTION

74. The Debtors and AST are currently working to develop definitive documentation for the AST Transaction. Upon completion of definitive documentation, pursuant to the Milestones, the Debtors must seek approval of the U.S. Court by filing a motion no later than 75 days after the Petition Date.

75. The key terms of the AST Transaction are summarized below. Please refer to Exhibit B of the RSA attached to the Smith Declaration for a copy of the executed term sheet for the AST Transaction.

Category	Description
Scope of Collaboration	AST and Ligado are to collaborate on L-Band MSS spectrum usage rights under the Cooperation Agreement, other relevant agreements, and FCC/ISED regulatory requirements, and certain other Ligado L-Band assets and operations. AST will also sublease spectrum for space to ground use.
Spectrum Usage	In consideration for AST's contributions and payments outlined below and through a mutually agreed upon structure by Ligado and AST as part of a pre-arranged Chapter 11 process, Ligado will provide and AST will assume the economic benefits of a certain portion of the fully coordinated L-bank spectrum and other L-Band MSS assets. Ligado will grant AST the right to use Ligado's satellites, ground stations and L-band spectrum; however, Ligado will retain ownership and control of its spectrum licenses, space station and ground station assets so as to protect Ligado's Takings Litigation. Terms for the transfer of licenses, space station and ground station assets to AST will occur upon resolution of the Takings Litigation. Existing satellite capacity usage for Ligado customers to be preserved until ability to amend or terminate such agreements is achieved.

Consideration Structure 1. Deferred Usage Obligation ("**DUO**") Component 1 2. DUO Component 2 3. Usage Rights Payment and Call Option 4. Revenue Share	1. AST to contribute $350 million of AST SpaceMobile, Inc. common equity at earlier of (a) such time as required by Chapter 11 Cases or (b) the Approval Condition (defined below) is met with AST option to substitute cash prior to transaction close, subject to the Backstop Commitment. 2. AST to contribute $200 million of AST SpaceMobile, Inc. Convertible Notes at market terms to Ligado at earlier of (a) such time as required by Chapter 11 Cases or (b) the Approval Condition (defined below) is met with AST option to substitute cash prior to transaction close, subject to Backstop Commitment. 3. AST to pay Ligado an annual usage-right consideration of $80 million (each a "**Usage Rights Payment**") beginning on effective date of agreement provided amount covers 100% of amounts payable by Ligado to utilize L-Bank spectrum with limited AST option to pay excess amount owing in equity for up to 36 months. Term shall end the earlier of (a) on December 31, 2107 (same date as Cooperation Agreement) or (b) upon notice by AST if (i) Ligado does not make certain regulatory filings, (ii) certain technical approvals are not obtained within 24 months of submission, or (iii) within nine months after certain technical approvals are obtained, but certain adverse conditions prevent AST's use of the L-Bank spectrum (collectively, the "**Approval Condition**"). 4. AST to pay Ligado the greater of (a) 17.5% of Net Revenue derived from usage of L-band spectrum; (b) 5.0% of AST's share of Net Revenue derived from all North America operations, subject to satisfaction of the Approval Condition and adoption of L-Bank spectrum on both Apple and Android phones; (c) 2.5% of AST's share of Net Revenue from North American operations, subject to satisfaction of the Approval Condition and adoption of L-Bank spectrum on both Apple and Android phones. Revenue share to terminate on December 31, 2107, at same time as Cooperation Agreement.
Warrants	AST to issue penny warrants worth $113 million to Ligado, which will be subject to a one year lock up.
Governance	Governance structure to reflect Fortress and Cerberus governance rights comparable to their Verizon structure (i.e. information rights and right to observe on certain committees).
Crown Castle Spectrum Transfer	AST to sublease spectrum under the existing spectrum lease between Crown Castle and Ligado (the "**CCI Agreement**") for space to ground

	in exchange for AST agreeing to pay beginning on effective date of agreement (a) current amounts due under lease in cash, plus (b) premium of 30% in AST stock on each such payment, subject to certain requirements. For seven years, AST will have right to exercise purchase option in CCI Agreement provided AST pays Ligado (a) purchase price, plus (b) premium of 30% AST common stock. AST will have space spectrum rights while Ligado retains terrestrial rights, which terrestrial rights sold, AST to participate in 50% of proceeds greater than $1.25 billion up to $1.75 billion, and 75% of proceeds in excess of $1.75 billion.
Transaction Timetable	Ligado and AST to complete diligence and negotiate definitive agreements as soon as possible.
Takings Litigation	The AST Transaction preserves Takings Litigation rights for current Ligado shareholders.
AST Break-Up Fee ***(Note: This AST Break-Up Fee is separate and apart from the Break-Up Compensation of $200 million plus reimbursements as defined and described in further detail below)***	After closing of the AST Transaction, should the Takings Litigation materially adversely impact the use of the L-bank spectrum by AST for MSS as specified in the governing documents and upon written notice from AST, AST shall be entitled to a break-up fee subject to certain timing, calculations and limitations as described below (the "**AST Break-Up Fee**"). The AST Break-Up Fee is calculated as follows: (a) ***Before Approval Condition is met:*** an amount equal to (i) all Usage Rights Payments made by AST at the time of termination of the Definitive Agreements, PLUS (ii) the lesser of 2.5% of any proceeds from such litigation and $450 million; (b) ***After Approval Condition is met and on or before December 31, 2035***: an amount equal to (i) all Usage Rights Payments made by AST and Deferred Usage Obligations Components 1 and 2 made by AST at the time of termination, PLUS (ii) the greater of 2.5% of any proceeds from such litigation and $450 million; or (c) ***After Approval Condition is met and beginning on January 1, 2036***: an amount equal to (i) all Usage Rights Payments and Deferred Usage Obligation Components 1 and 2 at the time of termination, PLUS (ii) the lesser of 2.5% of any proceeds from such litigation and $450 million.
Voting Agreement	Cerberus, Fortress and sufficient holders of securities representing a voting two-thirds of each class provide AST with a binding commitment to support the AST Transaction and commit to using commercially reasonable efforts to obtain additional support for a Chapter 11 plan and any other necessary ancillary transactions.

Bankruptcy/ Liquidation	Effectiveness of any Chapter 11 plan in connection with Transaction shall be conditioned upon satisfaction of the Approval Condition.
Term Sheet Termination	This Term Sheet shall automatically terminate upon earlier of: (a) execution of Definitive Agreements; (b) mutual agreement; or (c) four months after the date hereof.

DEBTORS' MOTION FOR ENTRY OF AN ORDER AUTHORIZING PAYMENT OF THE AST TRANSACTION BREAK-UP FEE AND BREAK-UP REIMBURSEMENTS

Background

76. On January 6, 2025 and in accordance with the Milestones, the Debtors filed a motion (the "**Break-Up Compensation Motion**") for entry of an Order (the "**Proposed Break-Up Compensation Order**") authorizing payment of the following in the event that the Debtors consummate an Alternative Commercial Transaction (as defined in the RSA): (a) a break-up fee in the amount of $200 million subject to certain limitations (the "**Break-Up Fee**"); and, (b) a reimbursement to AST for all amounts paid by AST to the Debtors on account of the Debtors' obligations under the Inmarsat Agreement and the CCI Agreement (the "**Break-Up Reimbursements**", and collectively with the Break-Up Fee, the "**Break-Up Compensation**").

77. The Break-Up Fee is payable within five business days following approval of the Proposed Break-Up Compensation Order and consummation by the Debtors of any sale of a material portion of assets, plan proposal, or other transaction of similar effect (in each case, outside the ordinary course of business, other than in accordance with or in furtherance of the AST Transaction.

78. The Break-Up Reimbursements shall be reimbursed by the Debtors to AST within ten business days after the date of execution of binding agreements for an Alternative Commercial Transaction by the Debtors. The Debtors are to reimburse AST for all actual amounts paid by AST to the Debtors on account of the Company's obligations under the Inmarsat Agreement and the CCI Agreement, and the penny warrants issued to AST pursuant to the AST Transaction shall be cancelled.

79. The Break-Up Compensation is a condition precedent to the AST Transaction, and the penny warrants issued pursuant to the AST Transaction would be cancelled in the event that the Debtors consummate an Alternative Commercial Transaction. Please refer to Section 15 of the RSA for additional details and specifics regarding the Break-Up Compensation.

80. The Break-Up Compensation Motion is scheduled to be heard by the U.S. Court, in accordance with the Milestones, on January 27, 2025. Accordingly, the Foreign Representative is not seeking approval by the Canadian Court of the Proposed Break-Up Compensation Order at present; however, the Debtors and the Proposed Information Officer are of the view that it is important for the Canadian Court and stakeholders to be informed of the Break-Up Compensation Motion given it is an essential component of the restructuring.

81. Capitalized terms used but not immediately defined in this section shall have the meanings ascribed to such terms in: (a) the Break-Up Compensation Motion; (b) the Proposed Compensation Order; or (c) the Declaration of Bruce Mendelsohn, Partner and Global Head of the Financing and Capital Solutions Group at PWP dated January 6, 2025, in support of the Break-Up Compensation Motion and the Proposed Break-Up Compensation Order sought (the "**Break-Up Compensation Declaration**"), as applicable.

The Break-Up Compensation Declaration

82. The Debtors are of the view that the ability to consummate the AST Transaction before confirmation of a Chapter 11 plan provides a clear path to a comprehensive value maximizing transaction. In exchange for that certainty and flexibility, the Debtors submit that it is necessary and appropriate to provide AST with the Break-Up Compensation should the AST Transaction be terminated for the Debtors to consummate an Alternative Commercial Transaction.

83. The Debtors views are supported by the views of PWP who note the following in the Break-Up Compensation Declaration:

    (a) the AST Transaction, a long-term commercial agreement that includes the Break-Up Compensation, is critical to maximizing the value of the Debtors' assets,

(b) the Break-Up Compensation, by way of approval of the RSA and AST Transaction, is supported by Consenting Stakeholders who hold approximately 88% of the outstanding aggregate principal amount of the Prepetition Secured Debt;

(c) AST would not have entered into the AST Transaction and the RSA absent the Break-Up Compensation, and absent approval of the Break-Up Compensation, the Debtors risk AST walking away from the deal to the detriment of the Debtors' estates;

(d) it is reasonable and common for a debtor to seek approval of break-up fees to induce a counterparty to commit to a transaction and compensate the proposed counterparty for the time, risk and expense associated with committing to a transaction;

(e) the Debtors engaged in conversations with several third parties, which discussions included Viasat in many instances, during many months to find a strategic partner; however, no actionable proposals were received;

(f) the negotiations with AST were conducted in good faith and on an arm's length basis;

(g) the RSA contains a "fiduciary out" in the event the Debtors receive an Alternative Commercial Transaction Proposal;

(h) the AST Transaction is highly complex, multi-faceted and does not have a fixed value, but instead includes a revenue share component resulting in a heavily negotiated quantum for the Break-Up Compensation; and

(i) the Break-Up Compensation cannot be assessed in isolation as it is a critical component of a multi-faceted negotiation resulting in the highly coordinated RSA.

The Proposed Break-Up Compensation Order

84. The Proposed Break-Up Compensation Order seeks, *inter alia*, the following findings by and relief from the U.S. Court:

(a) the Debtors have articulated proper business judgement for the U.S. Court to grant the relief requested, and any objections not withdrawn, waived or settled are overruled;

(b) the Break-Up Compensation is necessary and reasonable in the circumstances, and approved in its entirety subject to the terms of the RSA and the Proposed Break-Up Compensation Order without further order of the U.S. Court; and

(c) the Break-Up Compensation shall constitute an allowed super-priority administrative expense claim against the Debtors' estates with priority over all other administrative expense claims, including any claims under the Interim DIP Order and Final DIP Order, but subject to the Carve Out.

85. The Proposed Information Officer, subject to its appointment as Information Officer, will continue to monitor developments with respect to the Break-Up Compensation Motion and Break-Up Compensation Order, and will provide an update and relevant analysis as required to the Canadian Court if and when the Foreign Representative seeks recognition of such relief in the Recognition Proceedings.

CASH FLOW FORECAST FOR THE CANADIAN DEBTORS FOR THE 13-WEEK PERIOD ENDING APRIL 4, 2025

86. The Debtors, with the assistance of FTI U.S. and the Proposed Information Officer, have prepared a 13-week cash flow forecast (the "**January Cash Flow Forecast**") of the receipts and disbursements of the Canadian Debtors for purposes of these Recognition Proceedings only. The January Cash Flow Forecast was compiled to isolate the cash flows of the Canadian Debtors from the consolidated Initial Budget, further inform the Canadian Court of the business and operations of the Canadian Debtors within Canada and provide additional information to assist the Canadian Court with its consideration of the relief requested by the Foreign Representative on behalf of the Debtors. The January Cash Flow Forecast is not to be used for any other purpose and is not subject to testing or any conditions contained within the DIP Facility.

87. The January Cash Flow Forecast, together with the notes thereto, is attached hereto as **Appendix "G".** The January Cash Flow Forecast is summarized as follows:

(US$ in thousands)	13-Week Period Ending April 4, 2025	
		Total
Receipts	**$**	**260.0**
Disbursements		
Operating Disbursements		
Employee Related	$	1,257.7
Network	$	366.5
General & Administrative	$	136.6
Total Operating Disbursements	**$**	**1,760.9**
Operating Cash Flows	**$**	**(1,500.9)**
Professional Fees	$	797.3
Net Cash Flows	**$**	**(2,298.2)**
Opening Cash Balance	**$**	**685.8**
Net Cash Flow	$	(2,298.2)
Transfers From Ligado	$	2,676.0
Ending Cash Balance	**$**	**1,063.6**

88. The January Cash Flow Forecast indicates that, during the 13-week cash flow period ending April 4, 2025, the Canadian Debtors are forecast to have net cash outflows from operating activities of approximately $1.5 million comprised of total receipts of approximately $0.3 million and total disbursements of approximately $1.8 million. Net of estimated professional fees for Canadian counsel to the Foreign Representative, and the Proposed Information Officer and its Counsel, of approximately $0.8 million, total net cash outflows during the period noted are forecast to be approximately $2.3 million.

89. The January Cash Flow Forecast incorporates the following key assumptions:

(a) The beginning cash balance of $0.7 million represents the cash-on-hand in the Networks Accounts (as defined below);

(b) Cash receipts of the Debtors contemplate the ongoing collection of receivables from its customers in the ordinary course and other miscellaneous receipts;

(c) The payment of employee related costs reflects current staffing levels and historical payroll amounts, inclusive of any payments associated with the Company's bonus programs;

(d) The payment of network costs for facilities, telecom, and related operating costs required to maintain the satellite network; and

(e) An initial transfer from the U.S Debtors to the Canadian Debtors of approximately $0.4 million during the week ending January 10, 2025, to satisfy the near-term liquidity requirements of the Canadian Debtors during the forecast period.

90. The Proposed Information Officer hereby reports to the Court as follows:

(a) The Proposed Information Officer has reviewed the January Cash Flow Forecast, prepared by Management for the purpose described in the notes to the January Cash Flow Forecast, using the probable and hypothetical assumptions set out therein;

(b) The review consisted of inquiries and discussions with Management and advisors to the Debtors, and analytical and substantive procedures and analysis. Since hypothetical assumptions need not be supported, the Proposed Information Officer's procedures with respect to the hypothetical assumptions were limited to evaluating whether they were consistent with the purpose of the January Cash Flow Forecast. The Proposed Information Officer has also reviewed the supporting information provided by Management and advisors to the Debtors for the probable assumptions, and the preparation and presentation of the January Cash Flow Forecast;

(c) Based on its review, and as at the date of this Pre-Filing Report, nothing has come to the attention of the Proposed Information Officer that causes it to believe that:

i. The hypothetical assumptions are inconsistent with the purpose of the January Cash Flow Forecast;

ii. The probable assumptions are not suitable, supported or consistent with the plans of the Debtors, or do not provide a reasonable basis for the January Cash Flow Forecast, given the hypothetical assumptions; or

iii. The January Cash Flow Forecast does not reflect the hypothetical and probable assumptions;

(d) Since the January Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the forecast even if the hypothetical assumptions occur, and those variations may be material. Accordingly, the Proposed Information Officer expresses no assurance as to whether the January Cash Flow Forecast will be achieved. The Proposed Information Officer also expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Pre-Filing Report; and

(e) The January Cash Flow Forecast has been prepared solely for the purpose described in the notes thereto. The January Cash Flow Forecast should not be relied upon for any other purpose.

DEBTORS' CASH MANAGEMENT SYSTEM AND INTERCOMPANY TRANSACTIONS

Overview

91. As described in the Smith Declaration and Smith Affidavit, the Debtors utilize a centralized cash management system to collect, manage, disburse, and invest funds used in their operations, and maintain current accounting records of their daily cash transactions on a daily basis (the "**Cash Management System**"). As of the Petition Date, the Debtors held approximately $9.6 million of cash, which they intend to use to fund their obligations arising in the ordinary course of business. Terms not otherwise defined in this section are as defined in the Debtors' motion for entry of the Interim Cash Management Order.

Banking

92. The Debtors operate nine bank accounts (the "**Bank Accounts**") at various banks (the "**Cash Management Banks**") that can be divided into five categories of bank accounts:

    (a) Concentration Account: The Debtors maintain one U.S. domiciled Concentration Account at JP Morgan Chase Bank ("**JP Morgan**") in the name of Ligado, which serves as the primary collection point for all funds moving within the Debtors' cash management system and is funded manually from the Investment Account (discussed below) as required.

    (b) Disbursement/Operating Accounts: The Canadian Debtors maintain three Disbursement/Operating Accounts, which includes two U.S. domiciled accounts denominated in U.S. dollars at JP Morgan in the names of Networks Corp. (the "**Networks USD Account**") and One Dot Six LLC, and one Canada domiciled account in the name of Networks Corp. denominated in Canadian dollars at Scotiabank (the "**Networks CAD Account**"). Generally, the Concentration Account and the Disbursement/Operating Accounts are utilized to pay general corporate expenses, including accounts payable, and are all funded manually as required.

    (c) Truist Bank Accounts: The Debtors also maintain three parallel U.S. domiciled accounts at Truist Bank, including one account in the name of Networks Corp. (together with the Networks CAD Account and the Networks USD Account, the "**Networks Accounts**"), which were previously used as the primary cash management accounts, and are no longer actively utilized since the transition of the Concentration Account and certain Disbursement/Operating Accounts to JP Morgan.

    (d) Investment Account: The Debtors maintain one U.S. domiciled investment account at a U.S. branch of the Royal Bank of Canada, which is funded manually as needed using excess funds in the Concentration Account.

    (e) Restricted Account: The Debtors maintain one U.S. domiciled interest-bearing restricted certificate of deposit in the name of Ligado at Truist. The Restricted

Account is funded from the Concentration Account as needed and contains cash collateral associated with the Debtors' Credit Card program.

93. With respect to the Canadian Debtors, the Networks Accounts are generally used to pay corporate expenses of the Canadian Debtors denominated in Canadian dollars and U.S. dollars as required, including payroll, benefit obligations, operational expenses, and other business disbursements. The Networks Accounts held approximately $0.7 million as at the Petition Date. None of the employees of the Canadian Debtors hold a company-paid credit card.

Intercompany Transactions

94. Intercompany transactions occur on a regular basis amongst the Debtors, and are comprised of two categories: (a) funds transferred from one Debtor, typically Ligado, to provide liquidity to another Debtor, including the Canadian Debtors, which have historically been recorded as capital contributions or equity investments (the "**Cash Transactions**"); and (b) transactions whereby cash receipts or disbursements are received or disbursed by one Debtor but pertain to another Debtor in the ordinary course of business, and are recorded using book entries as intercompany receivables and payables (the "**Intercompany Claims**", and collectively with the Cash Transactions, the "**Intercompany Transactions**"). The Debtors maintain detailed records of all Intercompany Transactions and Intercompany Claims.

95. As discussed below, the Foreign Representative is seeking recognition of the Interim Cash Management Order to ensure that the Debtors, including the Canadian Debtors, are able to continue to utilize the Cash Management System and engage in Intercompany Transactions in the ordinary course. The Proposed Information Officer understands that Networks Corp., which operates the Canadian business of the Debtors and holds substantially all property used in the Canadian operations, and the other Canadian Debtors have historically been cash flow negative requiring periodic Cash Transactions from Ligado to Networks Corp., as required. In turn, Networks Corp. will fund Networks Inc. by way of Intercompany Claims. Based on historical results and the 13-week cash flow forecast for the Canadian Debtors presented herein, the Proposed Information Officer understands that the Canadian Debtors are expected to be cash flow negative subsequent to the Petition Date. The Debtors do not anticipate any cash sweeps from the Canadian Debtors by any of the U.S. Debtors to occur.

FIRST DAY ORDERS

96. The First Day Motions and the First Day Orders are described in the Smith Declaration and the Smith Affidavit. Copies of the First Day Motions and First Day Orders, together with all other publicly filed information in the Chapter 11 Cases, are available on the case website maintained by Omni Agent Solutions at the following address: < https://cases.omniagentsolutions.com/?clientId=3567> (the "**Docket**").

97. Ligado, in its capacity as the Foreign Representative, is seeking recognition of certain of the First Day Orders that have been entered by the U.S. Court in the Chapter 11 Cases. The First Day Orders to be recognized pursuant to the proposed Supplemental Order are listed and described in the Affidavit of Sarah Lam, sworn January 14, 2025. Copies of such First Day Orders are appended to the proposed Supplemental Order as Schedules "A" to "J".

98. With the assistance of the Proposed Information Officer's Counsel, the Proposed Information Officer has reviewed and considered the First Day Orders and discussed them with counsel to the Foreign Representative and Canadian counsel to the DIP Agent. The Proposed Information Officer is of the view that the relief contained in the First Day Orders is common in chapter 11 cases and is frequently recognized by Canadian courts in cross-border insolvency proceedings. A summary of each of the First Day Orders proposed to be recognized is set out below:

(a) Foreign Representative Order: The Foreign Representative Order, *inter alia*, (i) authorizes Ligado to act as the Foreign Representative of the Debtors' estates in any judicial or other proceedings in a foreign country, including an ancillary proceeding under Part IV of the CCAA; (ii) authorizes the Foreign Representative to seek recognition of the Chapter 11 Cases and any orders entered by the U.S. Court in the Recognition Proceedings, (iii) requests that the Canadian Court lend assistance to the U.S. Court in protecting the property of the Debtors' estates, (iv) authorizes the Foreign Representative to seek any other appropriate relief from the Canadian Court that the Foreign Representative deems just and proper in furtherance of protecting the Debtors' estates and creditors, and, (iv) consistent with any orders of the Canadian Court, pays the costs of the Court-appointed Information Officer and its counsel without further order of the U.S. Court. The Foreign

Representative Order also contains a request from the U.S. Court for the aid and assistance of the Canadian Court to recognize the Chapter 11 Cases as "foreign main proceedings" and Ligado as the "foreign representative" pursuant to the CCAA.

(b) Interim Cash Management Order: The Interim Cash Management Order, *inter alia*, authorizes, but does not direct, the Debtors to: (i) continue operating the Cash Management System and honour prepetition obligations related thereto; (ii) continue to use the Bank Accounts, including the Networks Accounts, in existence as of the Petition Date without the need to comply with certain guidelines relating to bank accounts set forth in the U.S. Trustee Guidelines; (iii) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors in possession; (iv) use, in their present form, all cheques and other Business Forms without reference to the Debtors' status as debtors in possession; and (v) pay the Bank Fees, including any fees that accrued before the Petition Date, including to Scotiabank for the Networks Accounts, and to otherwise perform their obligations under the documents governing the Bank Accounts – provided that in each case of (i) through (v), such action is taken in the ordinary course of business and consistent with prepetition practices. The Cash Management Banks, including Scotiabank, are authorized, but not directed, to continue to maintain, service, and administer the Bank Accounts without interruption and in the ordinary course, and to pay any and all payments issued and drawn on the Bank Accounts after the Petition Date. Each Cash Management Bank is authorized to debit the Bank Accounts in the ordinary course of business for all checks and electronic payment requests, whether issued before or after the Petition Date, unless the Debtors specifically issue stop payment orders in accordance with the documents governing such Bank Accounts. The Debtors are also authorized to continue engaging in Intercompany Transactions in the ordinary course of business, consistent with historical practice, subject to properly recording such Intercompany Transactions in the Debtors' books and records. Recognition of the Interim Cash Management Order will ensure that the Canadian Debtors are able to continue to utilize the Cash Management System and engage in Intercompany Transactions in the ordinary course.

(c) Joint Administration Order: The Joint Administration Order, *inter alia*, orders that the Chapter 11 Cases, including those related to the Canadian Debtors, be consolidated for procedural purposes only, including one consolidated docket and one consolidated service list. The joint administration of these cases is common in similar circumstances and assists with managing administrative convenience and costs by avoiding duplicative filings that would be required absent such relief.

(d) Interim Insurance Order: The Interim Insurance Order, *inter alia*, authorizes, but does not direct, the Debtors to (i) continue to maintain the Debtors' insurance policies and surety bond program and honour any premiums, deductibles, assessments, and other related amounts, and (ii) renew, revise, amend, supplement, or extend the existing insurance policies and surety bonds, as well as purchase new insurance coverage and surety bonds, in each case in the ordinary course of business and consistent with past practice to the extent that the Debtors determine such action is in the best interest of their estates. The Debtors are also authorized, but not directed, to pay any premiums, fees or other amounts related to the insurance policies and surety bond program in the aggregate amount not to exceed $300,000 during the course of the Chapter 11 Cases, including but not limited to those that (A) accrued and were unpaid as of the Petition date; (B) were paid by the Debtors prepetition; (C) were incurred for prepetition periods but did not become due until after the Petition Date; or (D) were inadvertently not paid in the ordinary course of business prior to the Petition Date. Recognition of the Interim Insurance Order ensures that coverage from the insurance policies of the Canadian Debtors continues to ensure existing and future coverage remains in place in the best interest of their estates.

(e) Interim Tax Order: The Interim Taxes Order, *inter alia*, authorizes, but does not direct, the Debtors to remit and pay, or use credits to offset, taxes and fees owing with respect to the period prior to or after the Petition Date including all taxes and fees that (i) accrued and were unpaid as of the Petition Date; (ii) were paid by the Debtors prepetition but such payment was lost or not received in full by the taxation authority; (iii) were incurred for prepetition periods but did not become due until after the Petition Date; or (iv) were inadvertently not paid in the ordinary course of

business prior to the Petition Date. The Debtors are not authorized to pay any amounts on account of taxes and fees for invoices with a payment date prior to the Petition Date, subject to entry of the Final Tax Order. Prior to entry of the Final Tax Order, the Debtors are authorized, but not directed, to pay prepetition taxes and fees in an aggregate amount not to exceed $55,000. Recognition of the Interim Tax Order will enable the Canadian Debtors to continue collecting and remitting such taxes to and from the applicable taxing authorities in Canada.

(f) Interim Utilities Order: The Interim Utilities Order, *inter alia*: (i) approves the proposed adequate assurance of payment of $70,000 for future utility services and the adequate assurance procedures; and (ii) prohibits utility companies from altering, refusing, or discontinuing services to the Debtors. The utilities service providers to which the Interim Utilities Order applies include utilities service providers located in Canada. Recognition of the Interim Utilities Order ensures continuous service for the Canadian Debtors and provides Canadian utilities service providers with certainty regarding payment for post-filing services through the use of a segregated account containing an adequate assurance deposit for the benefit of the utilities service providers during the Chapter 11 Cases.

(g) Interim Wages Order: The Interim Wages Order, *inter alia*, authorizes, but does not direct, the Debtors to: (i) pay prepetition wages, salaries, reimbursable expenses and other obligations on account of the Debtors' compensation and benefits programs; (ii) maintain and continue to honour and pay amounts with respect to the Debtors' compensation and benefits programs as such programs were in effect prior to the Petition Date; and (iii) modify, amend, or supplement the Debtor's compensation and benefits programs from time to time in the ordinary course of business. The Debtors are authorized, but not directed, to pay all prepetition amounts in an aggregate amount not to exceed $235,000 on an interim basis; however, the Debtors shall not pay to any individual employee, independent contractor or manager any amounts on account of prepetition compensation obligations in excess of $15,150 or as set forth in the U.S. Bankruptcy Code. Recognition of the Interim Wages Order will support the Canadian Debtors'

authority to process compensation, deductions, and benefits for its approximately thirty-one employees in Canada without interruption.

(h) Omni Retention Order: The Omni Retention Order, *inter alia*, authorizes the Debtors, including the Canadian Debtors, to appoint Omni as claims and noticing agent to provide certain services including (i) distribution of required notices; (ii) receive, maintain, docket, and administer proofs of claim; and (iii) provide other administrative services required by the Debtors that falls within the purview of services provided by the Clerk's Office. Recognition of the Omni Retention Order assists the Debtors to expedite the distribution of notices, processing of claims, and other administrative aspects while relieving other retained professionals of administrative burdens – all for the benefit of, and to maximize value for, the stakeholders of the Debtors' estates including stakeholders of the Canadian Debtors.

(i) Personal Information Redaction Order: The Personal Information Redaction Order, *inter alia*, authorizes the Debtors to redact the home addresses of natural persons, including the Debtors' employees and former employees, listed on the creditor matrix and other documents to be filed with the U.S. Court. Recognition of the Personal Information Redaction Order will help to minimize the risk of potential identity theft or other potential threats to natural persons, and represents a common sense approach when natural persons are involved in a matter such as the Chapter 11 Cases and these Recognition Proceedings.

(j) Interim DIP Order: As outlined and discussed in the DIP Facility section above, the Interim DIP Order, *inter alia*, provides the Debtors with authorization, on an interim basis, to obtain senior secured post-petition financing on a superpriority basis pursuant to the terms of the DIP Loan Documents. From the date of the Interim DIP Order through to the earliest to occur of (i) entry of the Final DIP Order; or (ii) the DIP Termination Date, the Borrower is authorized to incur, and the Guarantors (including the Canadian Debtors) are hereby authorized to unconditionally guarantee on a joint and several basis, DIP Obligations under the DIP Facility up to an aggregate principal amount of $12,000,000 in New Money Loans on an interim

basis, together with applicable interest, fees, or other charges payable in relation to the DIP Facility. The Interim DIP Order provides for the irrevocable payment to the DIP Lenders of all fees, costs and expenses including, but not limited to: (x) any Backstop Fee, Commitment Fee, DIP First Funding Discount Fee, closing fee, servicing fees or similar amounts deemed to have been approved upon entry of the Interim DIP Order; and (y) the reasonable and documented fees, costs, and expenses of the DIP Agent and the DIP Lenders. The Interim DIP Order also grants and perfects the DIP Liens and Adequate Protection Liens, the DIP Superpriority Claims, and the DIP Protections as set forth in the DIP Loan Documents. The DIP Obligations, including the Roll-up Amount subject to approval of the Final DIP Order, are secured by a superpriority senior security interest in and lien upon all property of the Debtors, whether existing on the Petition Date or thereafter acquired, with the exception of subordination to the Carve Out, the first-ranking superpriority Administration Charge over Canadian Collateral granted by the Canadian Court, and the Prepetition Permitted Prior Liens (if any) and any Excluded Property. The Debtors must also comply with the Approved Budget (subject to Permitted Variances), which includes payments in support of the Canadian Debtors.

99. The Interim Cash Management Order, the Interim Insurance Order, the Interim Tax Order, the Interim Utilities Order, the Interim Wages Order, and the Interim DIP Order were granted on a provisional interim basis whereby any objections or responses to entry of final orders must be served on the Debtors, counsel to the Debtors and certain notice parties before 4:00 p.m. ET on January 29, 2025 in advance of the final hearing scheduled for 1:00 p.m. ET on February 5, 2025, if such hearing is required. If no objections or responses are timely filed and validly served, the Debtors shall, on or after the applicable objection deadline, submit to the U.S. Court final orders which may be entered with no further notice or need for a final hearing.

100. The Proposed Information Officer is of the view that the Foreign Representative's request for the recognition of the above-noted First Day Orders pursuant to the proposed Supplemental Order should be granted given, inter alia, that:

(a) Canadian and U.S. stakeholders are treated in the same manner under each of the First Day Orders for which recognition is sought, and Canadian creditors are not expected to be materially prejudiced by any of the First Day Orders;

(b) the granting of the proposed Supplemental Order would be consistent with the principles of comity while facilitating the efficient coordination of the Chapter 11 Cases and these Recognition Proceedings;

(c) many of the First Day Orders for which recognition is sought are primarily procedural or administrative in nature, commonplace in the context of other complex chapter 11 proceedings, and generally consistent with the forms of first day orders frequently recognized in Canada in large cross-border insolvency proceedings;

(d) the Canadian Debtors rely on certain other U.S. domiciled Debtors for financial and business function support critical to supporting the Debtors' Canadian operations and business, and the Debtors require the DIP Facility to continue to provide those financial and business function supports;

(e) the First Day Orders were supported by the Debtors' key stakeholders, including the DIP Agent and the DIP Lenders; and

(f) the Proposed Information Officer is not aware of any objection having been filed in the Chapter 11 Cases by a Canadian stakeholder in respect of the First Day Orders for which recognition is being sought.

THE CHARGES PROPOSED UNDER THE SUPPLEMENTAL ORDER

101. Pursuant to the proposed Supplemental Order, the Foreign Representative seeks the granting of the Administration Charge and the DIP Lenders' Charge (together, the "**Charges**") over the Canadian Debtors' property. The priorities of the Charges are proposed to be as follows:

(a) First – the Administration Charge (to the maximum amount of CAD$750,000); and

(b) Second – the DIP Charge.

102. Each of the Charges and the views of the Proposed Information Officer with respect thereto are discussed below.

The Administration Charge

103. The proposed Supplemental Order provides for an Administration Charge up to the maximum amount of CAD$750,000 in favour of Canadian counsel to the Foreign Representative and the Canadian Debtors, the Information Officer, and counsel to the Information Officer. The Administration Charge is intended to provide security for the fees and disbursements of such professionals, each of which is expected to have a distinct role in these Recognition Proceedings and has and will contribute to the Canadian Debtors' restructuring efforts.

104. The proposed quantum of the Administration Charge was determined with the assistance of the Proposed Information Officer. It is commensurate with the nature, scope and complexity of these Recognition Proceedings, the size of the retainers provided to the beneficiaries of the Administration Charge, and the professional costs expected to be incurred by such beneficiaries.

105. In the circumstances, the Proposed Information Officer is of the view that the proposed Administration Charge is appropriate in the circumstances. Moreover, the Proposed Information Officer is of the view that it will ensure that the Canadian Debtors have the benefit of professional advice and expertise necessary for the success of these Recognition Proceedings. For these reasons, the Proposed Information Officer respectfully recommends that the proposed Administration Charge be granted under the Supplemental Order.

The DIP Charge

106. As noted above, the DIP Loan Agreement contemplates superpriority liens and charges, in accordance with the terms therein and as provided for in the Interim DIP Order to secure the obligations outstanding from time to time under the DIP Facility, provided that the DIP Charge will rank below the Administration Charge in priority. Accordingly, the Foreign Representative is seeking the granting of a charge on the Canadian Debtors' property in favour of the DIP Lenders pursuant to the proposed Supplemental Order.

107. Given the reliance of the Canadian Debtors on the U.S. domiciled Debtors for critical business functions and the Debtors' need to access the DIP Facility to provide those functions and provide liquidity to pay Canadian employees, vendors and other suppliers in Canada, and having regard to the scope of the liens granted under the Interim DIP Order to be recognized within the proposed Supplemental Order, among other factors, the Proposed Information Officer is of the view that the DIP Charge is appropriate in the circumstances.

ACTIVITIES OF THE PROPOSED INFORMATION OFFICER TO DATE

108. To date, the activities of the Proposed Information Officer have included the following:

(a) attending the hearing of the Debtors' First Day Motions in the Chapter 11 Cases via videoconference;

(b) monitoring the Docket to remain apprised of materials filed in the Chapter 11 Cases;

(c) reviewing each of the First Day Motions and the First Day Orders in respect of which recognition is sought;

(d) engaging in discussions and correspondence regarding the Chapter 11 Cases and the Recognition Proceedings with Canadian counsel to the Foreign Representative, the Debtors, and Management;

(e) assisting the Canadian Debtors and the Foreign Representative in determining the appropriate quantum of the Administration Charge;

(f) corresponding with the Proposed Information Officer's Counsel regarding, *inter alia*, the Chapter 11 Cases, these Recognition Proceedings, relief sought by the Foreign Representative, and matters concerning the Security Opinion; and

(g) preparing this Pre-Filing Report.

109. If appointed in these Recognition Proceedings, the proposed Supplemental Order contemplates that the powers and duties of FTI Canada, in its capacity as Information Officer, will include the following:

(a) assisting the Foreign Representative in the performance of its duties in such capacity as the Foreign Representative may reasonably request;

(b) reporting to the Canadian Court with respect to the status of these Recognition Proceedings and the Chapter 11 Cases;

(c) providing creditors of the Canadian Debtors with non-confidential information provided by the Foreign Representative or the other Canadian Debtors in response to reasonable requests for such information;

(d) publishing a notice once a week for two consecutive weeks in *The Globe and Mail* (National Edition) regarding the issuance of the Initial Recognition Order and the Supplemental Order; and

(e) establish a case website on which materials filed in, and other relevant information pertaining to, these Recognition Proceedings will be posted for the benefit of Canadian stakeholders and other interested parties, including motion materials, orders granted by the Canadian Court, a current service list, and the Information Officer's reports to the Canadian Court.

CONCLUSION

110. For the reasons set out in this Pre-Filing Report, the Proposed Information Officer is of the view that the relief requested by the Foreign Representative is reasonable and appropriate in the circumstances.

111. Accordingly, the Proposed Information Officer respectfully recommends that the proposed Initial Recognition Order and proposed Supplemental Order be granted by the Canadian Court.

The Proposed Information Officer respectfully submits this Pre-Filing Report to the Court dated this 14th day of January, 2025.

FTI Consulting Canada Inc.
solely in its capacity as Proposed Information Officer
of the Debtors in these Recognition Proceedings,
and not in its personal or corporate capacity

Per:

Jim Robinson
Senior Managing Director

Appendix “A” – Smith Declaration

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
LIGADO NETWORKS LLC, *et al.*,[1]	)	Case No. 25-10006 ( )
Debtors.	)	(Joint Administration Requested)

DECLARATION OF DOUGLAS SMITH,
CHIEF EXECUTIVE OFFICER OF LIGADO NETWORKS LLC,
IN SUPPORT OF CHAPTER 11 PETITIONS AND FIRST DAY PLEADINGS

Under 28 U.S.C. § 1746, I, Douglas Smith, declare as follows under penalty of perjury:

1. I am the Chief Executive Officer of Ligado Networks LLC ("Ligado" and, collectively with its affiliated debtors and debtors in possession, the "Debtors"). I have been employed in this and other capacities by the Debtors since 2010. Accordingly, I am familiar with the Debtors' day-to-day operations, business, and financial affairs, and I submit this declaration (the "Declaration") to assist the Court and the parties in interest in understanding the circumstances that compelled the commencement of these chapter 11 cases (the "Chapter 11 Cases") and in support of the (a) Debtors' petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the "Bankruptcy Code"), filed on January 5, 2025 (the "Petition Date") and (b) relief requested in the motions and applications that the Debtors filed with the Court on the date hereof (collectively, the "First Day Pleadings"). I am authorized to submit this Declaration on behalf of the Debtors.

[1] The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are: Ligado Networks LLC (3801); ATC Technologies, LLC (N/A); Ligado Networks (Canada) Inc. (N/A); Ligado Networks Build LLC (N/A); Ligado Networks Corp. (N/A); Ligado Networks Finance LLC (N/A); Ligado Networks Holdings (Canada) Inc. (N/A); Ligado Networks Inc. of Virginia (9725); Ligado Networks Subsidiary LLC (N/A); One Dot Six LLC (8763); and One Dot Six TVCC LLC (N/A). The Debtors' headquarters is located at: 10802 Parkridge Boulevard, Reston, Virginia 20191.

2. As described herein, the First Day Pleadings seek, among other things, authorization for the Debtors' continued use of cash collateral and provision of adequate protection to the Prepetition Secured Parties (as defined below), continuation of the Debtors' cash management system and other business operations without interruption, as well as, in general, relief that would enable them to maintain employee confidence and morale and establish certain administrative procedures to promote a seamless transition into the Chapter 11 Cases. I am familiar with the contents of each of the First Day Pleadings, and I believe that the relief sought in each of these pleadings is necessary to permit an effective transition into the Chapter 11 Cases. In my opinion, approval of the relief requested in the First Day Pleadings will minimize disruptions to the Debtors' business operations, thereby preserving and maximizing the value of the Debtors' estates and assisting the Debtors in achieving a successful reorganization; without such relief, I believe that the Debtors' estates would suffer immediate and irreparable harm.

3. I have reviewed the factual support set forth in each of the First Day Pleadings and attest to the accuracy thereof. Except as otherwise indicated, all facts set forth herein are based on my personal knowledge, my discussions with other members of the Debtors' senior management, my review of relevant documents, or my opinion based upon experience, knowledge, and information concerning the Debtors' operations and financial affairs. If called upon to testify, I would testify competently to the facts set forth in this Declaration.

4. This Declaration is intended to provide an overview of the Debtors' business, their corporate and capital structure, and the factors that contributed to the filing of the Chapter 11 Cases. The Declaration then summarizes the relief requested in certain of the First Day Pleadings.

I. Introduction

5. The Debtors are a mobile communications company that operates a satellite network across North America that has been providing mobile satellite services ("MSS")[2] to government and commercial customers for over 25 years. In the near term, Ligado is planning to evolve its satellite services to easily integrate with terrestrial networks and to communicate directly to standard mobile devices. In addition, Ligado has the authority to develop terrestrial-based solutions for both Fifth Generation ("5G") public and private networks using its coordinated licensed and leased spectrum[3] in the "L-Band," located in the highly attractive one- to two-gigahertz ("GHz") spectrum category, known as the lower mid-band. Ligado is licensed as an MSS operator in the L-Band in the U.S. and Canadian parts of ITU Region 2. Ligado has fully coordinated its satellite system with all other North American Region 2 L-band operators and maintains access to over 40 megahertz ("MHz") of MSS spectrum in the United States and Canada.

6. The Debtors spent years working to develop and obtain approval from the United States Federal Communications Commission ("FCC") to operate an ancillary terrestrial component ("ATC")[4] to their MSS licenses and have invested billions of dollars in connection therewith. In April 2020, the commissioners for the FCC issued a unanimous and bipartisan order

---

[2] "Mobile Satellite Service" or "MSS" is:

> A radiocommunication service:
> – between mobile earth stations and one or more space stations, or between space stations used by this service; or
> – between mobile earth stations by means of one or more space stations.

Int'l Telecomm. Union [ITU], *Radio Regulations: Articles*, art. 1.25 (2016) (emphasis removed).

[3] "Spectrum" refers to the radio spectrum, which is the part of the electromagnetic spectrum with frequencies from 30 hertz to 300 GHz, and whose radio waves are widely used in modern technology, particularly in telecommunication.

[4] An "ancillary terrestrial component" or "ATC" system consists of terrestrial base stations and mobile terminals licensed to the operator of an MSS system, which allows an MSS licensee to integrate terrestrial capabilities into its MSS networks for purposes of filling in gaps in its MSS coverage area, particularly in urban areas and inside buildings.

granting the Debtors an exclusive nationwide ATC authorization for 30 MHz of their MSS licensed L-Band spectrum. The Debtors also have access to five MHz of spectrum at 1670-1675 MHz.[5] In total, the Debtors have access to 35 MHz of terrestrial spectrum in the United States.

7. Despite the FCC's approval of the Debtors' L-Band spectrum plan, the Debtors' efforts to develop nationwide terrestrial wireless services to complement their existing satellite infrastructure have been thwarted by the actions of the United States government, acting through the Department of Defense ("DOD"), the Department of Commerce ("DOC"), the National Telecommunications and Information Administration ("NTIA")—an agency within DOC[6]—and the United States Congress (collectively, the "U.S. Government").

8. These governmental actors have unlawfully prevented the Debtors from using or otherwise operating within the portion of spectrum that the FCC exclusively licensed to the Debtors for terrestrial communications services. Indeed, DOD has gone further: it has taken the Debtors' spectrum for the agency's *own* use, operating previously undisclosed systems that use or depend on the Debtors' allocated spectrum without compensating the Debtors. To facilitate and cover up its previously undisclosed use of the Debtors' property and prevent the Debtors from using their spectrum and FCC license for terrestrial services, DOD (with DOC's assistance) made unfounded claims—to the FCC, Congress, the White House, other federal agencies, and the public—about the effects of the Debtors' proposed 5G terrestrial services. Because of this, and as further described below, the Debtors commenced a lawsuit on October 12, 2023 against the United States of America, DOD, DOC, and NTIA in the United States Court of Federal Claims seeking,

---

[5] From July 2007 to the present, the Debtors, through their wholly owned subsidiary One Dot Six LLC, have leased five MHz of spectrum in the 1670-1675 MHz spectrum band through agreements with Crown Castle MM Holding LLC and OP LLC, the entity which holds the underlying United States nationwide spectrum license.

[6] Unless stated otherwise, references to DOC include NTIA.

among other things, compensation for the U.S. Government's physical, categorical, regulatory, and legislative takings—which, as of the date of this filing, have deprived the Debtors of tens of billions of dollars in lost revenues.[7] On November 18, 2024, the Court of Federal Claims denied the U.S. Government's motion to dismiss in substantial part, ruling that Ligado has alleged a physical, regulatory, categorical, but not a legislative taking. The Court of Federal Claims found that a property interest does exist in Ligado's FCC license vis-à-vis the Department of Defense but not vis-à-vis the FCC.

9. The actions of the U.S. Government have prevented the Debtors' full use of their L-Band license, costing the Debtors significant time and billions of dollars in sunk costs and lost profits. Further, these actions continue to harm the Debtors' future revenue potential by creating substantial uncertainties and pressure on the Debtors' business model and prospects to timely implement their business plans and, ultimately, the value of the Debtors' L-Band spectrum. As a result, the Debtors do not yet generate adequate cash flows from operations to fund their operating expenses and capital expenditures.

10. Separately, the Debtors' capital structure is premised on a business that is entitled to the full benefits of the Cooperation Agreement with Inmarsat (each, as defined below) whereby Inmarsat and Ligado (together with its predecessor entities) agreed to cooperatively coordinate their licensed spectrum in the L-band into contiguous spectrum blocks within the spectrum and at the power levels agreed upon by the parties and set forth in the Cooperation Agreement. The Debtors are obligated to pay Inmarsat under the Cooperation Agreement for these coordinated spectrum rights. Over the course of the last year, the Debtors engaged in extensive discussions with Viasat (which, as described below, acquired Inmarsat in 2023) and Inmarsat

[7] *See* Complaint, *Ligado Networks LLC v. United States*, No. 23-1797-L (Fed. Cl. Oct. 12, 2023).

around a comprehensive resolution of the Cooperation Agreement to restructure the Debtors' significant payment obligations thereunder. Viasat, however, raised a purported tax issue while the parties were working to finalize the contours of a commercial agreement, which suddenly upended the entire framework the parties had been discussing.

11. After the breakdown in negotiations on account of the purported tax issue, Viasat expressed to the Debtors that it was focused on receiving payments under the Cooperation Agreement. Accordingly—as Viasat is aware—the Debtors then engaged in conversations with third parties regarding alternative options. In some instances, the conversations were among Viasat, interested third parties, and the Debtors; in other instances, the conversations were held directly between Viasat and interested third parties. Based on the feedback from these conversations, the Debtors discussed potential transactions with Viasat that could have led to a commercial resolution of Viasat's stated objective. Viasat rejected such alternative options and revealed that its true intent is to access the Debtors' spectrum in order to implement Viasat's commercial goals. In other words, without the Debtors' spectrum, Viasat cannot execute on its business plan.

12. Despite the Debtors' good faith efforts to negotiate with Viasat to resolve the ongoing issues regarding the Cooperation Agreement and work together to seek a commercial arrangement with a third-party to better monetize the value of the parties' contiguous spectrum blocks, it became clear in the weeks leading up to the commencement of these Chapter 11 Cases that, in reality, Viasat was not interested in reaching a workable commercial resolution with the Debtors.

13. Notwithstanding Viasat's refusal to work constructively towards a commercial resolution, the Debtors and their key stakeholders were able to successfully negotiate

(i) a restructuring transaction to recapitalize the Debtors' balance sheet and (ii) a binding term sheet with AST & Science, LLC ("AST") setting forth the terms of a long-term commercial transaction between the Debtors and AST (the "AST Transaction"), which culminated in the signing of a restructuring support agreement on January 5, 2025 (the "RSA"), which is attached hereto as **Exhibit B**.

14. The RSA contemplates a restructuring of the Debtors through (i) a prearranged chapter 11 plan and recognition proceedings pursuant to Canada's Part IV of the Companies' Creditors Arrangement Act, (ii) DIP financing (the "DIP Facility") to provide the Debtors with the liquidity necessary to fund the Chapter 11 Cases, (iii) the equitization of all of the Debtors' prepetition funded indebtedness (except for debt that is repaid or rolled up through the DIP Facility), (iv) the retention of preferred and common equity interests and relative priority amongst current equity holders, (v) entry into the AST Transaction, and (vi) the conversion of the DIP Facility into an exit facility upon the effective date of an acceptable plan pursuant to the DIP facility.

15. The binding term sheet for the AST Transaction is attached to the RSA. The AST Transaction involves, among other things, the provision by the Debtors to AST of certain usage rights with respect to Debtors' L-band MSS spectrum and related assets in exchange for AST (i) contributing certain AST common equity, warrants, convertible notes and/or cash to the Debtors, (ii) making certain annual usage-right payments to the Debtors and (iii) paying the Debtors a certain percentage of revenues derived from AST's use of the L-band MSS spectrum and related assets. The Debtors and the consenting stakeholders believe that the AST Transaction, together with the recapitalization provided for in the RSA, represents a value maximizing transaction that benefits all stakeholders. The RSA also sets forth certain key case milestones to

ensure these Chapter 11 Cases remain on track, including, among other things, (a) deadlines for entry of the interim and final DIP orders, (b) approval of a break-up fee in connection with the AST Transaction; (c) entry into definitive documentation in connection with the AST Transaction; and (d) milestones for confirmation of a chapter 11 plan and emergence. Consenting stakeholders who are party to the RSA, include:

Obligation	% of Support for RSA
Funded Debt Obligations	
Prepetition First Out Term Loans	93.3%
Prepetition First Lien Notes	86.9%
Prepetition First Lien Senior Pari Term Loans	99.5%
Prepetition 1.5 Lien Facility	96.9%
Prepetition Second Lien Notes	85.1%
Preferred Equity	
Series A-0 Preferred Units	87.3%
Series A-1 Preferred Units	9.7%
Series A-2 Preferred Units	56.8%
Series B Preferred Units	68.6%
Series C Preferred Units	43.8%
Common Equity	
Series A Common Units	35.4%
Series B Common Units	-%

16. The Debtors intend to take advantage of the breathing spell afforded by chapter 11 to (i) pursue their lawsuit against the U.S. Government to obtain just compensation for the taking of the spectrum that the FCC granted exclusively to them for terrestrial use,

(ii) vigorously prosecute their rights against Inmarsat, (iii) continue their efforts to develop the technology and commercial ecosystem necessary to fully deploy their spectrum assets, and (iv) execute definitive documentation for and consummate the AST Transaction.

II. Overview of the Debtors' Business

17. The Debtors currently support a range of MSS products and services in the United States, Canada, and Mexico on their MSS network. The Debtors are developing technical and commercial plans to enhance their current MSS network. They also have been planning to deploy 35 MHz of their coordinated licensed and leased spectrum in the L-Band[8] for new and innovative communication services. To support this, the Debtors are developing a technology ecosystem for their MSS spectrum and their coordinated licensed and leased spectrum for communication services. Direct-to-device satellite communications and terrestrial 5G private networks using the 1670-1675 MHz band are among the solutions that are being developed by the Debtors to serve the mobile consumer market and the enterprise sector. However, as discussed herein, the U.S. Government has prevented the Debtors from deploying terrestrial communications services in 30 MHz of this spectrum as set forth in the Debtors' lawsuit against the U.S. Government.

18. The Debtors believe that their access to spectrum for terrestrial wireless use, in addition to their satellite capabilities, support new 5G market opportunities. The Debtors have done what they could, but for the actions of the U.S. Government, to prepare to deploy their terrestrial services in their exclusively licensed spectrum, including making significant investments to develop 4G and 5G products to enable deployment of the L-Band. For instance, in

[8] This 35 MHz is inclusive of the 5 MHz of spectrum licensed for terrestrial use in the 1670-1675 MHz spectrum band that the Debtors lease pursuant to the One Dot Six Lease.

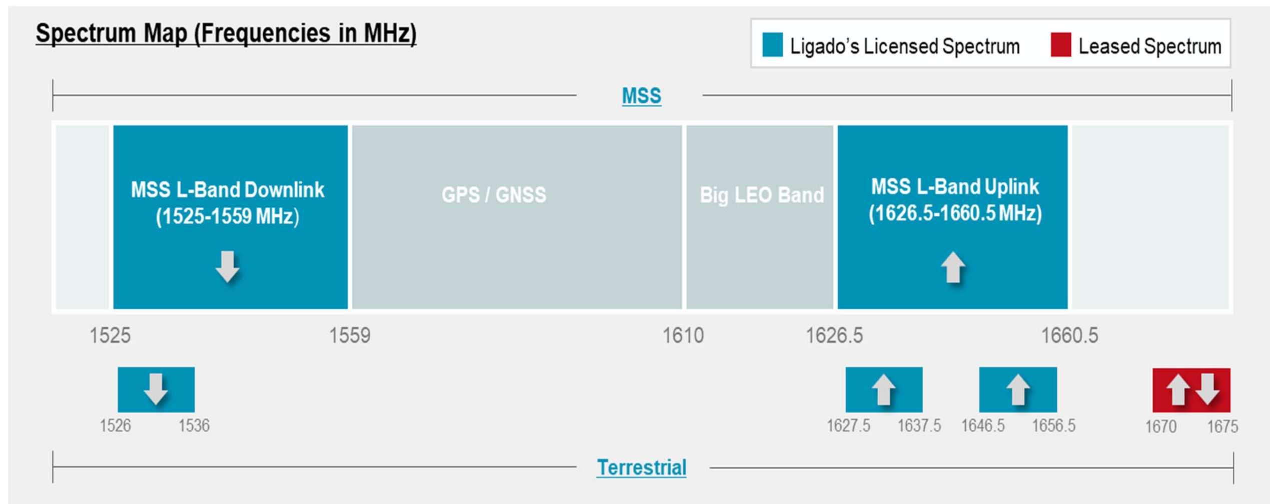
reliance on the FCC Order, the Debtors engaged in a twelve-month successful project in the Third Generation Partnership Project ("3GPP"), the wireless industry's global standard-setting body, to standardize the L-Band and thereby enable infrastructure vendors to develop 4G and 5G products compatible with the Debtors' lower mid-band spectrum. Throughout 2021 and 2022, the Debtors took significant steps to invest in the L-Band ecosystem and develop the technology necessary to integrate their potential 4G and 5G services into consumer and industrial telecommunications products. Since the entry of the FCC Order, the Debtors have invested substantial time, energy, and capital into creating base stations and mobile chipsets compatible with their authorized spectrum and positioning themselves to serve critical spectrum infrastructure needs.

19. This successful preparatory work had been conducted with the goal of advancing the value and potential of the Debtors' FCC-authorized terrestrial spectrum and services to play a meaningful role in accelerating 5G in the United States. But all of this preparatory work and economic investment has been lost and will continue to go to waste so long as the DOD and DOC continue to prevent the Debtors' use of their authorized spectrum.

A. The Debtors' Spectrum Assets, Licenses, and Related Agreements

20. The Debtors hold licenses from the FCC and Innovation, Science & Economic Development Canada ("ISED") to operate mobile satellites using lower mid-band spectrum that support MSS throughout North America, as well as an authorization from the FCC for ATC operations within the United States. More specifically, the Debtors are authorized to provide MSS in the 1525-1559 MHz and 1626.5-1660.5 MHz portions of the L-Band, with the lower band (1525-1559 MHz) allocated for downlink transmissions (from MSS satellites to mobile earth stations) and the upper band (1626.5-1660.5 MHz) allocated for uplink transmissions (from mobile earth stations to MSS satellites). With the issuance of the FCC Order, the Debtors have an

ATC authorization for the following sub-bands: 1526-1536 MHz (Lower Downlink); 1627.5-1637.5 MHz (Lower Uplink); and 1646.5-1656.5 MHz (Upper Uplink). In addition, the Debtors have access to 5 MHz of spectrum licensed for terrestrial use in the 1670-1675 MHz spectrum band pursuant to the One Dot Six Lease (as defined below). Set forth below is a visual depiction of the Debtors' spectrum authorized by the FCC and through coordination for MSS and terrestrial use.



21. The Debtors' spectrum holdings are subject to the following additional licenses and authorizations granted by the FCC or ISED to Ligado Networks Subsidiary LLC or Ligado Networks (Canada) Inc., respectively, each a wholly owned direct or indirect subsidiary of Ligado:

- a license to operate SkyTerra-1, a second-generation L-Band MSS satellite, which operates at the 101.3 West Longitude orbital position;
- a license to launch and operate SkyTerra-2, a second-generation L-Band MSS satellite which will be operational at the 107.5 West Longitude orbital position, which has an ISED launch milestone of March 31, 2029, and an

International Telecommunications Union[9] "Bring Into Use" ("BIU") date of March 28, 2030;

- an ITU filing for a satellite at 106.5 West Longitude to be BIU prior to February 19, 2031; and
- multiple spectrum licenses and authorizations to make use of the 12.75-13.25 GHz (Uplink) and 10.7-10.95, 11.2-11.45 GHz (Downlink) Ku-band FSS spectrum for feeder links in the provision of MSS in Canada and the United States via the SkyTerra-1 and SkyTerra-2 satellites.

22. **Multilateral Spectrum Coordination**. The Debtors' use of their licensed L-Band spectrum is subject to United States and Canadian treaty commitments to the ITU and the terms of multilateral and bilateral coordination agreements entered into pursuant to the ITU Radio Regulations. Five national administrations (i.e., the United States, Canada, the United Kingdom, Russia, and Mexico) are party to the Memorandum of Understanding for Intersystem Coordination of Certain Geostationary Mobile Satellite Systems Operating in the Bands 1525-1544/1545-1559 MHz and 1626.5-1645.5/1646.5-1660.5 MHz, agreed to in Mexico City (the "Mexico City MoU"), a coordination framework agreement developed in 1996 for satellites that were operational or soon-to-be-launched, providing for their shared use of MSS L-Band in ITU Region 2, which covers North America pursuant to the ITU Radio Regulations. The Mexico City MoU established terms for coexistence among the administrations by providing for annual assignments of spectrum to each of their operators for specified beams based on coordination and demonstrated need.

23. **5 MHz One Dot Six Lease**. From July 2007 to the present, the Debtors, through their wholly owned subsidiary One Dot Six LLC, have leased 5 MHz of spectrum in the 1670-1675 MHz spectrum band through agreements with Crown Castle MM Holding LLC and

[9] The International Telecommunication Union ("ITU") is the United Nations specialized agency for information and communication technologies that allocates global radio spectrum and satellite orbits and develops the technical standards to ensure networks and technologies seamlessly interconnect.

OP LLC, the entity which holds the underlying U.S. nationwide spectrum license (such agreements collectively, the "One Dot Six Lease"). In December 2022, the One Dot Six Lease was amended to provide the Debtors the option to purchase the spectrum license from OP LLC on January 1, 2025 for a purchase price of $196.1 million and thereafter every two years at an increased purchase price based on an agreed upon CPI inflation formula.

24. The FCC granted a ten-year license renewal for the 1670-1675 MHz spectrum in April 2024 for an additional term through October 1, 2033. The One Dot Six Lease is effective through October 1, 2033, and subject to FCC approvals and grants, will be renewed for a further term through December 31, 2034. The December 2022 amendment harmonized the balance of payments due under the initial term, and the Debtors paid $3.6 million upon executing the amendment, an additional $3.6 million on December 31, 2022, and made a final payment of $7.2 million on April 1, 2023, for the balance of the initial term. In October 2023, the Debtors paid an additional $3.6 million for the remainder of 2023. Then, beginning in 2024, the Debtors began making annual payments of $14.9 million, subject to a 4% increase each year of the renewal term, in two equal installments on January 1 and July 1. The Debtors will also continue to incur additional operating and maintenance costs associated with the operation of a DVB-H (Digital Video Broadcasting-Handheld) network in this spectrum band.

25. **Inmarsat Cooperation Agreement**. In 2007, the Debtors and Inmarsat Global Limited ("Inmarsat"), which was acquired by Viasat Inc. ("Viasat") on May 30, 2023, entered into a cooperation agreement, and they entered into an Amended and Restated Cooperation Agreement on August 6, 2010 (as further amended and restated from time to time, the "Cooperation Agreement"). The Cooperation Agreement has been amended numerous times and addresses a number of regulatory, technological and spectrum coordination matters involving L-

band spectrum and its use over North America. The purpose of the Cooperation Agreement was to coordinate the MSS L-Band spectrum to provide the Debtors with sufficient contiguous spectrum blocks free from interference to help the Debtors' obtain the ability to provide mobile services to the North American market consisting of an MSS network and a terrestrial wireless service (i.e., an ATC).[10] To that end, the agreement involves Inmarsat moving its operations and reallocating its customers' use from identified portions of its coordinated spectrum in the MSS L-Band and upgrading some of its equipment so that the spectrum could be delivered to the Debtors without the possibility of interference to or from Inmarsat's customers' satellite terminals. The term of the Cooperation Agreement runs until December 31, 2107, and the agreement requires the Debtors to pay Inmarsat substantial sums for this spectrum over a period of 99 years.[11] As of the Petition Date, the Debtors have paid Inmarsat over $1.7 billion.

26. In return, Inmarsat is required to facilitate the necessary FCC license authorization. The parties understood that FCC approval of the Debtors' license application was critical to achieving the purpose of the Cooperation Agreement, and both parties pledged to use their best commercial efforts to support approval from the relevant regulatory authorities, including the FCC specifically, and to remedy the situation in the event of any indication of objection or disapproval.

27. In addition, Inmarsat is required to implement the so-called "Spectrum Plans" contemplated in the Cooperation Agreement to create sufficient contiguous spectrum blocks and use its best commercial efforts to ensure that Ligado received the full anticipated benefit

---

[10] Historically, Inmarsat and the Debtors' predecessors in interest each held the rights to thin slivers of MSS L-Band spectrum. Inmarsat used that spectrum to provide MSS, including aeronautical and maritime communications and navigation services. The Debtors used that spectrum to provide MSS to government and commercial customers for emergency response, remote monitoring, and numerous other mission-critical applications.

[11] Approximately 83 years remain under the current term of the Cooperation Agreement.

of the spectrum, including in or near airports and waterways. Inmarsat has taken steps to create the contiguous spectrum blocks, but it has failed to perform other obligations. Specifically, in addition to creating contiguous spectrum blocks the Cooperation Agreement requires Inmarsat to address interference that might arise in the particular use case of Inmarsat satellite terminals operating on Inmarsat's system on airplanes and water vessels and the Debtors' planned ATC services. Inmarsat's resolution of these terminal interference issues was contractually bargained and paid for by the Debtors. Specifically, aviation and maritime customers of Inmarsat use systems provided by Inmarsat for communications and operate near to the spectrum the Cooperation Agreement specifies is for the Debtors' use for their terrestrial communication and MSS services. The potential for interference between Inmarsat's customers' terminals in or near airports and waterways and the Debtors' communication services in the vicinity of same should have been remedied by Inmarsat through replacement of the Inmarsat terminals or through modification (with the use of filters or otherwise) of the Inmarsat terminals. This is known as "terminal resilience." Achieving this terminal resilience so that Ligado could operate anywhere in the country (including in or near airports and waterways) was a material obligation of Inmarsat to provide the Debtors under the Cooperation Agreement.

28. To address the terminal resilience issues in those specific geographic areas, Inmarsat and the Debtors agreed on the need to develop a plan to replace or modify those terminals. Because those terminals were Inmarsat terminals provided to Inmarsat customers to enable them to receive signals over the Inmarsat system, the parties' understanding, as reflected in the Cooperation Agreement and the parties' course of conduct, was that Inmarsat would be responsible for ensuring the design, development, approval, manufacture, distribution, and installation of the equipment needed to achieve terminal resilience, *and* all costs in connection with that transition.

Inmarsat was also responsible for implementing that plan through modifications in all contracts and relationships with its customers. These terms were agreed to by the parties and are clearly set out in technical exhibits to the Cooperation Agreement.

29. To resolve the terminal interference issues, the Cooperation Agreement requires that "appropriate modifications" be made to "***all*** terminals operating on the Inmarsat system" that might receive or cause interference, or that Inmarsat, in its discretion, could otherwise address such interference by discontinuance or replacement of any affected service or terminal.[12] In part to offset the costs of that transition, the Debtors paid Inmarsat a $250.0 million transition payment. To date, Inmarsat has still not completed the required work to effect the required terminal resilience as required under the Cooperation Agreement.

30. Over the years, the Cooperation Agreement has been amended twenty-one times to address issues relating to plans for the delivery of spectrum and payments due thereunder, to alter certain transition options and notifications relating to them, to delay and defer payments during the Debtors' prior bankruptcy, to meet coordination obligations with the other North American L-Band operator, Telecomunicaciones de Mexico, to allow for a large prepayment of the future annual payment obligations, and to reduce the amount of the overall lease obligations going forward. In the wake of the FCC's April 2020 Order authorizing ATC deployment and in connection with the recapitalization, in 2020, the Debtors made a lump sum payment of $700.0 million to Inmarsat in two installments of approximately $35.5 million on October 13, 2020, and $664.5 million on October 23, 2020 (collectively, the "Inmarsat 2020 Prepayment"), which prepaid 60% of all future payment obligations. The Debtors have the right until October 15, 2025,

[12] Cooperation Agreement § 3.2(g).

to exercise a further call option to prepay the remainder of the payment obligations on certain terms and conditions described in the Cooperation Agreement.

31. On December 20, 2022, the Debtors and Inmarsat amended the Cooperation Agreement ("Amendment No. 7") to extend a portion of the approximately $395.8 million payment to Inmarsat under the Cooperation Agreement (the "Inmarsat 2023 Payment") that was coming due in January 2023. Under this amendment, the Debtors paid $30.0 million on December 28, 2022, with proceeds from the Prepetition First Lien Loan Facility (as defined below), and agreed to pay the remaining balance on April 6, 2023, after the expiration of the grace period, with interest. As part of that amendment, Inmarsat agreed to dismiss its complaint alleging an anticipatory breach of the Inmarsat 2023 Payment, which was filed on December 15, 2022, in the Supreme Court of the State of New York, County of New York, against Ligado and its affiliate, Ligado Networks (Canada) Inc. The complaint was dismissed without prejudice on December 29, 2022.

32. The Debtors and Inmarsat further amended the Cooperation Agreement five more times in 2023 and nine more times in 2024 to, among other things, delay payment of additional amounts owed by the Debtors to Inmarsat thereunder. As part of the twenty-first and latest amendment to the Cooperation Agreement, Inmarsat agreed to defer payment until January 13, 2025 (after the applicable grace period) of (i) a $16.7 million quarterly payment originally due in March 2023, (ii) a $393.2 million payment originally due on July 1, 2023, (iii) $16.9 million quarterly payment originally due in June 2023, (iv) a $16.5 million quarterly payment due in September 2023, (v) a $16.2 million payment due in December 2023, (vi) a $15.9 million payment due in March 2024, (vii) a $16 million payment due in June 2024, and (viii) a $15.7 million payment due in September 2024.

33. In March 2016, the Debtors provided Inmarsat with the "Additional Phase 2 Recommencement Notice" electing delivery of 30 MHz of spectrum under the terms of the Cooperation Agreement. Through the amendments following that election, Inmarsat and the Debtors agreed to a spectrum transition plan that would require delivery of all spectrum to complete the 30 MHz plan by December 31, 2021. Inmarsat has represented that it has delivered the spectrum required to give effect to the 30 MHz plan. The Debtors disagree that such delivery conforms to all of the terms of the Cooperation Agreement and has sent a letter to Inmarsat notifying them that this failure to conform is a breach of the Cooperation Agreement. The Debtors are still actively attempting to work with Inmarsat to satisfy all of the related conditions to effectuate the full delivery.

34. As further described below, the Debtors submit that Inmarsat has materially breached its obligations under the Cooperation Agreement by failing to resolve the terminal interference issues around airports and waterways and addressing concerns raised to the FCC by Inmarsat's own customers about those terminal interference issues. These failures directly contributed to, among other things, a prolonged regulatory approval process with respect to the Debtors' license modification applications and thereby forced the Debtors to spend significant time and resources during such process.

35. **Boeing Agreement**. On January 9, 2006, the Debtors entered into an agreement with Boeing Satellite Systems International, Inc. ("Boeing") for the construction of the Debtors' next-generation space-based network ("SBN"), which was amended and restated on November 10, 2010, and subsequently amended by multiple contract changes (the "Boeing Agreement"). The Boeing Agreement provides for the design, delivery, and testing of the Debtors' two SBNs, initial operational performance support, launch mission and launch support services,

and related warranty and support. The agreement also provides for option pricing for additional satellites, extended warranties, and for a portion of the satellite price to be payable as an in-orbit performance incentive ("OPI"). The Boeing Agreement also provides for payment of liquidated damages earnbacks ("LDE") to Boeing to the extent earned.

36. The initial term of the Boeing Agreement is from January 9, 2006, through twenty years following the Debtors' acceptance of the last SBN to be delivered, unless otherwise terminated. Boeing may terminate this agreement upon written notice to the Debtors for their failure to cure payment defaults.

37. The Debtors' SkyTerra-1 satellite was launched on November 14, 2010, and successfully completed in-orbit testing in February 2011. Boeing has completed construction of the Debtors' SkyTerra-2 satellite, which was placed into on-ground storage in 2011. Under the Boeing Agreement, Boeing was entitled to payment of all outstanding milestone payments, OPI amounts, and LDE amounts, less all work yet to be completed, after the SkyTerra-2 satellite was in storage for a period of three years. In connection with the resolution of certain outstanding contractual issues, the Debtors agreed to make a payment to Boeing for outstanding amounts of $42.6 million during August 2016, with additional payments aggregating approximately $6.0 million over the next three years, of which $1.0 million was paid during 2017, $2.0 million was paid during 2018, and $3.0 million was paid during 2019. The Debtors do not owe any additional payments of OPI or LDE amounts for the SkyTerra-2 satellite. The Debtors and Boeing continue to work toward reaching an agreement on the refurbishment contract for the SkyTerra-2 satellite. The Debtors always intended to refurbish the SkyTerra-2 satellite and, over the years, have attempted to negotiate a contract. However, Boeing and its subcontractor have failed to honor their contractual obligations with respect to this refurbishment effort. In addition, the Debtors face

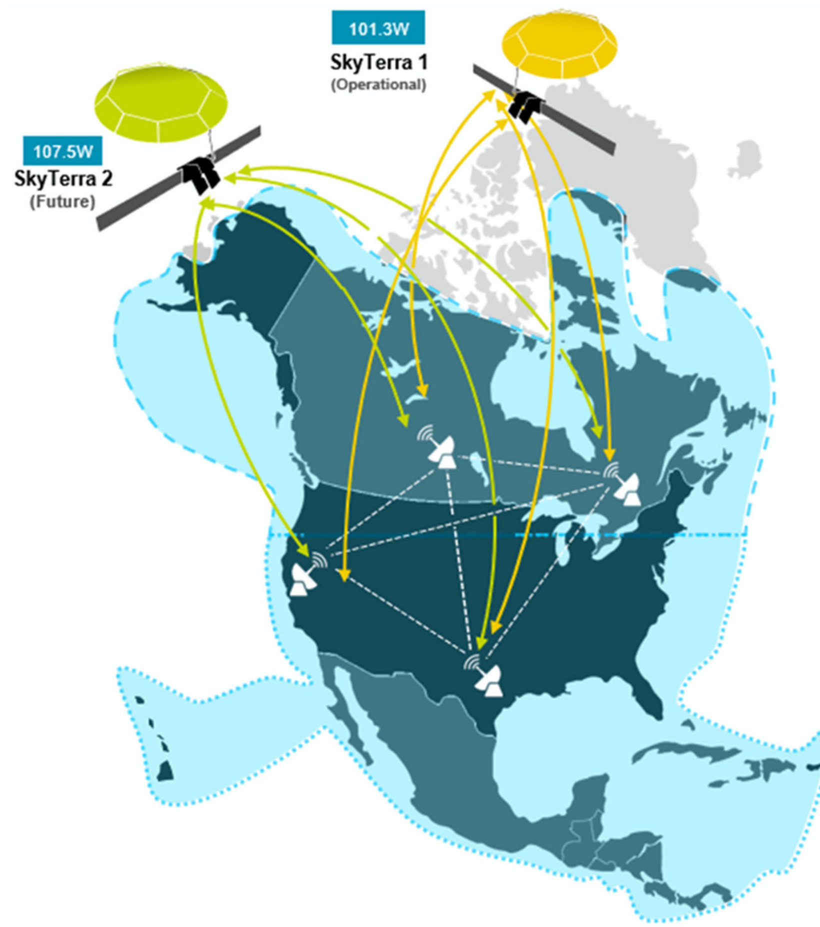
challenges with certain suppliers on the SkyTerra-2 program and within the satellite industry at large, including recent satellite failures experienced by other operators, supply chain constraints related to increased demand, and delays in reconditioning or replacing of aged-out parts. These contractual issues and wider trends have resulted in an increase in the time Boeing has estimated to refurbish the SkyTerra-2 satellite and higher than expected costs.

38. In May 2024, the Debtors initiated the dispute resolution process under the Boeing Agreement to resolve these contractual disputes related to the refurbishment and storage of the SkyTerra-2 satellite. Boeing responded by initiating a dispute related to its assertion that it has continued to earn payments for OPIs and LDEs for the SkyTerra-1 satellite following an anomaly that occurred in April 2023. Due to the degradation in performance of the SkyTerra-1 satellite following the anomaly, the Debtors filed an insurance claim and Boeing no longer satisfies the performance metrics set forth in the Boeing Agreement despite its assertions to the contrary. The Debtors have continued to engage proactively with Boeing to reach a resolution that addresses the SkyTerra-1 satellite and SkyTerra-2 satellite disputes and continued storage of the SkyTerra-2 satellite. The prior terms for the storage of SkyTerra-2 expired on November 30, 2024. If the Debtors do not reach an agreement with Boeing on the refurbishment program or terms for additional storage, the Debtors must (i) take title to the SkyTerra-2 satellite and find suitable storage for the satellite or (ii) receive injunctive relief preventing Boeing from disposing of the satellite, in each case, after Boeing provides 30 days' notice to the Debtors of its intention to dispose of the SkyTerra-2 satellite. Ligado has not been able to find a suitable facility to store the satellite going forward. If Boeing provides notice of its intent to dispose of the SkyTerra-2 satellite, the Debtors will pursue all remedies to maintain the satellite at the Boeing storage facility until the parties' dispute concerning the refurbishment of the SkyTerra-2 satellite is resolved.

B. Existing Mobile Satellite Business

39. The Debtors operate a highly sophisticated satellite network that provides fixed and mobile communications throughout North America. In the United States, the Debtors operate SkyTerra-1. In Canada, the Debtors are authorized to provide service using the SkyTerra-1 satellite. As described above, the Debtors are authorized in principle by ISED to operate the SkyTerra-2 satellite, which is constructed and stored in preparation for launch into a Canadian orbital location.

40. The Debtors' satellites (SkyTerra-1 and SkyTerra-2) are two of the most powerful mobile satellites ever constructed. Each is equipped with a 22-meter (75 foot) diameter antenna, which is capable of ten times better performance than that provided by the Debtors' prior satellites. The satellites have the capability of forming up to 1,500 beams over North America and can operate with devices that are as small as standard IoT devices, mobile hotspots, and consumer smartphones. The SkyTerra-1 and SkyTerra-2 satellite systems utilize state-of-the-art ground-based beam forming, which allows flexibility in altering beam shapes, number of beams, bandwidth allocation, and power allocation, all occurring from the ground. This capability is unprecedented in prior mobile satellite systems where beams were pre-formed onboard the spacecraft prior to launch and incapable of change once in orbit. Below is a visual depiction of the coverage capability of the Debtors' satellite system.



41. The Debtors' customers in government and industry include end users (among others) in the public safety, utilities, and transportation segments who use the Debtors' current satellite network for emergency response, remote monitoring, asset tracking, and numerous other mission-critical applications. An important component of the Debtors' current satellite business is the Mobile Satellite Communications Push-to-Talk and Telephony Voice service, which provides access to national and regional "SMART^{tm} Talk Groups." Such talk groups enable critical interoperable communications among officials from homeland security, law enforcement, emergency response, and public safety from various departments and agencies across the United States.

42. In 2022, 3GPP designated the L-band as one of only two bands included for standardization as part of the first 3GPP Release 17 for Non-Terrestrial Networks ("NTN"). With the emergence of these standards for satellite networks in the L-band, and an in-orbit satellite network that can readily support the next generation of consumer devices, Ligado is developing technology and partnerships that will serve the growing demand for Direct-to-Device satellite connectivity.

III. The Debtors' Corporate and Capital Structure

A. The Debtors' Corporate Structure

43. Ligado owns, directly or indirectly, ten domestic and foreign subsidiaries in two jurisdictions in the United States (Delaware and Virginia) and two jurisdictions in Canada (Ontario and Nova Scotia). Ligado and all of its U.S. and Canadian subsidiaries are the Debtors in these Chapter 11 Cases. A corporate organization chart is annexed as **Exhibit A** hereto.

B. The Debtors' Capital Structure

44. Set forth below is a summary of the Debtors' capital structure as of the Petition Date.

Obligation	Maturity / Redemption	Approximate Principal Amount Outstanding / Liquidation Preference
Funded Debt Obligations[13]		
Prepetition First Out Term Loans	November 1, 2023[14]	$319.5
Prepetition First Lien Notes	November 1, 2023	$5,491.8
Prepetition First Lien Senior Pari Term Loans	November 1, 2023	$122.3
Prepetition 1.5 Lien Facility	February 2, 2024	$591.5
Prepetition Second Lien Notes	May 1, 2024	$2,050.0
Preferred Equity		
Series A-0 Preferred Units	N/A	$6,230,714,260

13 Amounts reflected in millions of dollars.

14 All loans issued after this date pursuant to the Prepetition First Out Term Loans are payable on demand.

Obligation	Maturity / Redemption	Approximate Principal Amount Outstanding / Liquidation Preference
Series A-1 Preferred Units	N/A	$1,672,843,762
Series A-2 Preferred Units	N/A	$326,915,279
Series B Preferred Units	N/A	$294,170,575
Series C Preferred Units	N/A	$658,128,799
Common Equity		
Series A Common Units	N/A	N/A
Series B Common Units	N/A	N/A

(i) Prepetition Indebtedness

45. As of the Petition Date, the Debtors' capital structure includes approximately $8.6 billion in funded debt.

46. **Prepetition First Lien Notes**. On October 23, 2020, Ligado originally issued $2.85 billion in aggregate principal amount of 15.5% PIK Senior Secured First Lien Notes due 2023 (the "Prepetition First Lien Notes" and, the holders of the Prepetition First Lien Notes, the "Prepetition First Lien Noteholders") at an issue price of 100.0% of par value pursuant to that certain indenture, dated as of October 23, 2020 (as amended, restated, amended and restated, supplemented, waived, or otherwise modified from time to time, the "Prepetition First Lien Indenture" and, collectively with all other First Lien Documents (as defined in the Prepetition First Lien Indenture) and any other agreements and documents executed or delivered in connection therewith, each as may be amended, restated, amended and restated, supplemented, waived, or otherwise modified from time to time, the "Prepetition First Lien Notes Documents"), by and among Ligado, as issuer, the guarantors party thereto, and U.S. Bank National Association, as trustee (in such capacity, the "Prepetition First Lien Notes Trustee" and, U.S. Bank National Association, in its capacity as collateral trustee under the Prepetition First Lien Notes Documents, the "Prepetition First Lien Notes Collateral Trustee" and, the Prepetition First Lien Noteholders,

the Prepetition First Lien Notes Trustee, and the Prepetition First Lien Notes Collateral Trustee collectively, the "Prepetition First Lien Notes Secured Parties").

47. On December 23, 2022, the First Lien Indenture was amended to, among other things, permit the incurrence of the Prepetition First Lien Loans (as defined below), and in connection with the amendments, the Debtors paid the holders of the Prepetition First Lien Notes a consent fee represented by an increase in the aggregate principal amount of the Prepetition First Lien Notes of $25.1 million. On March 31, 2023, the Prepetition First Lien Indenture was further amended to, among other things, permit the incurrence of the incremental Prepetition First Out Term Loans (as defined below). On May 24, 2024, the Prepetition First Lien Indenture was further amended to, among other things, permit the incurrence of term loans in an aggregate principal amount not exceeding $75,000,000.

48. On October 20, 2023, the Debtors entered into a forbearance agreement (the "1L Notes Forbearance Agreement") with holders of more than a majority of the outstanding principal amount of the Prepetition First Lien Notes (collectively, the "1L Consenting Holders"). Pursuant to the 1L Notes Forbearance Agreement, the 1L Consenting Holders agreed to forbear until November 15, 2023—which forbearance date was further extended to, among other things, the earlier of February 7, 2025 or seven days following the extended date for the deferred payments as set forth in the Cooperation Agreement (the "1L Notes Forbearance Period")—the exercise of their respective rights and remedies under the First Lien Indenture and the related security documents, as a result of the Debtors' anticipated failure to timely pay principal and accrued interest, if applicable, on the Prepetition First Lien Notes at maturity on November 1, 2023. Under the 1L Notes Forbearance Agreement, until November 1, 2023, the Prepetition First Lien Notes bore interest at a rate of 15.5% *per annum*, payable in kind. Starting from the date of maturity on

November 1, 2023, and during the 1L Notes Forbearance Period, Ligado pays interest at the default rate of 17.5% *per annum* payable in kind, in accordance with the terms of the Prepetition First Lien Notes Documents.

49. The Prepetition First Lien Notes are guaranteed by Ligado's material subsidiaries and secured by perfected first-priority liens on and security interests in (to the extent legally permissible) substantially all of the Debtors' assets, other than certain "excluded property" (the "Prepetition Collateral").

50. The Debtors also entered into waivers with respect to the Prepetition 1.5 Lien Facility and Prepetition Second Lien Notes for anticipated cross defaults arising from the Payment Default.

51. As of the Petition Date, an aggregate amount of approximately $5.5 billion in principal and accrued interest was outstanding under the Prepetition First Lien Notes.

52. **Prepetition First Lien Loan Facility**. Ligado is the borrower under that certain First Lien Loan Agreement, dated as of December 23, 2022 (as amended, restated, amended and restated, supplemented, waived, or otherwise modified from time to time, the "Prepetition First Lien Loan Agreement" and, collectively with all other Loan Documents (as defined in the Prepetition First Lien Loan Agreement) and any other agreements and documents executed or delivered in connection therewith, each as may be amended, restated, amended and restated, supplemented, waived, or otherwise modified from time to time, the "Prepetition First Lien Loan Documents," and the facility made available thereunder, the "Prepetition First Lien Loan Facility" and, the Prepetition First Lien Loan Documents together with the Prepetition First Lien Notes Documents, the "Prepetition First Lien Documents"), by and among, Ligado, as the borrower, the guarantors party thereto, the lenders party thereto (collectively in such capacities, the "Prepetition

First Lien Lenders"), and U.S. Bank Trust Company, National Association, as administrative agent (as successor in interest to U.S. Bank National Association, as administrative agent) (in such capacity, the "Prepetition First Lien Loan Administrative Agent," and U.S. Bank Trust Company, National Association in its capacity as collateral agent under the Prepetition First Lien Loan Documents (as successor in interest to U.S. Bank National Association), the "Prepetition First Lien Loan Collateral Agent," and the Prepetition First Lien Loan Collateral Agent, the Prepetition First Lien Loan Administrative Agent, and the Prepetition First Lien Lenders collectively, the "Prepetition First Lien Loan Secured Parties," and the Prepetition First Lien Loan Secured Parties together with the Prepetition First Lien Notes Secured Parties, the "Prepetition First Lien Secured Parties").

53. The Prepetition First Lien Loan Agreement was amended on April 3, 2023, July 17, 2023, November 18, 2023, January 22, 2024, June 4, 2024, October 2, 2024, and December 23, 2024, to, among other things, permit incremental loans to the Debtors under the Prepetition First Lien Loan Agreement.

54. The Prepetition First Lien Loan Facility provides for up to approximately (i) $122.3 million in term loans that are secured on a *pari passu* basis with the Prepetition First Lien Notes (the "Prepetition First Lien Senior Pari Term Loans") and (ii) $141.0 million in term loans that are secured on a *pari passu* basis with the Prepetition First Lien Notes but are "first out" in payment priority pursuant to the First Lien Intercreditor Agreement (as defined below) (the "Prepetition First Out Term Loans" and, the Prepetition First Out Term Loans together with the Prepetition First Lien Senior Pari Term Loans, the "Prepetition First Lien Term Loans," and the Prepetition First Lien Term Loans together with the Prepetition First Lien Notes, the "Prepetition First Lien Debt"). The Prepetition First Out Term Loans rank senior in right of

repayment to all of the Debtors' existing debt, including all other Prepetition First Lien Debt. The Prepetition First Out Term Loans also bear interest at a default rate of 17.5% *per annum*, payable in kind, in accordance with the terms of the Prepetition First Lien Loan Agreement.

55. On October 20, 2023, the Debtors entered into a forbearance agreement (the "1L Loan Forbearance Agreement") with holders of more than a majority of the outstanding principal amount of the Prepetition First Lien Term Loans (collectively, the "1L Consenting Lenders"). Pursuant to the 1L Loan Forbearance Agreement, the 1L Consenting Lenders agreed to forbear until November 15, 2023—which forbearance date was further extended to, among other things, the earlier of February 7, 2025 or seven days following the extended date for the deferred payments as set forth in the Cooperation Agreement (the "1L Loan Forbearance Period")–the exercise of their respective rights and remedies under the Prepetition First Lien Loan Agreement and the related security documents, as a result of the Debtors' anticipated failure to timely pay principal and accrued interest, if applicable, on the Prepetition First Lien Term Loans at maturity on November 1, 2023. Under the 1L Loan Forbearance Agreement, until November 1, 2023, Ligado paid interest on the Prepetition First Lien Facility at a rate of 15.5% *per annum*, payable in kind. Starting from the date of maturity on November 1, 2023, and during the 1L Loan Forbearance Period, Ligado pays interest at the default rate of 17.5% *per annum* payable in kind, in accordance with the terms of the Prepetition First Lien Loan Agreement.

56. The Prepetition First Lien Loan Facility is secured by perfected first-priority liens on and security interests in (to the extent legally permissible) the Prepetition Collateral on a *pari passu* basis with the Prepetition First Lien Notes and is guaranteed by Ligado's material subsidiaries on a *pari passu* basis with the Prepetition First Lien Notes.

57. The Debtors also entered into waivers with respect to the Prepetition 1.5 Lien Facility and Prepetition Second Lien Notes (each, as defined below) for anticipated cross defaults arising from the Payment Default.

58. As of the Petition Date, an aggregate amount of approximately $441.8 million in principal and accrued interest was outstanding under the Prepetition First Lien Loan Facility.

59. **Prepetition 1.5 Lien Facility**. Ligado is the borrower under that certain 1.5 Lien Loan Agreement, dated as of May 27, 2020 (as amended, restated, amended and restated, supplemented, waived, or otherwise modified from time to time, the "Prepetition 1.5 Lien Loan Agreement" and, collectively with all other Loan Documents (as defined in the Prepetition 1.5 Lien Loan Agreement) and any other agreements and documents executed or delivered in connection therewith, each as may be amended, restated, amended and restated, supplemented, waived, or otherwise modified from time to time, the "Prepetition 1.5 Lien Loan Documents," and the facility made available thereunder, the "Prepetition 1.5 Lien Facility"), by and among Ligado, as the borrower, the guarantors party thereto, the lenders party thereto (collectively in such capacities, the "Prepetition 1.5 Lien Lenders"), Jefferies Finance LLC, as administrative agent (in such capacity, the "Prepetition 1.5 Lien Administrative Agent"), and U.S. Bank Trust Company, National Association, as successor collateral agent (in such capacity, the "Prepetition 1.5 Lien Collateral Agent" and, the Prepetition 1.5 Lien Collateral Agent, the Prepetition 1.5 Lien Administrative Agent, and the Prepetition 1.5 Lien Lenders, collectively, the "Prepetition 1.5 Lien Secured Parties").

60. The Prepetition 1.5 Lien Loan Agreement was amended on October 23, 2020, February 24, 2021, August 10, 2022, and December 23, 2022, to among other things, permit incremental commitment increases to the Debtors under the Prepetition 1.5 Lien Loan Agreement.

61. On August 10, 2022, the Debtors entered into an agreement to borrow up to an additional $88.0 million (the "Incremental 1.5 Lien Loans") under the Prepetition 1.5 Lien Facility that resulted in available proceeds of $36.0 million after accounting for the original issue discount and other paid-in-kind fees. The Incremental 1.5 Lien Loans were structured as three separate draws of $12.0 million each in net cash proceeds to the Debtors. The three draws of $12.0 million each occurred on August 10, 2022, September 9, 2022, and October 14, 2022, respectively. The Incremental 1.5 Lien Loans bore interest at the greater of (i) SOFR and (ii) 1.00% *plus* the applicable margin (20.0% *plus* 15 bps). The maturity date of the Incremental 1.5 Lien Loans was May 1, 2024.

62. On December 23, 2022, the Debtors entered into an agreement to borrow up to an additional $68.3 million (the "Additional Incremental 1.5 Lien Loans") under the Prepetition 1.5 Lien Facility. The Additional Incremental 1.5 Lien Loans were funded on a non-cash basis on four separate funding dates: (i) the first funding date on December 27, 2022, on which date $28.3 million of the Additional Incremental 1.5 Lien Loans were funded; (ii) the second funding date on January 4, 2023, on which date $13.3 million of the Additional Incremental 1.5 Lien Loans were funded; (iii) the third funding date on February 1, 2023, on which date $13.3 million of the Additional Incremental 1.5 Lien Loans were funded; and (iv) the fourth funding date on March 1, 2023, on which date $13.325 million of the Additional Incremental 1.5 Lien Loans were funded. The proceeds of the Additional Incremental 1.5 Lien Loans were used solely to pay an incentive fee to each lender of the Incremental First Lien Loans.

63. The Additional Incremental 1.5 Lien Loans bore interest at the greater of (i) SOFR and (ii) 1.00% *plus* the applicable margin (20.0% *plus* 15 bps) until the maturity date of May 1, 2024.

64. On January 19, 2024, the Debtors entered into a forbearance agreement (the "1.5L Forbearance Agreement") with the consenting 1.5 Prepetition Lien Lenders (the "1.5L Consenting Lenders"), pursuant to which the 1.5L Consenting Lenders (a) agreed to forbear until June 7, 2024, the exercise of their respective rights and remedies under the Prepetition 1.5L Lien Facility, as a result of the Debtors' anticipated failure to timely pay principal and unpaid interest, if applicable, at maturity (the "Anticipated 1.5L Payment Default") and any related cross-defaults, which forbearance date was further extended to, among other things, the earlier of February 7, 2025 or seven days following the extended date for the deferred payments as set forth in the Cooperation Agreement (the "1.5L Forbearance Period"), and (b) directed the Administrative Agent and Collateral Agent (as defined in the 1.5L Forbearance Agreement) to forbear from exercising rights and remedies under the Prepetition 1.5L Lien Facility, with respect to the Anticipated 1.5L Payment Default. Under the 1.5L Forbearance Agreement, starting from the date of maturity on May 1, 2024, and during the 1.5L Forbearance Period, Ligado pays interest on the Prepetition 1.5 Lien Loan, the Incremental 1.5 Lien Loans and the Additional Incremental 1.5L Lien Loans as described above plus 2.00%, in each case, to account for the default interest rate, in accordance with the terms of the Prepetition 1.5 Lien Loan Documents.

65. The Prepetition 1.5 Lien Facility is secured by perfected 1.5 priority liens on and security interests in (to the extent legally permissible) the Prepetition Collateral and is guaranteed by Ligado's material subsidiaries on a 1.5 priority basis.

66. The Prepetition 1.5 Lien Lenders of more than a majority of the loans under the Prepetition 1.5 Lien Facility provided cross-default waivers as a result of the Anticipated 1.5L Payment Default.

67. As of the Petition Date, an aggregate amount of approximately $591.5 million in principal and accrued interest was outstanding under the Prepetition 1.5 Lien Facility.

68. **Prepetition Second Lien Notes**. On October 23, 2020, Ligado originally issued $1.0 billion aggregate principal amount of 17.5% PIK Senior Secured Second Lien Notes due 2024 (the "Prepetition Second Lien Notes," and the holders of the Prepetition Second Lien Notes, the "Prepetition Second Lien Noteholders") at an issue price of 75.0% of par value pursuant to that certain indenture, dated as of October 23, 2020 (as amended, restated, amended and restated, supplemented, waived, or otherwise modified from time to time, the "Prepetition Second Lien Indenture," and collectively with all other Second Lien Documents (as defined in the Prepetition Second Lien Indenture) and any other agreements and documents executed or delivered in connection therewith, each as may be amended, restated, amended and restated, supplemented, waived, or otherwise modified from time to time, the "Prepetition Second Lien Documents" and, the Prepetition Second Lien Documents, the Prepetition First Lien Documents, and the Prepetition 1.5 Lien Documents, collectively, the "Prepetition Secured Documents"), by and among Ligado, as issuer, the guarantors party thereto, and Wilmington Savings Fund Society, FSB, as trustee (as successor in interest to U.S. Bank National Association, as trustee) (in such capacity, the "Prepetition Second Lien Trustee," and U.S. Bank National Association in its capacity as collateral trustee under the Prepetition Second Lien Documents, the "Prepetition Second Lien Collateral Trustee," and the Prepetition Second Lien Noteholders, the Prepetition Second Lien Trustee, and the Prepetition Second Lien Collateral Trustee collectively, the "Prepetition Second Lien Secured

Parties," and the Prepetition Second Lien Secured Parties, the Prepetition First Lien Secured Parties, and the Prepetition 1.5 Lien Secured Parties collectively, the "Prepetition Secured Parties").

69. On January 19, 2024, the Debtors entered into a forbearance agreement (the "2L Forbearance Agreement") with the consenting Prepetition Second Lien Noteholders (the "2L Consenting Holders"), pursuant to which the 2L Consenting Holders (A) agreed to forbear until June 7, 2024 the exercise of their respective rights and remedies under the Prepetition Second Lien Documents, as a result of the Debtors' anticipated failure to timely pay principal and unpaid interest, if applicable, at maturity (the "Anticipated 2L Payment Default") and any related cross-defaults, which forbearance date was further extended to, among other things, the earlier of February 7, 2025 or seven days following the extended date for the deferred payments as set forth in the Cooperation Agreement (the "2L Forbearance Period"), and (B) directed the Trustee (as defined in the 2L Forbearance Agreement) to forbear from exercising rights and remedies under the Prepetition Second Lien Documents, with respect to the Anticipated 2L Payment Default. Under the 2L Forbearance Agreement, until May 1, 2024, the Prepetition Second Lien Notes bore interest at a rate of 17.5% *per annum*, payable in kind. Starting from the date of maturity on May 1, 2024, and during the 2L Forbearance Period, Ligado pays interest at the default rate of 19.5% *per annum* payable in kind, in accordance with the terms of the Prepetition Second Lien Documents.

70. The Prepetition Second Lien Notes are secured by perfected second-priority liens on and security interests in (to the extent legally permissible) the Prepetition Collateral and are guaranteed on a second lien priority basis by the same Ligado subsidiaries that guarantee the Prepetition First Lien Notes and the Prepetition 1.5 Lien Facility.

71. The holders of more than a majority of the outstanding principal amount of the Prepetition Second Lien Notes provided cross-default waivers as a result of the Anticipated 2L Payment Default.

72. As of the Petition Date, an aggregate amount of approximately $2.0 billion in principal and accrued interest was outstanding under the Prepetition Second Lien Notes.

73. **Intercreditor Agreements**. Pursuant to the First Lien Intercreditor Agreement, dated as of December 23, 2022 (as amended, restated, amended and restated, supplemented, waived, or otherwise modified from time to time, the "First Lien Intercreditor Agreement"), by and among Ligado, the other grantors from time to time party thereto, U.S. Bank National Association, as collateral trustee (in such capacity, the "First Lien Collateral Trustee"), U.S. Bank National Association, as Authorized Representative for the Notes Secured Parties (each as defined therein), U.S. Bank National Association, as Initial Additional Pari Collateral Agent and Initial Additional Authorized Representative (each as defined therein), and each additional Authorized Representative from time to time party thereto, the liens and security interests securing the Prepetition First Lien Notes rank equal in priority to the liens on and security interests in the Prepetition Collateral granted to secure the Prepetition First Lien Loan Facility, the Prepetition First Out Term Loans rank senior in right of payment to the Prepetition First Lien Notes and the Prepetition First Lien Senior Pari Term Loans, and the Prepetition First Lien Notes rank equal in right of payment to the Prepetition First Lien Senior Pari Term Loans.

74. Pursuant to the Senior Collateral Trust and Intercreditor Agreement, dated as of October 23, 2020 (as amended, restated, amended and restated, supplemented, waived, or otherwise modified from time to time, the "Senior Intercreditor Agreement"), by and among Ligado, the other pledgors from time to time party thereto, U.S. Bank National Association, as

First Lien Representative (as defined therein), Jefferies Finance LLC, as a Junior Lien Representative (as defined therein), U.S. Bank National Association, as a Junior Lien Representative, each additional First Lien Representative and Junior Lien Representative from time to time party thereto, and U.S. Bank National Association, as collateral trustee (in such capacity, the "Senior Collateral Trustee"), the liens and security interests securing the Prepetition First Lien Debt ranks senior in priority to the liens on and security interests in the Prepetition Collateral granted to secure the Prepetition 1.5 Lien Facility and the Prepetition Second Lien Notes, and the Prepetition First Lien Debt ranks senior in right of payment to the Prepetition 1.5 Lien Facility and the Prepetition Second Lien Notes.

75. Pursuant to the Senior Intercreditor Agreement and the Junior Collateral Trust and Intercreditor Agreement, dated as of October 23, 2020 (as amended, restated, amended and restated, supplemented, waived, or otherwise modified from time to time, the "Junior Intercreditor Agreement" and, the Junior Intercreditor Agreement, the First Lien Intercreditor Agreement, and the Senior Intercreditor Agreement, collectively, the "Intercreditor Agreements"), by and among, Ligado, the other pledgors from time to time party thereto, Jefferies Finance LLC, as a Senior Lien Representative (as defined therein), U.S. Bank National Association, as a Junior Lien Representative (as defined therein), each additional First Lien Representative and Junior Lien Representative from time to time party thereto, and U.S. Bank National Association, as collateral trustee (in such capacity, the "Junior Collateral Trustee," and the Junior Collateral Trustee, the First Lien Collateral Trustee, the Senior Collateral Trustee, the Prepetition First Lien Secured Parties, the Prepetition 1.5 Lien Secured Parties, and the Prepetition Second Lien Secured Parties collectively, the "Prepetition Secured Parties"), the liens and security interests securing the Prepetition 1.5 Lien Facility rank junior in priority to the liens on and security interests in the

Prepetition Collateral granted to secure the Prepetition First Lien Debt and rank senior in priority to the liens on and security interests in the Prepetition Collateral granted to secure the Prepetition Second Lien Notes, and the Prepetition 1.5 Lien Facility ranks junior in right of payment to the Prepetition First Lien Debt and senior in right of payment to the Prepetition Second Lien Notes.

76. Pursuant to the Intercreditor Agreements, the liens and security interests securing the Prepetition Second Lien Notes rank junior in priority to all liens on and security interests in the Prepetition Collateral granted to secure the Prepetition First Lien Debt and the Prepetition 1.5 Lien Facility, and the Prepetition Second Lien Notes rank junior in right of payment to the Prepetition First Lien Debt and the Prepetition 1.5 Lien Facility.

77. **Unsecured Debt**. The Debtors generally have and intend to continue to pay trade obligations as they come due.

(ii) Membership Interests

78. As of the Petition Date, Ligado had 100,000,000 issued and outstanding preferred units (out of 100,000,000 authorized) and 10,000,000 issued and outstanding common units (out of 20,000,000 authorized).

79. **Series A-0 Preferred Units**. Ligado has issued 20,000,000 (out of an authorized 20,000,000) Series A-0 Preferred Units (the "Series A-0 Preferred Units"). The Series A-0 Preferred Units are entitled to distributions in accordance with the waterfall (the "Distribution Waterfall") set forth in that certain Amended and Restated Operating Agreement of Ligado Networks, dated as of October 23, 2020 (the "Operating Agreement") (as and when those distributions are approved by Ligado's board of managers, the "Board") and generally have priority over the Series A-1 Preferred Units, the Series A-2 Preferred Units, the Series B Preferred Units, the Series C Preferred Units, and the Common Units (each as defined below) under the

Distribution Waterfall. The Series A-0 Preferred Units have preemptive rights for 90% of any new issuances by Ligado of preferred units which would rank senior to the Series A-0 Preferred Units (the "Super Senior Preferred Units").

80. **Series A-1 and A-2 Preferred Units**. Ligado has issued 20,000,000 (out of an authorized 20,000,000) Series A-1 Preferred Units (the "Series A-1 Preferred Units") and 20,000,000 (out of an authorized 20,000,000) Series A-2 Preferred Units (the "Series A-2 Preferred Units"). The Series A-1 Preferred Units have preemptive rights for 10% of any new issuances by Ligado of Super Senior Preferred Units. The Series A-1 Preferred Units have a liquidation preference equal to $1,672,843,762, and the Series A-2 Preferred Units have a liquidation preference equal to $326,915,279. As set forth in the Operating Agreement, the Series A-1 Preferred Units generally have priority over the Series A-2 Preferred Units, the Series B Preferred Units, the Series C Preferred Units, and the Common Units under the Distribution Waterfall. However, under the Distribution Waterfall, after a certain amount of distributions have been paid out to the Series A-0 Preferred Units and the Series A-1 Preferred Units, the Series A-1 Preferred Units and the Series A-2 Preferred Units share *pro rata* (based on their respective liquidation preferences) with the Series B Preferred Units and the Series C Preferred Units (based on their respective liquidation preferences).

81. **Series B Preferred Units**. Ligado has issued 20,000,000 (out of an authorized 20,000,000) Series B Preferred Units (the "Series B Preferred Units"). The Series B Preferred Units have a liquidation preference equal to $294,170,575. As set forth in the Operating Agreement, the Series B Preferred Units generally have priority over the Common Units. Under the Distribution Waterfall, after a certain amount of distributions have been paid out to the Series A-0 Preferred Units and the Series A-1 Preferred Units, the Series B Preferred Units share *pro rata*

(based on the Series B liquidation preference) with the Series A-1 Preferred Units, the Series A-2 Preferred Units, and the Series C Preferred Units (based on their respective liquidation preferences).

82. **Series C Preferred Units**. Ligado has issued 20,000,000 (out of an authorized 20,000,000) Series C Preferred Units (the "Series C Preferred Units" and, collectively with the Series A-0 Preferred Units, Series A-1 Preferred Units, Series A-2 Preferred Units, and the Series B Preferred Units, the "Preferred Units"). The Series C Preferred Units have a liquidation preference equal to $658,128,799. As set forth in the Operating Agreement, the Series C Preferred Units generally have priority over the Common Units under the Distribution Waterfall. Under the Distribution Waterfall, after a certain amount of distributions have been paid out to the Series A-0 Preferred Units and the Series A-1 Preferred Units, the Series C Preferred Units share *pro rata* (based on the Series C liquidation preference) with the Series A-1 Preferred Units, the Series A-2 Preferred Units, and the Series B Preferred Units (based on their respective liquidation preferences).

83. **Common Units**. Ligado has issued 9,700,000 Series A Common Units (out of 19,400,000 authorized) (the "Series A Common Units") and 300,000 Series B Common Units (out of 600,000 authorized) (the "Series B Common Units" and, together with the Series A Common Units, the "Common Units"). The Series A Common Units rank *pari passu* with the Series B Common Units in liquidation and distributions, and both series of Common Units have certain limited voting rights. With respect to distributions of available cash and distributions upon liquidation, the Common Units are subordinated to the Series A-0 Preferred Units, the Series A-1 Preferred Units, the Series A-2 Preferred Units, the Series B Preferred Units, and the Series C Preferred Units.

84. **Distribution Waterfall**. Pursuant to the Operating Agreement, if Ligado's Board authorizes a cash distribution, the distributions will be made as follows:

- First, (x) 94.75% to all holders of outstanding Series A-0 Preferred Units (such distribution to be made *pro rata* in proportion to the Series A-0 Preferred Units held by each such holder) and (y) 5.25% to all holders of outstanding Series A-1 Preferred Units (such distribution to be made *pro rata* in proportion to the Series A-1 Preferred Units held by each such holder), until certain distributed amount valuation thresholds are met.

- Second, (x) 70% to all holders of outstanding Series A-0 Preferred Units (such distribution to be made *pro rata* in proportion to the Series A-0 Preferred Units held by each such holder) and (y) 30% to all holders of outstanding Series A-1 Preferred Units (such distribution to be made *pro rata* in proportion to the Series A-1 Preferred Units held by each such holder), until certain distributed amount valuation thresholds are met.

- Third, (x) 30% to all holders of outstanding Series A-0 Preferred Units (such distribution to be made *pro rata* in proportion to the Series A-0 Preferred Units held by each such holder) and (y) 70% to all holders of outstanding Series A-1 Preferred Units (such distribution to be made *pro rata* in proportion to the Series A-1 Preferred Units held by each such holder), until certain distributed amount valuation thresholds are met.

- Fourth, (x) 35% to all holders of outstanding Series A-0 Preferred Units (such distribution to be made *pro rata* in proportion to the Series A-0 Preferred Units held by each such holder) and (y) 65% to all holders of outstanding Series A-1 Preferred Units, Series A-2 Preferred Units, Series B Preferred Units, and Series C Preferred Units (such distribution to be made (A) as to each such series of Preferred Units, based on the Sharing Percentage[15] of such series of Preferred Units and (B) as to each holder within each such series of Preferred Units, *pro rata* in proportion to the Preferred Units of such series held by each such holder), until certain distributed amount valuation thresholds are met.

- Fifth, 100% to holders of Common Units and vested Incentive Rights (as defined in the Operating Agreement).

---

[15] "Sharing Percentage" means, as to each of the Series A-1 Preferred Units, Series A-2 Preferred Units, Series B Preferred Units, and Series C Preferred Units, as of any date of determination, a percentage equal to (a) the amount of the liquidation preference for such series of Preferred Units as of such date, *divided by* (b) the sum total of the liquidation preferences of the Series A-1 Preferred Units, Series A-2 Preferred Units, Series B Preferred Units, and Series C Preferred Units as of such date.

Once the holders of Preferred Units have received all distributions to which they are entitled in accordance with the Operating Agreement, such holders will no longer have the right to participate in any future distributions, and the Preferred Units will be considered fully redeemed.

IV. Events Leading to Commencement of Chapter 11 Cases

85. For approximately 20 years, the Debtors have been working to develop terrestrial wireless capabilities that would augment their satellite network. The Debtors finally obtained FCC approval in April 2020 to use their ATC authority to provide 5G terrestrial communication services (the "FCC Order"). For approximately 10 years prior to the issuance of the FCC Order, however, the Debtors were mired in a contentious, protracted regulatory process that prevented them from utilizing their ATC authorizations. This process not only compelled the Debtors to take on massive amounts of debt (to make payments to Inmarsat and to meet the FCC's initial build-out requirements discussed below), but also drained their liquidity as they were not able to deploy and commercialize their ATC by providing terrestrial communication services, which caused them to file for chapter 11 protection in 2012 and consummate an out-of-court recapitalization and restructuring in October 2020.

86. In direct reliance on the FCC Order, in October 2020 the Debtors recapitalized their capital structure (i) to make the $700.0 million Inmarsat 2020 Prepayment and (ii) to begin developing the technological and commercial ecosystem as well as the partnerships necessary to fully deploy their coordinated licensed and leased spectrum. Notwithstanding the issuance of the FCC Order, however, the Debtors' ability to fully develop and implement their business plans continues to be hampered by the U.S. Government's use of the Debtors' spectrum and continued opposition to the FCC Order. Because of such actions, the Debtors do not yet

generate sufficient cash to fund their business and are facing a precarious liquidity situation, which has necessitated the filing of the Chapter 11 Cases.

A. Events Leading to Commencement of Prior Chapter 11 Cases

87. **Development of Terrestrial Communication Services**. In 2001, convinced that adding an ATC to their existing satellite operations would optimize the use of their MSS spectrum and enable the Debtors to provide wholesale terrestrial communication services with superior reliability and coverage, the Debtors were the first to apply to the FCC for authority to implement a new and innovative ground-based wireless service to be operated in conjunction with the MSS they already provided. As the FCC began adopting rules in 2003 to encourage and permit other MSS licensees to offer these superior ground-based mobile services using spectrum already allocated for MSS, the Debtors submitted a new application (in compliance with such rules) requesting authorization to provide terrestrial communication services (ATC authority). In 2004, the FCC granted the Debtors such authority, and they became the first MSS licensee authorized to deploy and operate, side-by-side, with their satellite lines of business, a terrestrial network.

88. In reliance on these regulatory approvals, the Debtors commissioned the manufacture and launch of two, state-of-the-art, next-generation satellites, SkyTerra-1 and SkyTerra-2, and the related ground structure for operations, and invested significant funds in furtherance of their new business. From 2001 to date, the Debtors invested billions of dollars in their wireless business plan from moneys borrowed from their lenders and/or capital contributed by their shareholders. During such period, the Debtors worked closely with numerous public and federal agencies as they moved toward deployment and entered into agreements with customers.

89. In 2010, the FCC approved (in connection with a change of equity ownership) a "change of control" as to the Debtor entity holding the underlying license but conditioned its approval on the Debtors satisfying an aggressive terrestrial network build-out schedule that required coverage of at least 100 million people by December 31, 2012, 145 million people by December 31, 2013, and 260 million people by December 31, 2015. To ensure that they satisfied the FCC's conditions to approval in full and, in reliance on such approval, the Debtors continued investing billions of dollars and entered into various agreements to aid in the deployment of their nationwide terrestrial communication services.

90. **Barriers to Full Utilization of the Debtors' FCC License and Authorization**. As the Debtors invested billions of dollars after the FCC's 2010 approval to build out their terrestrial communication services, technical objections to the Debtors' then-existing spectrum plan began to emerge. The Global Positioning System ("GPS") industry and the United States GPS Industry Council (the "USGIC"), a trade association that represents the interests of certain members of the GPS industry, raised concerns that the Debtors' transmissions at the then-proposed power levels could potentially interfere with GPS, and that the Debtors' terrestrial base stations might cause "overload interference" to GPS receivers and other GPS devices. At each stage of the FCC approval process, the Debtors worked cooperatively with public and federal agencies, including the GPS industry and the USGIC, to alleviate and protect against such potentially harmful out-of-band emissions and overload interference. Indeed, the Debtors, among other things, consented to reducing power levels and other technical modifications of their license, which cost the Debtors hundreds of millions of dollars to implement, along with burdensome testing requirements, which the FCC directed the Debtors to undertake.

91. However, in February 2012, following several studies concerning the impacts of the then-proposed terrestrial use of the L-band on GPS services, which the Debtors vigorously disputed, the NTIA sent a letter to the FCC stating that NTIA could not support at that time the deployment of the terrestrial communication services then proposed by the Debtors. Immediately following the NTIA's letter, the FCC issued a Public Notice that proposed to suspend indefinitely the Debtors' ATC authority.

92. The years of disputes, delay, and uncertainty with respect to final regulatory approval had begun to take their toll. Recognizing that they would need additional time to resolve the issues with the FCC and the GPS industry and to preserve resources on hand, the Debtors undertook several corporate initiatives and reached out to their major creditor constituencies to avert a looming financial collapse. Ultimately, however—and despite their best efforts—the Debtors could not reach a mutually satisfactory agreement with their prepetition secured lenders or Inmarsat. The Debtors were thus forced to seek chapter 11 protection to preserve the value of their assets while they continued to pursue a resolution of the GPS-related concerns with the use of their spectrum assets.[16]

B. Continued Regulatory Efforts Post-Emergence from Prior Chapter 11 Cases

93. The Debtors emerged from the Prior Chapter 11 Cases on December 7, 2015, with the expectation that an FCC decision to resolve GPS interference issues would be made within a reasonable period thereafter.

94. **GPS Settlement Agreements**. Within days of emergence, the Debtors entered into settlement and cooperation agreements with various GPS manufacturers that resolved

[16] On May 14, 2012, the Debtors' predecessors in interest filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code ("Prior Chapter 11 Cases"). In December 2014, following months of mediation and negotiations with the key parties in interest, the Debtors proposed a plan of reorganization, which was confirmed on March 26, 2015.

their concerns about interference and pursuant to which the Debtors accepted dramatically reduced power and out-of-band emissions limits and agreed to relinquish the Debtors' existing authorization to provide ATC at 1545-1555 MHz (i.e., the frequency band closest to the band allocated for GPS devices). The GPS manufacturers agreed that they would not object to the Debtors' new spectrum plan and the deployment of terrestrial communication services meeting the limits set forth in the GPS settlement agreements that were to be codified by the FCC as part of the Debtors' new spectrum plan.

95. **Omnibus Filing**. On December 31, 2015, the Debtors made a new set of filings with the FCC (together with supplemental filings in relation and in addition thereto, the "Omnibus Filing") that requested modifications of the Debtors' terrestrial license and codification of the reduced operational levels agreed to in the GPS settlement agreements. More specifically, the Omnibus Filing requested that the FCC take the following actions: (i) incorporate the reduced power and out-of-band emissions limits outlined in the GPS settlement agreements into the Debtors' license; (ii) unconditionally remove the Debtors' authorization to provide terrestrial communication services at 1545-1555 MHz; and (iii) add a condition to the Debtors' license requiring their terrestrial communication services in the 1526-1536 MHz channel be compatible with current and future standards mandated by the Federal Aviation Administration (the "FAA") for certified aviation GPS receivers.

96. In support of the Omnibus Filing, the Debtors worked with the FAA (which is part of the Department of Transportation ("DOT")), the aviation industry, and RTCA, Inc. (a standards-setting organization for the aviation industry) to determine the power levels for the lower downlink that would render the spectrum plan compatible with the FAA's standards for certified aviation devices. In 2017, the Debtors and the FAA completed these discussions and identified

the appropriate power level range that would protect certified aviation devices. Prior to and during this process, the DOT conducted a study of the impact of adjacent-band LTE signals on GPS certified aviation devices. On April 26, 2018, the DOT released its final report, which addressed multiple issues and with respect to certified aviation receivers the DOT report concluded that the appropriate power level with respect to protecting certified aviation receivers should be 9.8 dBW—a specific power level within the range identified by the FAA and Debtors in 2017. That report also proposed a revised standard for future certified aviation receivers that when fully implemented throughout all airships would be compatible with higher power levels.

97. The Debtors then filed, on May 31, 2018, an amendment to the Omnibus Filing that established the power level for the lower downlink at 9.8 dBW. This submission also proposed additional mitigation measures applicable to all GPS devices, including continuous monitoring of the transmit power for each base station site, the maintenance of a toll-free telephone number for the public to report apparent incidences of interference from the Debtors' operations on GPS, and other safeguards. The Debtors also committed, in an August 2019 filing, to repair or replace, as needed, U.S. Government GPS devices that experience or are likely to experience harmful interference from the Debtors' operations. All of these actions were taken in the good-faith belief that once the Debtors resolved all potential concerns about harmful interference to GPS, if any, the Debtors would be allowed to develop and deploy their spectrum assets free from disruption by the U.S. Government and others.

98. To help facilitate the outcome and at the specific request of DOD, the Debtors also arranged for the testing of the power levels proposed in the Omnibus Filing. One test was conducted pursuant to an April 2016 Cooperative Research and Development Agreement (the "CRADA") the Debtors entered into with the National Advanced Spectrum and Communications

Test Network (the "NASCTN"), a joint initiative of the National Institute of Standards and Technology (which is part of DOC), DOD, and NTIA. NASCTN evaluated the impact of LTE signals on GPS devices in the L-Band and released a report on the results of this study on February 15, 2017. These results were submitted to the FCC and support the Debtors' position that their terrestrial communication services will not cause harmful interference to GPS. This data is also consistent with testing performed in 2016 at the Debtors' direction by Roberson and Associates, an engineering consulting firm retained by the Debtors' outside counsel, and submitted to the FCC.

99. **Inmarsat's Customers' Opposition**. In summer 2016, several Inmarsat customers and/or their representatives submitted comments to the FCC on the Debtors' Omnibus Filing, stating their view that the terminal resilience issues needed to be addressed before the FCC could approve the Debtors' plan. For example, two influential parties—Boeing and Aviation Spectrum Resources Inc. ("ASRI")—requested that the FCC determine how Inmarsat terminals would be replaced ***before*** acting on the Debtors' application.

100. At that time, the Debtors asked Inmarsat to help them address the concerns raised by Boeing and ASRI. Inmarsat's CEO noted that Boeing's request was "the most challenging" to address. Inmarsat then filed a letter with the FCC stating only that it was "working with manufacturers, customers, and Ligado to reduce potential interference from Inmarsat users." Of course, this statement fell short of Inmarsat's contractual obligation to fully address (not simply reduce) terminal interference on ***all*** terminals. Inmarsat provided no information about when manufacturers would make filters or other terminal modifications available, it said nothing about when standards would be adopted or approvals obtained by the FCC, and it said nothing about the timing of terminal replacements, or who would pay for those terminal modifications or

replacements. As a result, this response also failed to satisfy Inmarsat's obligation to help the Debtors secure the FCC approval they were seeking.

101. Not surprisingly, Inmarsat's vague letter did not assuage the concerns of these powerful aviation industry stakeholders. A year later, on June 20, 2017, representatives of ASRI filed another comment letter with the FCC noting that Inmarsat continues providing services in the L-Band, and specifically referencing that Inmarsat had never explained the technical or operational basis for the cooperation arrangement between Inmarsat and the Debtors as a basis for their objection. ASRI noted that Inmarsat, in a filing with Ofcom, Inmarsat's UK regulator, had expressed concerns about the compatibility with the Debtors' system. ASRI also highlighted a statement made by Inmarsat in September 2016 that its "interference mitigation strategy [with the Debtors] may not be successful."

102. Despite the persistence of those concerns by Inmarsat's customers about the details of Inmarsat's terminal resilience plan, and notwithstanding its obligations in the Cooperation Agreement, Inmarsat took no action to directly address these concerns, to develop and implement the plan needed to modify or replace the terminals, or to otherwise address the terminal interference issues. Nor did it explain to its customers, the complaining entities, or the FCC its plan to address the interference issues in a level of detail sufficient to assuage their concerns. In fact, the little bit of information Inmarsat provided had the opposite effect—it contributed to increasing concern by creating confusion and uncertainty among its customers. As a result, Inmarsat wholly failed to use its best commercial efforts to assist Ligado in obtaining the necessary approvals.

103. Inmarsat's continued inaction fostered additional calls for delay of the FCC approval. Boeing again expressed concern about the potential for interference with Inmarsat

terminals. Inmarsat should have responded to address those concerns with concrete information about how terminal interference would be resolved to assure both the FCC and Inmarsat's customers that such interference would not be an issue.

104. Inmarsat was not able to do so because it had failed to develop (let alone implement) a plan in accordance with the Cooperation Agreement sufficient to address those interference issues and to ensure that the Debtors receive the full value of the spectrum in a timely manner. The Debtors sent Inmarsat a letter setting forth their views regarding the impact of Inmarsat's lack of action on the Debtors' regulatory approval. Inmarsat took no actions to remedy the situation.

105. **DOD and DOC's Pretextual Claims for Harmful Interference to GPS**. Prior to the issuance of the FCC Order, and in an effort to prevent the Debtors from obtaining revised ATC authority and to protect DOD's ability to operate previously undisclosed systems that use the Debtors' exclusively licensed spectrum without compensation, DOD (and its ally, DOC) adopted a strategy of deceit and misinformation. Both agencies had previously recognized that the Debtors' proposed terrestrial services would not cause harmful interference to GPS receivers. But as the Debtors inched closer to receiving FCC approval to use their ATC authority to provide 5G terrestrial communications services, DOD and DOC abruptly changed positions and began actively campaigning against the Debtors to officials across the U.S. Government based solely on the false claim that the Debtors' services would cause widespread harmful interference to GPS. Despite support for the Debtors' license modification application (including from officials in DOD and DOC) and despite the scientific studies concluding that the Debtors' intended use of the spectrum would not harmfully interfere with GPS receivers (including the NASCTN testing overseen by

DOD and DOC), DOD and DOC changed course in 2018 and opposed the Debtors' plans—all without notifying the FCC or the Debtors of the real reason behind their objections.

106. DOD and DOC leveled unsubstantiated claims painting the Debtors as a threat to GPS in order to protect and to mask DOD's own use of the Debtors' authorized spectrum. Moreover, DOD and DOC propagated—and continue to propagate to this day—these misleading and scientifically meritless arguments about harmful GPS interference with impunity to sister agencies, the White House, and Congress.

107. **FCC Approval**. On April 22, 2020, the FCC unanimously approved the Debtors' license modification applications and modified the Debtors' exclusive license and ATC authority to enable them to operate 5G terrestrial communication services within the 1526 to 1536 MHz, 1627.5 to 1637.5 MHz, and 1646.5 to 1656.5 MHz bands, in addition to their existing satellite network (the "Order").[17] In doing so, the FCC explicitly rejected DOD and DOC's assertions about harmful interference to GPS.

108. The FCC Order approved the proposed power level of 9.8 dBW for the 1526-1536 MHz downlink band and allows the Debtors to use 30 MHz of their licensed MSS spectrum in the L-Band to provide 5G terrestrial communication services. This decision added 30 MHz of terrestrial (ATC) spectrum to the 5 MHz of spectrum that the Debtors lease pursuant to the One Dot Six Lease, which is already fully authorized for use on a terrestrial basis. Based on the extensive record before it, the FCC concluded that the Omnibus Filing and related technical documents addressed the GPS industry's harmful interference concerns, and that "it is in the public

---

[17] *See* Order and Authorization, *In re LightSquared Technical Working Group Report*, FCC, IB Docket No. 11-109 (Released April 22, 2020).

interest to grant the modification applications to facilitate the deployment of a low power terrestrial-based network in [their] licensed MSS spectrum."[18]

109. Under the FCC Order's conditions, the Debtors are required to take various precautions and actions to ensure that their operations will not cause harmful interference to nearby spectrum users. Specifically, the FCC Order requires the Debtors to, among other things: not engage in terrestrial communication services in the 1536-1559 MHz band, thus creating a 23-MHz guard band for GPS; adhere to the reduced power levels and emissions limits consistent with the Debtors' commitments in the Omnibus Filing as amended and in supporting documents filed in the FCC record; monitor the power levels of their base stations; provide notice to federal agency GPS users and GPS device manufacturers of their base station locations' technical operating parameters prior to launching operations; provide prompt responses to credible reports of harmful interference; work directly with any federal agency with concerns about the potential for harmful interference to their GPS devices; develop and maintain a database of base station information for use by the aviation community; conduct drive testing to ensure compliance with power prescribed limits; and repair or replace any U.S. Government device shown to be susceptible to harmful interference.

110. **Continued Opposition to FCC Order**. Since the release of the FCC Order, several non-government and government entities, including DOD and DOC, have publicly stated their ongoing opposition to the FCC's decision. In addition, eight parties, including NTIA, filed petitions for reconsideration with the FCC seeking reversal of virtually every conclusion in the FCC Order. NTIA also asked the FCC for a stay of the effectiveness of the FCC Order. The Debtors filed answers to those petitions, and the petitioners filed replies. The FCC issued an order

---

[18] *See id*.

denying NTIA's position to stay the FCC Order on January 19, 2021. The Debtors do not know when, or how, the FCC will rule on any of the pending petitions for reconsideration. The FCC Order continues to be in full force and effect, and the Debtors remain confident that the science and the technology are sound and that the unanimous FCC Order protects GPS from harmful interference from the Debtors' terrestrial communication services.

111. In addition, some members of the U.S. House of Representatives and Senate have publicly stated their opposition to the FCC Order. This opposition was orchestrated by DOD's efforts to continue its unlawful use of the Debtors' exclusively licensed spectrum. As a result of DOD's efforts, the 2021 National Defense Authorization Act (the "2021 NDAA") included several provisions targeting the Debtors, including prohibiting DOD from contracting with any entity using the Debtors' spectrum for commercial terrestrial operations without the Secretary of Defense first certifying to the Congressional Defense Committees that these operations do not cause harmful interference to DOD GPS devices. The 2021 NDAA also included a provision directing the National Academy of Sciences ("NAS") to conduct an independent technical review of the FCC Order. NAS began its review in September 2021 and released its report on September 9, 2022.[19]

[19] Section 1663 of the 2021 NDAA mandates that DOD engage NAS within thirty days of the enactment of the 2021 NDAA and that NAS return a report 270 days after that. If DOD had acted in a timely manner, the full report would have been submitted to Congress by the end of October 2021. Instead, NAS did not hold its first meeting of the study team until September 20, 2021, merely five weeks before Congress asked for the study to be completed. Because of DOD's delay, the NAS report was not published until September 9, 2022, nearly a year after the timeline Congress established.

Section 1664 requires DOD to estimate and certify the costs of complying with the FCC Order before taking any steps to implement it. DOD has not yet issued that certification and has provided no indication that it plans to do so. Most tellingly, DOD has refused the Debtors' attempts to assist in identifying potentially affected GPS receivers. In fact, neither DOD nor DOC has ever provided even a single example of a GPS receiver that would be harmed by the Debtors' terrestrial services, even though Section 1661 explicitly provides that DOD may spend funds to "conduct [] technical or information exchanges with" the Debtors regarding harmful interference to GPS devices. Given that DOD studied the impacts of the Debtors' proposals for more than twenty years, the agency's failure to develop a cost estimate more than two years after the FCC Order is inexcusable.

112. Importantly, the NAS report did not assess the legal or technical conclusions in the FCC Order. The NAS report makes clear that the NAS panel did not undertake a review of whether the FCC Order was correct in light of applicable FCC spectrum rules and the requirements of the Administrative Procedures Act. Instead, the NAS panel took an academic approach and set aside established FCC rules and the agency's definition of "Harmful Interference" and used their own metric to assess the relationship between GPS devices and the proposed spectrum use. The NAS panel's methodology caused confusion about the import of the report to the FCC Order, which DOD and DOC sought to exploit by issuing press releases stating that the NAS report confirmed their view that the FCC erred in entering the FCC Order. This behavior prompted NAS to issue an unusual addendum on November 8, 2022: *"As detailed in the committee's report and in the comments made verbally during the public briefing at which this slide deck was used, the committee makes an explicit distinction between the FCC-defined regulatory term 'Harmful Interference' and the committee's use of the term 'harmful interference' in describing its task and in its conclusions. To avoid any confusion that might come from only looking at the slide deck and not having access to the verbal delivery, these slides have been annotated to clearly indicate which term is being used in each circumstance."*

113. The 2022 National Defense Authorization Act (the "2022 NDAA") includes a provision requiring a briefing on potential harmful interference to GPS, MSS, or other tactical or strategic systems of DOD from commercial terrestrial operations and MSS no later than thirty days after the enactment of this legislation. Under the 2022 NDAA, the Secretary of Defense was required to provide that briefing to the National Security Council, the Secretary of Commerce, and the Commissioners of the FCC, as well as the Congressional Defense Committees, the House Energy and Commerce Committee, and the Senate Commerce Committee early in 2022. On

information and belief, DOD did not provide these required briefings within thirty days of the passage of the 2022 NDAA (i.e., January 26, 2022), continuing its pattern of strategic delay.

C. 2020 Recapitalization and Inmarsat Payment

114. At the time of the issuance of the FCC Order in April 2020, the Debtors were faced with $8.9 billion of maturing funded debt obligations and the desire to make the Inmarsat 2020 Prepayment under the Cooperation Agreement. The FCC Order provided the Debtors with an opportunity to position themselves for long-term financial stability and commercial success. So, beginning in May 2020, and in good-faith reliance on the FCC Order's authorization for the Debtors to provide 5G terrestrial communication services within their coordinated licensed and leased spectrum, the Debtors began a process that included negotiating a restructuring of their (i) contractual obligations under the Cooperation Agreement and (ii) over-levered balance sheet.

115. In June 2020, the Debtors negotiated and executed Amendment No. 5 to the Cooperation Agreement with Inmarsat. This amendment provides for:

- making the $700.0 million Inmarsat 2020 Prepayment, which prepaid approximately 20% of the then-outstanding future lease balance and resulted in a reduction in quarterly payments due to Inmarsat by 60% and decreased future cash payment obligations;
- a call option, enabling the Debtors to prepay the remaining portion of the lease;
- multiple year deferral of quarterly payments and previously deferred amounts; and
- significant net present value savings after making the $700.0 million Inmarsat 2020 Prepayment.

116. The effectiveness of Amendment No. 5, however, was conditioned on the Debtors obtaining the necessary funds to make the $700.0 million Inmarsat 2020 Prepayment. Recognizing the importance of making this payment and resolving their balance sheet issues, the

Debtors embarked on a two-prong path. First, the Debtors commenced efforts to raise approximately $3.6 billion of financing, which would enable the Debtors to make the Inmarsat 2020 Prepayment, refinance their then-existing first lien term loan facility, and provide a multi-year runway in which the Debtors could work to deploy their spectrum assets (the "2020 Financing Transactions"). Second, the Debtors needed to restructure the junior portion of their capital structure, including the approximately $6.0 billion of maturing debt under their then-existing second lien term loan facility, without which they would be unable to raise the financing necessary to pay Inmarsat and refinance their senior debt obligations (the "2020 Restructuring Transactions" and, together with the 2020 Financing Transactions, the "2020 Recapitalization").

117. In September 2020, following several weeks of arms-length negotiations, the Debtors, an *ad hoc* group of second lien lenders, and an *ad hoc* group of holders of the Series A-1 Preferred Units reached an agreement on the principal terms of the 2020 Recapitalization, which was documented in a restructuring support agreement and related term sheet that was executed by the parties on September 25, 2020 (the "2020 RSA"). Ultimately, 100% of the second lien lenders, 100% of the holders of the Preferred Units, and 100% of the holders of the Common Units executed the 2020 RSA and committed to support the 2020 Recapitalization.

118. The 2020 Financing Transactions consisted of the Debtors issuing $2.85 billion in aggregate principal amount of the Prepetition First Lien Notes and $1.0 billion in aggregate principal amount of the Prepetition Second Liens Notes at a price of 75% of par value. In addition, the Debtors amended and restated their Prepetition 1.5 Lien Facility to, among other things, (i) extend the maturity date of the facility to February 2, 2024, (ii) subordinate the loans under the facility in right of payment to the Prepetition First Lien Notes, and (iii) borrow an

additional $11.8 million under the facility that resulted in proceeds of approximately $10 million after taking into account the original issue discount. The proceeds from the 2020 Financing Transactions were used to repay in full the amounts outstanding under the Debtors' then-existing first lien term loan facility, to pay the final $664.5 million of the $700.0 million Inmarsat 2020 Prepayment, to provide working capital, and for general corporate purposes.

119. The 2020 Restructuring Transactions consisted of the Debtors (i) exchanging all amounts outstanding under their then-existing second lien term loan facility for the Series A-0 Preferred Units and (ii) amending and restating their Operating Agreement to provide, among other things, for the issuance of the Series A-0 Preferred Units (with all outstanding Preferred Units and Common Units remaining outstanding), as well as for the amendments to the Distribution Waterfall described above.

D. 2023 Takings Lawsuit Against U.S. Government

120. As described above, in September 2012, Ligado filed an application to modify its existing MSS license to obtain the authorizations needed to enable the development of nationwide terrestrial services to complement its existing satellite infrastructure. The Debtors then filed a modification to that application on December 31, 2015 (the "2015 FCC Application"). The DOD and DOC initially supported Ligado's 2015 FCC Application. That support aligned with the position of GPS manufacturers themselves, who had worked with Ligado and other stakeholders operating in nearby spectrum bands to mitigate potential interference risks. It also comported with data from testing arranged by Ligado and performed at a lab sponsored by DOD and DOC, the results of which had demonstrated that Ligado's terrestrial services would not harmfully interfere with the vast majority of GPS receivers.

121. In 2018, however, the DOD and DOC suddenly reversed their position and leveled unfounded claims against the Debtors and the effect their terrestrial-based services would have on GPS systems. Unbeknownst to the Debtors and (upon information and belief) the FCC, DOD had taken the Ligado's exclusively licensed spectrum by operating previously undisclosed systems that use—and indeed, depend on—that spectrum. According to government officials, these previously undisclosed systems depend on the entirety of the Debtors' spectrum authorized for wireless terrestrial 5G services and are needed by DOD on a permanent basis. Notwithstanding DOD's and DOC's position, in April 2020 the FCC unanimously rejected the agencies' unsupported claims of GPS interference and granted the Debtors' application to provide ATC services.

122. Rather than compensating the Debtors for DOD's appropriation of the Debtors' licensed spectrum, DOD, acting in concert with DOC, improperly took steps to interfere with implementation of the FCC Order and to prevent the Debtors from using their own authorized spectrum for terrestrial services, from realizing the value of their FCC license and newly modified ATC authority, from securing a return on its immense investments, and from discovering DOD's use of their property. DOD and DOC have forced the Debtors' terrestrial airwaves to remain quiet—rendering the Debtors' valuable spectrum a quiet zone within which the Debtors' terrestrial commercial services cannot be deployed—both through physical occupation and by preventing the Debtors from using its FCC license to provide terrestrial services in their spectrum.

123. DOD and DOC effectuated this taking by, among other things, physically occupying the spectrum, preventing Ligado from using its spectrum, and refusing to implement the FCC Order granting Ligado ATC authority. DOD's refusal to cooperate with Ligado to address spectrum interference concerns, as contemplated by the FCC Order, began upon the Order's

issuance and continues through the present. That refusal has prevented Ligado from commencing ATC operations. In addition, DOD and DOC have engaged in a number of subsidiary efforts to further their overarching goal of preventing Ligado from using its FCC-granted ATC authority. Those efforts include threatening the Debtors' potential business partners by warning them that they would not be eligible for lucrative government contracts if they worked with the Debtors; refusing to work with the Debtors and share information necessary for Debtors to use their spectrum; and publicly spreading false and harmful information about the Debtors' planned services. Representatives of DOD gave incomplete and misleading testimony to Congress that caused Congress to pass legislation facilitating DOD's efforts to block the Debtors' use of the spectrum. As a result, DOD and DOC have excluded the Debtors from their own spectrum and deprived the Debtors of the value of their FCC license and, in particular, the ATC authority conveyed by that license. DOD and DOC continued their taking of the Debtors' exclusive property without paying just compensation to the Debtors, threatening to destroy the Debtors' company in the process. In addition, the United States, by enacting the 2021 NDAA, has effected a legislative taking of the Debtors' property rights. The 2021 NDAA targeted the Debtors with precision, destroying the value of the Debtors' exclusively licensed spectrum, and rendering worthless the Debtors' 5G ATC authority.

124. As a result of those actions, among others, on October 12, 2023, Ligado filed *Ligado Networks LLC v. United States, et al.,* C.A. No. 23-cv-01797 (Fed. Cl.) (the "USG Lawsuit"), in the U.S. Court of Federal Claims against the United States of America, the DOD, the DOC and the National Telecommunications and Information Administration (collectively, the "Government"), seeking just compensation for the U.S. Government's physical, categorical, regulatory and legislative takings of Ligado's property. The Government filed a motion to dismiss

on January 25, 2024. On February 9, 2024, Iridium Communications, Inc., Aireon LLC, the Air Line Pilots Association, International, Airlines for America, and the International Air Transport Association filed a motion for leave to file a brief as *amici curiae* in support of the Government's motion to dismiss (the "Amicus Motion"). The Debtors filed an opposition to the Amicus Motion on February 23, 2024. The court granted the Amicus Motion on April 24, 2024, and ordered the Government and the Debtors to file briefs responding to a limited question concerning judicial reviewability of FCC orders, raised in the Amicus Motion. The parties filed those briefs on May 1, 2024 as ordered by the Court. The Debtors filed their opposition to the Government's motion to dismiss on March 25, 2024, and the Department of Justice filed its reply in support of the motion to dismiss on May 6, 2024. On July 29, 2024, the court ordered the parties to file supplemental briefs in response to the court's questions. The parties filed supplemental brief responses on September 9, 2024. On November 18, 2024, the Court of Federal Claims denied the U.S. Government's motion to dismiss in part, ruling that Ligado has alleged a physical, regulatory, categorical, but not a legislative taking. The Court of Federal Claims found that a property interest does exist in Ligado's FCC license vis-à-vis the Department of Defense but not vis-à-vis the FCC.

E. Inmarsat's Breach of Cooperation Agreement

125. As described above, pursuant to the Cooperation Agreement, Inmarsat and the Debtors agreed to cooperatively allocate their collective licensed MSS spectrum in the L-band into contiguous spectrum blocks within the spectrum and at the power levels agreed upon by the parties and set forth in the Cooperation Agreement. Inmarsat intended to use its spectrum for MSS, and the Debtors intended to use their spectrum to offer nationwide terrestrial services and MSS, all as defined in parameters specified by the parties and set out in detail in the Cooperation Agreement.

126. The Parties agreed that Inmarsat would help Ligado obtain the necessary FCC license authorization and any other necessary government approvals. Further, the Cooperation Agreement requires resolution of certain interference issues between the Debtors' planned terrestrial wireless service and Inmarsat's operations in or near airports and waterways. Thus, Inmarsat was also obligated to implement the so-called "Spectrum Plans" contemplated in the Cooperation Agreement and to use its best commercial efforts to ensure that Ligado received the full anticipated benefit of the coordinated spectrum.

127. Inmarsat, however, failed to, among other things, adequately resolve the interference issues with respect to its aviation and maritime customer terminals operating on the Inmarsat system. Shortly after entry of the FCC Order and after the Debtors made the Inmarsat 2020 Prepayment, and 10 years after assuming the obligations under the Cooperation Agreement, Inmarsat disclosed that it was likely years away from resolving those issues. To make matters worse, Inmarsat's customers continued to raise concerns with both Ligado and the relevant government regulators, all while Inmarsat sat idle despite its contractual obligations. As a result of Inmarsat's failures, Ligado did not receive material benefits owed to it by Inmarsat under the Cooperation Agreement.

128. Moreover, unbeknownst to Ligado, the DOD has for some time been operating systems that use or depend on Ligado's authorized spectrum. The DOD's reliance on that spectrum led the DOD to oppose Ligado's FCC modification application, and to prevent Ligado's use of that spectrum even after the company obtained FCC approval. Based on its work with the DOD, Inmarsat knew that the DOD would oppose Ligado's deployment of its terrestrial wireless service regardless of FCC approval. Notwithstanding that knowledge and obligation to

assist Ligado in securing necessary regulatory approvals, Inmarsat continued to accept Ligado's payments and induced Ligado into making additional and accelerated payments.

129. Inmarsat has received a windfall of over $1.7 billion, including a $250.0 million payment intended in part to compensate for the cost of resolving terminal interference issues.

F. 2022-24 Liquidity Issues and Financing Efforts

130. As described above, the Debtors have been working to create the technology and commercial ecosystem of chipset, device, and equipment suppliers necessary for the deployment of their coordinated licensed and leased spectrum. Despite making significant progress, the Debtors have been thwarted by DOD and DOC's uncompensated taking of the Debtors' spectrum and continued opposition to the FCC Order and the Debtors' integration of an ATC into their MSS. These actions have resulted in significant uncertainty surrounding the Debtors' business prospects and, ultimately, the value of their spectrum. As a result, the Debtors do not yet generate sufficient cash flows from operations to finance their business and, beginning in 2022, their liquidity started running low. Indeed, as of March 31, 2022, the Debtors had cash, cash equivalents, and short-term investments of approximately $44.9 million, and by June 30, 2022, their liquidity had dropped to $21.2 million.

131. In response to their liquidity issues, the Debtors sought incremental financing from certain of the Prepetition Secured Parties to extend the Debtors' runway and enable them to continue to build the commercial partnerships necessary to deploy their coordinated licensed and leased spectrum, as well as negotiate an agreement to resolve their disputes and avoid commencing the lawsuit against the U.S. Government. As discussed above, in August 2022, the Debtors obtained the initial draw of the Incremental 1.5 Lien Loans. Also in August 2022, the

Debtors retained Perella Weinberg Partners LP ("PWP") as their investment banker to assist with their restructuring efforts generally.

132. By November 2022, the Debtors' liquidity was once again approaching low levels, and the Debtors sought to raise additional financing to bridge to a more holistic solution to their liquidity needs and capital structure. To that end, in December 2022, the Debtors engaged in negotiations with certain of the Prepetition Secured Parties to provide bridge financing and launched a consent solicitation seeking the requisite consents to amend the Prepetition Secured Documents to incur such financing.

133. During this time, the Debtors also engaged in negotiations with Inmarsat with respect to modifications to certain terms of the Cooperation Agreement. While these negotiations were ongoing, Inmarsat commenced a lawsuit against the Debtors in New York state court alleging that the Debtors had anticipatorily beached the Cooperation Agreement. Inmarsat sought money damages, a judicial determination that the parties should move to a particular "Default Spectrum Plan" that is more favorable to Inmarsat, and a judicial determination that the Debtors' claims against Inmarsat for failing to resolve the terminal interference issues are meritless. The Debtors vehemently deny this allegation.

134. In December 2022, the Debtors were able to obtain the initial draw under the Prepetition First Lien Loan Facility and negotiate Amendment No. 7 to the Cooperation Agreement. Pursuant to Amendment No. 7 to the Cooperation Agreement, a portion of the $395.8 million payment due to Inmarsat was deferred and Inmarsat agreed to dismiss its complaint without prejudice in exchange for a $30.0 million payment to Inmarsat.

135. In April 2023 and then again in July 2023 and November 2023, the Debtors entered into amendments to the Prepetition First Lien Loan Agreement to provide additional

liquidity in the form of Prepetition First Out Term Loans. The Debtors used this additional runway to fund an additional payment to Inmarsat and continue negotiating with Inmarsat and certain of the Prepetition Secured Parties around a comprehensive solution to the Debtors' recurring liquidity issues and unsustainable capital structure.

136. By January 2024, however, no commercial resolution with Viasat and Inmarsat had been reached and the Debtors' liquidity position had once again deteriorated. As a result, throughout 2024, the parties entered into numerous amendments to the Cooperation Agreement to further delay the payments to Inmarsat until January 13, 2025 (after application of the grace period). At the same time, the Debtors engaged with their key stakeholders to reach a consensus with respect to a comprehensive recapitalization transaction, which ultimately resulted in an agreement in principle premised on an acceptable commercial resolution with Inmarsat.

137. Over the course of 2024, the Debtors engaged in extensive discussions with Viasat and Inmarsat around a comprehensive resolution of the Cooperation Agreement to restructure the Debtors' significant payment obligations thereunder. The parties determined a framework for a commercial agreement and agreed to work towards definitive documentation for the transaction contemplated thereby. Unfortunately, in September 2024, Viasat suddenly raised a purported tax issue that upended the viability of the entire transaction that the parties had been pursuing. Viasat proposed a new, alternative structure in October 2024, but the Debtors determined that Viasat's proposal did not provide a fair value exchange and was not in the best interests of the Debtors. Since that time, the Debtors have endeavored to negotiate with Viasat to reach a comprehensive resolution of the Cooperation Agreement. However, Viasat ultimately refused to provide additional payment extensions—which would allow the parties more time to

reach an out-of-court solution—unless the Debtors made a substantial payment to Inmarsat for an extension, knowing full well that the Debtors did not have the liquidity to make such payment.

138. Without an extension and facing an obligation to make significant payments to Inmarsat under the Cooperation Agreement, and insufficient liquidity to meet these obligations due to the U.S. Government's uncompensated taking, the Debtors were forced to seek bankruptcy protection.

V. Objectives of the Chapter 11 Cases

139. The promise of the potential value of the Debtors' spectrum assets remains substantial. However, the Debtors must vindicate their rights against the U.S. Government and Inmarsat. The Debtors, therefore, intend to take advantage of the breathing room afforded by chapter 11 to (i) pursue their lawsuit against the U.S. Government to obtain just compensation for the taking of their spectrum, (ii) vigorously prosecute their rights against Inmarsat, (iii) continue their efforts to develop the technology and commercial ecosystem necessary to fully deploy their spectrum assets, and (iv) execute definitive documentation for and consummate the AST Transaction.

VI. First Day Pleadings[20]

140. As discussed above, concurrently with the filing of their chapter 11 petitions, the Debtors filed various First Day Pleadings, which they believe are necessary to (a) continue their operations with as little disruption and loss of productivity as possible, (b) maintain the confidence and support of their customers, public safety agencies, employees, suppliers, and other key constituencies, and (c) establish procedures for the smooth and efficient

[20] Unless otherwise defined, terms defined in this Section have the meaning ascribed to them in the respective First Day Pleading described.

administration of the Chapter 11 Cases. I have reviewed each of the First Day Pleadings, including exhibits thereto, and I believe that the relief sought in each of the First Day Pleadings is both narrowly tailored to meet the goals described above and will be critical to the Debtors' ability to achieve a successful reorganization.

A. Procedural Motions

(i) Joint Administration Motion. Debtors' Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief.

141. In this motion, the Debtors seek joint administration of the Chapter 11 Cases for procedural purposes only and certain related relief.

142. Given the integrated nature of the Debtors' operations, the joint administration of these cases will provide significant administrative convenience. Many of the filings, hearings, and orders in these cases will affect each Debtor. Thus, I believe that joint administration of these cases will decrease fees and costs by avoiding duplicative filings that would be required absent such relief. I understand that joint administration will also allow parties in interest to monitor these cases with greater ease and efficiency.

143. On the other hand, joint administration of these cases will not, to the best of my knowledge, harm nor otherwise adversely affect the Debtors' respective stakeholders because the Debtors seek only joint administration of their cases, and not substantive consolidation of their estates. All parties in interest will benefit from the cost reductions associated with joint administration. Accordingly, I believe that the joint administration of these cases is in the best interests of their estates, their creditors, and other parties in interest.

(ii) *Omni Retention Application. Application of Debtors for Entry of an Order (I) Authorizing and Approving the Appointment of Omni Agent Solutions, Inc. as Claims and Noticing Agent and (II) Granting Related Relief.*

144. In the Omni Retention Application, the Debtors seek authority to engage Omni Agent Solutions ("Omni") to act as their claims and noticing agent, effective as of the Petition Date. If retained, Omni will, among other things, assume full responsibility for the distribution of notices, balloting and solicitation, and maintenance, processing, and docketing of proofs of claims filed in these Chapter 11 Cases.

145. The Debtors chose Omni based on their experience, reputation, and competitiveness of their fees. Omni is comprised of leading industry professionals with significant experience in both the legal and administrative aspects of large, complex chapter 11 cases. Omni professionals have experience in noticing, claims administration, solicitation, balloting, and facilitating other administrative aspects of chapter 11 cases of this size and complexity. Omni's retention should maximize efficiency in administering the Chapter 11 Cases and ease administrative burdens that otherwise would fall upon the Debtors and the clerk of this Court.

146. I respectfully submit that Omni's billing rates are competitive and comparable to the rates charged by their competitors for similar services. Indeed, prior to retaining Omni, the Debtors conducted a comparison of the terms offered by several firms prior to selecting Omni as claims and noticing agent and, following arm's-length negotiations, determined Omni's rates to be more than reasonable given the quality of Omni's bankruptcy expertise and the services for which it is being retained, in view of the substantial number of parties receiving notice in these chapter 11 cases and the significant number of anticipated claimants.

147. Accordingly, I believe that Omni is well qualified to serve in the capacity of the Debtors' claims and noticing agent, that its fees are reasonable, and that Omni's retention

in such capacity and as an agent of the Court is in the best interests of the Debtors' estates and all parties in interest.

(iii) *Redaction Motion. Debtors' Motion for Entry of an Order (I) Authorizing the Debtors to Redact Certain Personal Identification Information, and (II) Granting Related Relief.*

148. The Debtors seek entry of an order (i) authorizing the Debtors to redact certain personal information and (ii) granting related relief.

149. I submit that permitting the Debtors to maintain a single consolidated list of creditors (the "Creditor Matrix") in lieu of maintaining a separate creditor matrix for each Debtor is warranted under the circumstances of these cases. Requiring the Debtors to segregate and convert their computerized records to a Debtor-specific creditor matrix format would be an unnecessarily burdensome task and is likely to result in duplicate mailings.

150. I respectfully submit that it is appropriate to authorize the Debtors to redact from any paper filed or to be filed with the Court in these Chapter 11 Cases, including the Creditor Matrix, the home addresses of individual creditors—including the Debtors' employees and former employees—because such information could be used, among other things, to perpetrate identity theft or to locate survivors of domestic violence, harassment, or stalking. I understand this risk is not merely speculative as, in at least one chapter 11 case, the abusive former partner of a debtor's employee exploited the publicly accessible creditor and employee information filed in that case to track the employee to her new address, which had not been publicly available until then, forcing the employee to change addresses again for her safety.

151. The Debtors propose to provide, on a confidential basis an unredacted version of the Creditor Matrix and any other filing redacted pursuant to the proposed order to (i) the Court, U.S. Trustee, the Ad Hoc Cross-Holder Group (including counsel thereto), counsel to an official committee of unsecured creditors appointed in the Chapter 11 Cases (if any), and (ii) any

party in interest upon a request to the Debtors (email is sufficient) or to the Court that is reasonably related to the Chapter 11 Cases. In addition, the Debtors will distribute to their current employees any notices that are received at the Debtors' corporate headquarters and are intended for such employee.

152. Based on the foregoing, I believe that the relief requested in the Redaction Motion is in the best interests of the Debtors, their estates, and all other parties in interest and should be granted.

(iv) *Foreign Representative Motion. Debtors' Motion for Entry of an Order Authorizing Ligado Networks LLC to Act as Foreign Representative Pursuant to 11 U.S.C. § 1505.*

153. The Debtors seek entry of an order (i) authorizing Ligado to act as the Foreign Representative of the Debtors' estates in any judicial or other proceeding in a foreign country, including the Canadian Proceeding; (ii) authorizing Ligado to seek recognition by the Canadian Court of the Chapter 11 Cases and the orders entered in the Chapter 11 Cases; (iii) requesting the Canadian Court to lend assistance to this Court and (iv) granting any other appropriate relief.

154. In addition to their operations in the United States, the Debtors also have limited operations and assets in Canada. Three of the Debtors, each of which is a subsidiary of Ligado Networks, are incorporated in Canada: Ligado Networks Corp., Ligado Networks Holdings (Canada) Inc., and Ligado Networks (Canada) Inc. The Debtors believe that, to obtain the full benefits of bankruptcy relief, it would be necessary for them to commence an ancillary proceeding in Canada (the "Canadian Proceeding") pursuant to the Companies' Creditors Arrangement Act (Canada) R.S.C. 1985, Ch. C-36 (as amended, the "CCAA").

155. If appointed as the Foreign Representative, Ligado intends to commence the Canadian Proceeding on behalf of the Debtors in the Ontario Superior Court of Justice

(Commercial List) in Toronto, Ontario, Canada (the "Canadian Court"), requesting that the Canadian Court recognize the Chapter 11 Cases as a "foreign main proceeding" under the applicable provisions of the CCAA to, among other things, protect the Debtors' assets and operations in Canada.

156. I understand from counsel that, to commence the Canadian Proceeding, a person or an entity must have the authority to act as the "foreign representative" on behalf of the Debtors' estates and, therefore, the Debtors seek to appoint Ligado as their Foreign Representative. I further understand from counsel that, if the Court enters an order authorizing Ligado to act as the Foreign Representative in the Canadian Proceedings, Ligado will be able to file that order with the Canadian Court as the instrument authorizing Ligado to act as the Foreign Representative pursuant to section 46 of the CCAA.

157. I respectfully submit that authorizing Ligado to act as the Foreign Representative on behalf of the Debtors' estates in the Canadian Proceeding will allow coordination of the Chapter 11 Cases and the Canadian Proceeding and provide an effective mechanism to protect and maximize the value of the Debtors' estates. Accordingly, I believe that appointing Ligado to act as the Foreign Representative is in the best interests of the Debtors and their estates.

B. Operational Motions

(i) Cash Management Motion. Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System and Maintain Existing Bank Accounts, (B) Utilize Their Credit Cards, and (C) Engage in Intercompany Transactions, (II) Granting a Waiver of the Requirements of Section 345(b) of the Bankruptcy Code and U.S. Trustee Guidelines, and (iii) Granting Related Relief.

158. The Debtors seek entry of interim and final orders (i) authorizing the Debtors to continue to (a) operate their Cash Management System and maintain existing Bank

Accounts, (b) utilize their Credit Cards, and (c) engage in Intercompany Transactions, (ii) granting a waiver of certain requirements of section 345(b) of the Bankruptcy Code and of the U.S. Trustee Guidelines, and (iii) granting certain related relief.

159. *Cash Management System*. In the ordinary course of business, the Debtors utilize a centralized Cash Management System to collect, manage, disburse, and invest funds used in their operations. The Debtors maintain current and accurate accounting records of all their daily cash transactions.

160. As of the Petition Date, the Debtors maintain the following Bank Accounts at the following Cash Management Banks:

> Concentration Account: The Debtors maintain one account at JP Morgan in the name of Ligado Networks LLC that serves as a primary collection point for all funds moved into and through the Cash Management System. The Concentration Account is funded manually, on an as needed basis, from the Investment Account. All wire and automated clearing house payments, including those relating to operating expenses, insurance, and taxes, are made, either directly or indirectly, from this account.
>
> Disbursement/Operating Accounts: In addition to the Concentration Account, the Debtors maintain: (i) one corporate disbursement and operating account at JP Morgan in the name of One Dot Six LLC; (ii) one corporate disbursement and operating account at JP Morgan in the name of Ligado Networks Corp.; and (iii) one corporate disbursement and operating account at Scotiabank in the name of Ligado Networks Corp. The Disbursement/Operating Accounts are used to pay the Debtors' general corporate expenses, including accounts payable. The Ligado Networks Canadian Dollar Disbursement/Operating Account is used to pay general corporate expenses of the Canadian Debtors, including payroll, benefit obligations, operational expenses, and other business disbursements. The Disbursement/Operating Accounts are all funded manually, on an as needed basis. The Concentration Account funds any shortfalls in the One Dot Disbursement/Operating Account and the Ligado Networks Disbursement/Operating Accounts.
>
> Truist Bank Accounts: The Debtors also maintain parallel accounts at Truist, which were previously used as the primary cash

management accounts that are no longer utilized as primary cash management accounts since the transition to JP Morgan has been completed. The accounts at Truist include one account in the name of Ligado Networks LLC, one account in the name of One Dot Six LLC, and one account in the name of Ligado Networks Corp.

Investment Account: The Debtors maintain one investment account at a U.S. branch of the Royal Bank of Canada. The Investment Account is funded by the excess funds transferred from the Concentration Account. Funds in the Investment Account are invested in accordance with the Debtors' corporate investment guidelines and as described further below. In the past, the Debtors manually transferred funds from the Investment Account to the Concentration Account or third parties periodically on an as needed basis. All transfers between the Investment Account and the Concentration Account are initiated by the Debtors' approved signatories, including the Treasurer and the Vice President of Accounting Operations, delivering transfer instructions to the investment managers responsible for the applicable accounts.

Restricted Account: The Debtors maintain one interest-bearing restricted certificate of deposit in the name of Ligado Networks LLC at Truist. The Restricted Account is funded from the Concentration Account, as needed, and contains cash collateral associated with the Debtors' Credit Card program. Interest earned on the funds in the Restricted Account is deposited into the Concentration Account.

161. The Debtors wish to continue using the Cash Management Banks and the Bank Accounts. As of the Petition Date, the Debtors hold approximately $9.6 million of cash, which they intend to use to fund, either directly or through Intercompany Transactions, their obligations arising in the ordinary course of business.

162. In the ordinary course, the Cash Management Banks charge, and the Debtors pay, honor, or allow the automatic deduction from the appropriate account for, certain service and other fees, costs, charges, and expenses. The Debtors pay the Cash Management Banks an aggregate of approximately $4,600 per month on account of the Bank Fees, which are generally due and paid monthly or quarterly. The amount of Bank Fees that is due each month fluctuates based on the amount of Bank Account funding and activity. As a result, it is difficult for the

Debtors to calculate the precise amount of prepetition Bank Fees due as of the Petition Date. However, as of the Petition Date, the Debtors estimate that they owe the Cash Management Banks approximately $4,200 on account of unpaid Bank Fees.

163. I believe that requiring the Debtors to close the Bank Accounts and to adopt a new cash management system during the pendency these cases would be expensive, time-consuming, burdensome, and unnecessarily disruptive to the Debtors' operations, thus needlessly reducing the value of the Debtors' estates to the detriment of their creditors. The Cash Management System provides the Debtors with the ability to track the location and amount of funds, which, in turn, allows the Debtors' management to control such funds, ensure cash availability, and reduce administrative costs. Maintaining the Cash Management System will also facilitate the Debtors' transition into chapter 11 by, among other things, minimizing delays in paying postpetition obligations and eliminating administrative inefficiencies. Finally, maintaining the Cash Management System will allow the Debtors' treasury and accounting employees to focus on their daily responsibilities and thereby maximize the value of the Debtors' estates.

164. I respectfully submit that parties in interest will not be harmed by the Debtors' continued use of the Cash Management System, including maintenance of the Bank Accounts, because the Debtors have implemented appropriate mechanisms to ensure that unauthorized payments will not be made on account of obligations incurred before the Petition Date, other than those authorized by the Court. Specifically, the Debtors have implemented internal control procedures that prohibit payments on account of prepetition debt. In light of such protective measures, I submit that maintaining the Cash Management System is in the best interests of the Debtors' estates and creditors.

165. The Debtors also respectfully request that the Court authorize the Debtors to continue to pay Bank Fees, including any prepetition Bank Fees that accrued prepetition. In light of the material benefit of maintaining the Cash Management System in order to avoid unnecessary disruption and costly delays, especially as compared to the relatively modest amount of the Bank Fees, I respectfully submit that such relief is warranted. I am also advised that the Cash Management Banks will likely have setoff rights with respect to the Bank Fees. Thus, payment of prepetition Bank Fees will not alter any rights of unsecured creditors.

166. *Credit Cards.* In the ordinary course of business, the Debtors maintain company-paid credit cards issued by Truist for use by their employees in connection with (i) business travel expenses (e.g., airfare, lodging, meals, ground transportation, and other essential expenditures); (ii) payment of certain of the Debtors' vendors; and (iii) payment of amounts due to certain corporate taxing authorities.

167. The Debtors believe that they do not owe any amounts on account of their Credit Cards as of the Petition Date. However, out of an abundance of caution, the Debtors request authority to continue to pay any prepetition amounts due and owing under their Credit Cards, including service charges, fees, and other costs and charges owed to Truist, and to continue to make such payments on a postpetition basis in the ordinary course of business.

168. Continued use of the Credit Cards is integral to the success and stability of the Debtors' business. The Debtors rely on the ability of their employees to pay for expenses incurred in the ordinary course and to make other work-related purchases necessary to fulfill their day-to-day professional obligations. Permitting the Debtors to continue using their Credit Cards and incurring related expenses will ensure that the Debtors' employees are able to fulfill their daily professional obligations and prevent significant disruption to the Debtors' business operations.

169. If the Debtors do not pay outstanding amounts owing under their Credit Cards, there is a significant risk that Truist, the issuer of the Credit Cards, could (i) restrict the Debtors' access to their Credit Cards and/or (ii) set off amounts owing against the cash posted by the Debtors as collateral in the Restricted Account. Satisfying any prepetition amounts outstanding under their Credit Cards will help minimize the risk of any adverse action by the issuer of the Credit Cards. Accordingly, I believe the Debtors should be authorized to pay any outstanding amounts owing on account of their Credit Cards, without regard to whether such amounts accrued or arose before the Petition Date.

170. *Intercompany Transactions*. In the ordinary course of business, funds may be received or paid by one Debtor on behalf of another Debtor and, depending on the transaction, have been historically recorded as capital contributions or equity investments. The Debtors also utilize a cost allocation system, through which expenses initially paid by a Debtor for the benefit of another Debtor are allocated to the appropriate entity in proportion to the benefits received. As a result of the Intercompany Transactions, intercompany receivables and payables are created in the ordinary course of business. Although the Debtors have in the past created notes to evidence some of the Intercompany Transactions, the Intercompany Transactions are sometimes settled by book entry, rather than by an actual transfer of cash evidenced by an Intercompany Note. The Debtors maintain records of all Intercompany Transactions and Intercompany Claims and can ascertain, trace, and account for all such transactions and claims at any time. Continuing Intercompany Transactions will benefit the Debtors' estates. If the Intercompany Transactions were to be discontinued, the Cash Management System and related administrative controls would be disrupted to the detriment of the Debtors' estates and creditors. The Debtors will continue

monitoring and recording all Intercompany Transactions and Intercompany Claims during these chapter 11 cases.

171. The Intercompany Transactions are an essential component of the Debtors' operations. If the Intercompany Transactions were to be discontinued, implementation of new administrative controls would be highly disruptive to the Debtors' business and detrimental to their estates and creditors. Accordingly, I respectfully submit that continuation of the Intercompany Transactions is in the best interest of the Debtors' estates and their creditors, and therefore, the Debtors should be permitted to continue engaging in such transactions.

172. *U.S. Trustee Guidelines and Section 345 Requirements*. I am advised that the U.S Trustee Guidelines require chapter 11 debtors to, among other things, deposit all estate funds into an account at a depository institution on a pre-approved list issued by the U.S. Trustee, and that the Bankruptcy Code imposes certain requirements on the Debtors with respect to investment practices and bank deposits, unless the Court for cause orders otherwise. Specifically, I understand that section 345(a) of the Bankruptcy Code requires debtors to maximize returns (accounting for the safety of investments) when making investment decisions. In addition, I am advised that if debtor funds are deposited into any account that is not insured or guaranteed by the United States or by a department, agency, or instrumentality of the United States or backed by the full faith and credit of the United States, section 345(b) of the Bankruptcy Code requires, unless the court orders otherwise, the financial institution at which such account is maintained to post a surety bond or pledge securities to secure the debtor's estate's interest in such funds or to deposit securities of the kind specified in 31 U.S.C. § 9303.

173. The Debtors maintain (i) one domestic Investment Account at RBC, which is not an Authorized Depository and (ii) one foreign bank account, the Ligado Networks Canadian

Dollar Disbursement/Operating Account, at Scotiabank. The Debtors generally maintain less than approximately $1 million in the Ligado Networks Canadian Dollar Disbursement/Operating Account at any given time, and not for a period longer than fourteen (14) days. The Non-Authorized Depository Account and the Foreign Bank Account are vital to the Cash Management System and requiring the Debtors to transfer funds to other banks on the "authorized depository" list would be unduly expensive and burdensome to the Debtors' operations and could potentially cause severe tax consequences to the detriment of the Debtors' estates.

174. In addition, among other considerations, based upon their Moody's and S&P long-term debt/deposits ratings and their general reputations in the banking market, the Investment Account and the Ligado Networks Canadian Dollar Disbursement/Operating Account are maintained at well-capitalized, highly-rated banks. Indeed, as set forth below, these banks are financially stable and internationally recognized financial institutions, comparable to those included on the Authorized Depository list.

Bank	**Ratings**	**Description**
Scotiabank	*Deposits/ Commercial Paper Rating* Moody's: P-1 S&P: A-1	Scotiabank offers personal and commercial banking, wealth management and private banking, corporate and investment banking, and capital markets services. Scotiabank has a global team of over 89,000 employees and assets of approximately $1.4 trillion (as of July 31, 2024).
Royal Bank of Canada	*Counterparty/Deposits* Moody's: Aa1 S&P: AA-	RBC is one of North America's leading diversified financial services companies, and provides personal and commercial banking, wealth management, insurance, investor services and capital markets products and services on a global basis. RBC is one of Canada's

Bank	Ratings	Description
		largest banks, and among the largest in the world based on market capitalization. RBC has over 97,000 full- and part-time employees who serve 17 million clients in Canada, the United States, and 27 other countries.

175. In the ordinary course of business, the Debtors' Investment Account is subject to the Investment Policy, whose objective is to preserve principal and maintain sufficient liquidity to meet operational objectives, contractual obligations, and debt requirements, while seeking to maximize investment yield. Pursuant to the Investment Policy, the Debtors invest surplus cash, through the Investment Account, in (i) obligations issued, fully guaranteed or insured by U.S. government agencies, authorities, instrumentalities, or sponsored entities, (ii) money market mutual funds with high S&P's and Moody's ratings, and (iii) to a more limited degree, certificates of deposit, commercial paper, and repurchase agreements with high ratings from S&P's and Moody's. The Debtors hold, on average, approximately $10 million in the Investment Account.

176. If the Debtors are limited to direct investments in U.S. Government Securities, they would need to work with their current investment managers to establish (i) a new account to trade the securities and (ii) new associated controls and procedures. The risk of a compliance breakdown in connection with these activities is at least as large as any incremental risk posed by investment in the Investment Accounts, and the costs associated with these activities would likely exceed the yield on the investments. I believe that cause exists to allow the Debtors to continue to utilize the existing Cash Management Banks.

177. Additionally, in the ordinary course of business, the Debtors use numerous business forms, including, without limitation, checks, business cards, letterhead, purchase orders,

and invoices. To minimize expense to their estates and avoid confusion on the part of employees, customers, and suppliers, the Debtors respectfully request that the Court authorize them to continue using existing Business Forms, including checks, as such forms existed immediately prior to the Petition Date without reference to the Debtors' status as debtors in possession.

178. By virtue of the nature and scope of the Debtors' business operations, it is important that the Debtors be permitted to continue to use their existing checks and other Business Forms without alteration or change. Because parties doing business with the Debtors undoubtedly will be aware of the Debtors' status as debtors in possession as a result of the publicized nature of the Chapter 11 Cases and the communications and notice of the commencement of the Chapter 11 Cases that the Debtors intend to distribute to such parties, changing Business Forms is unnecessary and unduly burdensome.

179. For these reasons, I believe that sufficient cause exists to exempt the Debtors from the requirements of the U.S. Trustee Guidelines and section 345 of the Bankruptcy Code.

(ii) <u>*Wages Motion*</u>*. Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Them to (A) Satisfy Prepetition Obligations on Account of Compensation and Benefits Programs and (B) Continue Compensation and Benefits Programs, and (II) Granting Related Relief.*

180. The Debtors seek entry of interim and final orders (i) authorizing, but not directing, the Debtors to (a) pay and honor prepetition wages, salaries, reimbursable expenses, and other obligations on account of the Compensation and Benefits Programs and (b) maintain, and continue to honor and pay amounts with respect to, the Compensation and Benefits Programs, as such programs were in effect prior to the Petition Date and as they may be modified, amended, or supplemented from time to time, in the ordinary course of business, and (ii) granting certain related relief.

181. *The Debtors' Workforce*. To maintain their operations and preserve the value of their estates, it is essential that the Debtors continue to operate, to the extent possible, in the ordinary course of their business. To achieve that result, the Debtors must retain the uninterrupted service and the loyalty of their Employees. The Debtors currently employ approximately 80 employees, 15 of which are employed by the Debtors on an hourly basis and the remainder of which are employed on a full-time, salaried basis. Forty-nine Employees are based in the United States, and 31 Employees are based in Canada. In addition to their Employees, the Debtors supplement their workforce with consultants and independent contractors depending on their business needs. The Debtors regularly utilize the services of approximately six Independent Contractors.

182. The Employees and Independent Contractors are among the Debtors' most valuable assets and are critical to a successful reorganization, as they perform various critical functions, including core network engineering, customer care, external affairs, financial planning and analysis, government sales/contracting, accounting, administrative support, accounts payable, billing operations, compliance (legal and regulatory), corporate development, human resources, information technology, legal, marketing, network operations and maintenance, payroll, procurement, sales, and treasury. The Employees' and Independent Contractors' skills and their knowledge and understanding of the Debtors' operations and infrastructure are essential to the effective operation and reorganization of the Debtors' business.

183. The Employees and Independent Contractors are intimately familiar with the Debtors' business, processes, and systems, possess unique skills, experience, knowledge, and understanding of the Debtors' operations and infrastructure, and/or have developed relationships with vendors that are essential to the Debtors' business. These individuals are not easily replaced,

and their skills are essential to the effective operation of the Debtors' business. Without the continued, uninterrupted services of the Employees and Independent Contractors, the Debtors' business operations would be halted, and the administration of their estates severely disrupted to the detriment of all stakeholders.

184. Further, the vast majority of the Debtors' Employees rely on their compensation and benefits to satisfy their daily living expenses. Consequently, these Employees will be exposed to significant financial difficulties if the Debtors fail to satisfy obligations related to the Compensation and Benefits Programs.

185. *Compensation and Benefits Programs*. Among other things, the Debtors pay and incur a number of obligations related to their Employees and Independent Contractors (as applicable), such as (i) wages, salaries, and/or other compensation and obligations, (ii) payroll service fees, (iii) federal, state, provincial, and withholding and income taxes and other withheld amounts (including, without limitation, wage garnishments, and pre-tax and after-tax deductions), (iv) certain allowed reimbursable expenses incurred in the scope of employment, (v) manager compensation and reimbursement of expenses, (vi) bonus and incentive programs, (vii) employee benefits programs, including (a) health insurance programs (including medical, dental, and vision health plans, the Canadian Comprehensive Benefits Plan, supplemental mental health benefits, and flexible spending programs), (b) other insurance and disability benefits (including life insurance, accidental death and dismemberment insurance, short- and long-term disability coverage, and other voluntary supplemental insurance benefits), (c) workers' compensation insurance, (d) paid leave for, among other things, holidays, personal or family illness, personal days, vacation days, and other leaves of absence, (e) retirement benefits (including 401(k) contributions and the Canadian Defined Contribution Pension Plan), (f) assistance programs (including counseling and

financial assistance and tuition assistance), and (g) severance for non-Insiders, and (viii) other benefits that the Debtors have historically provided in the ordinary course of business.[21]

186. *Bonus Programs and Non-Insider Severance Program*. The Debtors maintain several bonus programs, including the Annual Bonus Program, the Transaction Commission Plan, the Referral Bonus Program, and the Patent Bonus Program, each of which are critical to the Debtors' ability to motivate and reward their Employees and are integral to the Debtors' operations going forward.

187. The Debtors provide the Annual Bonus Program to all eligible employees. The current Annual Bonus Program replaced the Debtors' previous annual bonus program, which was based on Employee and Company performance and in which all Employees received an annual target expressed as a percentage of their base salary. Employees had the opportunity to receive a bonus at, above, or below the target level based on assessment of personal and Company goals. The Annual Bonus Program was modified for 2024 to reflect the need to encourage Employees to continue to perform at high levels over the course of the last year while the Debtors considered various restructuring transactions, thus maximizing the value of the Debtors' business. The 2024 Annual Bonus Program was based on assumed 100% satisfaction of annual target levels, 50% of which was paid quarterly. All quarterly payments under the Annual Bonus Program for 2024 were made prepetition. Under the 2024 Annual Bonus Program, if Ligado consummates a specific transaction, Employees would be entitled to receive the remaining 50% of their annual 2024 target amount. The Debtors have approved a similar program for 2025. Only Employees employed prior

[21] The summary of the Employee Obligations provided herein and in the Wages Motion is qualified entirely by the Debtors' official policies or other practices, programs, or agreements, whether written or unwritten, evidencing an arrangement among the Debtors and their Employees. In the event of any inconsistency or ambiguity between these summaries and an Official Policy, the terms of such Official Policy shall govern.

to October 1st of any year in which they have earned a bonus under the Annual Bonus Program are eligible to receive such bonus.[22]

188. The Debtors also maintain the Ligado Networks LLC Transaction Commission Plan. The Transaction Commission Plan provides a cash payment to participants upon certain debt repayment events or a change in control, with the value of such payments based generally on the aggregate proceeds received from prior sales of assets and, in the case of a change in control, based on the total enterprise value of the Debtors at the time of the change in control. The payments under the Transaction Commission Plan will only be made to the extent of available liquidity and to the extent it would not cause the Debtors to become insolvent; provided that if any payments would cause the Debtors to become insolvent, the participants will instead receive Class A-0 preferred equity, with a value equal to the amount of payment that otherwise would have been made, with such preferred equity to be redeemed in exchange for cash equal to its value upon a future date on which payment would not cause the Debtors to become insolvent. As of the Petition Date, the Debtors estimate that they do not owe any amounts on account of the Transaction Commission Plan. The Debtors will not seek to make any payments under the Transaction Commission Plan absent further order of the Court.

189. Additionally, the Debtors offer a Referral Bonus Program for Employees who refer candidates for employment if such candidates are ultimately hired by the Debtors and remain employed for at least three (3) months. The Debtors also offer a Patent Bonus Program for Employees below the Vice-President level (i) when the Employee receives a determination of the Debtors' Patent Committee that such Employee has submitted a full and complete invention

[22] Under Canadian law, employees are deemed to still be employed through the end of any applicable notice of termination of employment period.

disclosure, (ii) if the invention disclosure is filed with the USPTO, and/or (iii) if the filing results in the grant of a patent by the USPTO.

190. The Debtors also provide severance payments for non-Insider Employees. For certain senior-level non-Insider Employees in the United States, the Non-Insider Severance is provided for in the Employee's individual employment agreements and generally provides (i) for a severance payment in an amount equal to one-year base salary, plus one-year performance bonus, based on the relevant Employee's target bonus, payable in equal installments on regular payroll dates and (ii) requires that such Employee execute (a) a general release of claims against the Debtors and (b) in most cases, a non-compete and non-disclosure agreement that typically provides that it will remain in effect for one year following the termination of the Employee's employment. For other U.S. Employees, in situations other than termination for cause, the Non-Insider Severance has been historically based on the applicable Employee's position and years of service and is a minimum of two weeks of pay per year of service.

191. For Canadian Employees, severance is based on both Canadian common law requirements (which include factors such as employee age, position, and ability to mitigate damages by obtaining comparable employment with respect to both position and remuneration) as well as informal internal policy (altogether, the "Canadian Severance"). The Canadian Severance generally provides for payment of (i) approximately 18-24 months' salary for Employees in certain senior positions (i.e. employees with the following words in their job title: Senior, Manager, V.P., Director, Lead), and (ii) approximately 6-12 months' salary for most other Employees.

192. For the avoidance of doubt, the Debtors are not seeking authority to make any payments under the Bonus Programs and/or the Non-Insider Severance Program to any Employee that (i) was appointed or hired directly by the Board; (ii) exercises managerial control

over, or has responsibility for, the Debtors' operations as a whole; (iii) directs the Debtors' overall corporate policy or governance; (iv) has independent control over substantial budgetary amounts; (v) reports to the Board; (vi) is a member of the Board; (vii) participates in meetings of the Board; or (viii) has authority to approve the divestment of substantial corporate assets. I believe that the Debtors should be authorized to continue the Bonus Programs and the Non-Insider Severance Program in the ordinary course of business in order to maintain Employee morale and disincentivize Employees to pursue other employment opportunities. I believe that the costs associated with the Bonus Programs and Non-Insider Severance Program, to the extent any were incurred prepetition, would be greatly outweighed by the potential negative consequences of failing to do so, including the costs of hiring replacement employees.

193. *Need for the Relief Requested in the Wages Motion*. I believe that the maintenance and continuation of the Compensation and Benefits Programs and the related arrangements, as well as the payment of amounts owing in respect thereof, is essential to the success of the Debtors' reorganization. Should the Debtors be unable to pay and honor obligations related to the Compensation and Benefits Programs, I believe attracting qualified talent to replace Employees that might depart would be extremely difficult and most likely require higher salaries, guaranteed bonuses, and overall higher cost compensation packages than are currently provided to the Employees. Without the requested relief, I believe that Employee morale and loyalty could be jeopardized at the time when Employee support and workforce continuity is critical to the Debtors' restructuring efforts, while granting the relief requested will enhance the likelihood of the Debtors' successful rehabilitation and maximize the value of the estates for the benefit of all stakeholders.

194. Additionally, I have been advised that the Debtors have sufficient funds to pay the amounts described in the Wages Motion in the ordinary course of business by virtue of

expected cash flows from ongoing business operations and the anticipated authorization to use cash collateral. Accordingly, I believe the relief requested in the Wages Motion is necessary to avoid immediate and irreparable harm and is in the best interests of the Debtors, their estates, and all parties in interest.

(iii) *Insurance Motion*. *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Maintain Insurance Policies and Surety Bond Program and Honor Obligations Thereunder, and (B) Renew, Amend, Supplement, Extend, or Purchase Insurance Policies and Surety Bonds, and (II) Granting Related Relief.*

195. The Debtors seek entry of interim and final orders (i) authorizing them to (a) continue to maintain the Insurance Policies and Surety Bond Program and honor any premiums, deductibles, assessments, and other related payments and fees under the Insurance Policies and the Surety Bond Program, and (b) renew, revise, amend, supplement, extend, or enter into new Insurance Policies and Surety Bonds in the ordinary course of business; and (ii) granting certain related relief.

196. In the ordinary course of business, the Debtors maintain approximately sixteen (16) Insurance Policies that have been obtained from, and are administered by, various third-party Insurance Carriers. These Insurance Policies provide coverage for, among other things: (i) employment practices liability, (ii) general commercial liability for the Debtors' business operations in the United States and Canada, (iii) property losses, (iv) risks associated with business travel outside of the United States and Canada, (v) cargo loss, (vi) special crimes, (vii) directors' and officers' liability, and (viii) excess claims liability.

197. The Debtors prepay the Insurance Premiums on an annual basis. The Debtors estimate that, as of the Petition Date, they do not owe any amounts on account of Insurance Premiums or other payment obligations related to the Insurance Policies. The Debtors also contract with several Insurance Brokers to assist them in obtaining comprehensive insurance

coverage by providing access to specific insurance markets and expertise in certain lines and types of coverage and aiding with the procurement and negotiation of the Insurance Policies on advantageous terms. The Debtors do not pay separate broker fees; rather, all fees incurred by the Debtors in connection with obtaining the Insurance Policies are billed as part of the Insurance Premiums.

198. The Debtors also maintain two Surety Bonds. The bonds are issued by Travelers Insurance on behalf of One Dot Six LLC for the benefit of St. Lucie County of Florida and issued by Trisura Guarantee Insurance Company on behalf of Ligado Networks Corp. for the benefit of Canadian Services Agency. The principal amount of the Travelers Surety Bond is approximately $5,000 and the principal amount of the Trisura Surety Bond is approximately $17,361 ($25,000 CAD). The annual premium due to Travelers on account of the Travelers Surety Bond is $100 and the annual premium due to Trisura on account of the Trisura Surety Bond is $365 ($525 CAD). As of the Petition Date, the Debtors do not believe that they owe any prepetition amounts on account of the Surety Bond Program.

199. I believe that the Insurance Policies and the Surety Bond are essential to the preservation of the value of the Debtors' businesses, property, and assets and are required under the Debtors' prepetition credit agreements. Failure to pay premiums for the Insurance Policies and the Surety Bond when due may harm the Debtors' estates in several ways, including the loss of coverage and subsequent need to obtain replacement insurance and bonding on an emergency basis, likely at a higher price. Accordingly, I believe that the relief sought in the Insurance Motion is in the best interests of the Debtors and their estates and creditors.

(iv) <u>*Taxes Motion*</u>*. Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Payment of Certain Taxes and Fees and (II) Granting Related Relief.*

200. The Debtors seek entry of interim and final orders authorizing, but not directing, them to satisfy, pay, or use credits to offset, the Taxes and Fees that arose prior to the Petition Date (whether due and owing before or after the Petition Date), including all Taxes subsequently determined by audit or otherwise to be owed for periods prior to the Petition Date and to satisfy, pay, or use credits to offset any postpetition amounts that become due to the Authorities in the ordinary course of business during these cases.

201. The Debtors (i) collect, withhold, incur, pay, and/or use credits to offset a variety of Taxes, including, without limitation, U.S. and Canadian federal, state, provincial, territorial, and municipal taxes, sales and use taxes, real and personal property taxes, franchise taxes, and other Taxes and (ii) are charged certain regulatory assessments and fees, including, without limitation, annual reporting fees, FCC fees, Industry Science and Economic Development fees, and other fees, charges, and assessments, by various taxing, licensing, and other regulatory authorities.

202. As of the Petition Date, the Debtors estimate that they have accrued approximately $160,000 in unpaid Taxes and Fees, approximately $55,000 of which will become due and payable within the thirty (30) days following the Petition Date.

203. Payment of the Taxes and Fees is imperative to preserving the value of the estates and the Debtors' continued operation and ability to restructure. The Debtors' failure to pay the Taxes and Fees could materially and adversely impact the Debtors' business operations in several ways. The Authorities may initiate audits of the Debtors, which would unnecessarily divert the Debtors' attention from the tasks required by the reorganization process at a critical time for the Debtors' business. The Authorities may also attempt to suspend the Debtors' operations, file

liens, seek to lift the automatic stay, and pursue other remedies that will be administratively burdensome to the Debtors' estates. Additionally, under U.S. and Canadian law, if certain Prepetition Taxes and Fees remain unpaid, the Authorities may seek to recover such amounts directly from the Debtors' directors and officers, which will divert their attention from the administration of these cases. The payment of the Prepetition Taxes and Fees will benefit the Debtors' estates and creditors by, among other things, (i) permitting the Debtors to continue operating their businesses without interruption, (ii) reducing the amount and priority of claims that could be asserted against the Debtors' estates, and (iii) preventing the Debtors from incurring late fees, penalties, and other charges. Furthermore, counsel informs me that certain directors and officers could be subject to personal liability, which would likely distract those key personnel from their duties related to the Debtors' restructuring efforts. Moreover, counsel further informs me that the Debtors' failure to pay some of the Fees to the Authorities and other relevant third parties may (i) cause the Debtors to incur late fees, penalties, and other charges and (ii) result in a loss of the Debtors' licenses, which, in turn, could bring the Debtors' operations to a halt.

204. Accordingly, I believe that payment of the prepetition Taxes and Fees is amply justified.

(v) Utilities Motion. *Debtors' Motion for Entry of Interim and Final Orders (I) Approving the Proposed Adequate Assurance of Payment for Future Utility Services and Related Procedures, (II) Prohibiting Utility Companies to Alter, Refuse, or Discontinue Services, and (III) Granting Related Relief.*

205. The Debtors seek entry of interim and final orders (i) approving the proposed adequate assurance of payment for future Utility Services and the Adequate Assurance Procedures; (ii) prohibiting Utility Companies to alter, refuse, or discontinue services to the Debtors; and (iii) granting certain related relief.

206. Preserving Utility Services on an uninterrupted basis is essential to the Debtors' ongoing operations and, therefore, to the success of their reorganization. Indeed, any interruption in Utility Services, even for a brief period of time, would disrupt the Debtors' ability to continue operations and service their customers. Such a disruption is sure to adversely impact customer relationships and result in a decline in the Debtors' revenues and profits, which could jeopardize the Debtors' reorganization efforts and, ultimately, creditor recoveries. Therefore, it is critical that Utility Services continue uninterrupted during these chapter 11 cases.

207. I am told that, to the best of the Debtors' knowledge, there are no defaults or arrearages with respect to the undisputed invoices for prepetition Utility Services. On average, the Debtors spent, in the aggregate, approximately $140,000 per month on utility costs through the Utility Companies over the past twelve (12) months. As of the Petition Date, the Debtors estimate that approximately $54,800 in utility costs may be outstanding.

208. I believe that cash held by the Debtors on the Petition Date and cash generated postpetition in the ordinary course of business will provide sufficient liquidity to pay the Debtors' obligations on account of the Utility Services in accordance with prepetition practice. Nevertheless, to provide additional assurance of payment to the Utility Companies, the Debtors propose to deposit, within twenty (20) days after entry of the Interim Order, an aggregate amount of approximately $70,000 into the Adequate Assurance Account for the duration of these cases, which amount is sufficient to cover one half of the Postpetition Monthly Cost and may be applied to any postpetition defaults in the payment to the Utility Companies.

209. The Adequate Assurance Procedures provide a streamlined process for the Utility Companies to address their potential concerns regarding the Proposed Adequate Assurance, while allowing the Debtors to administer their estates uninterrupted.

210. I believe that the Proposed Adequate Assurance and the Adequate Assurance Procedures are adequate and should be approved.

(vi) DIP Motion. *Debtors' Motion For Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Use Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Granting Adequate Protection; (IV) Modifying the Automatic Stay; (V) Scheduling a Final Hearing, and (VI) Granting Related Relief.*

211. The Debtors seek entry of interim and final orders (i) authorizing, but not directing, the Debtors to (a) obtain postpetition financing and (b) use cash collateral, (ii) granting liens and superpriority administrative expense claims, (iii) granting adequate protection, (iv) modifying the automatic stay, (v) scheduling a final hearing, and (vi) granting related relief. The DIP Motion is supported by the *Declaration of Bruce Mendelsohn in Support of Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Use Cash Collateral; (II) Granting Liens and Superpriority Administrative Expense Claims; (III) Granting Adequate Protection; (IV) Modifying the Automatic Stay; (V) Scheduling a Final Hearing; and (VI) Granting Related Relief* (the "DIP Declaration"). The DIP Motion sets forth the Debtors' proposed financing, which contemplates financing in the form of $939,133,507 in term loans to be funded as follows: (a) new money term loans to be made in (i) an Initial Draw of $12,000,000 following the entry of the Interim DIP Order, and (ii) after the entry of the Final DIP Order, subsequent new money term loan draws in an aggregate principal amount of $429,999,891 which will be available, subject to satisfaction of certain milestones and conditions precedent, and (b) a roll-up of prepetition 1L Debt Obligations (other than 1L First Out Obligations) in the aggregate principal amount of between $441,999,891 - 497,133,616 upon entry of the Final Order upon the terms and conditions set forth in the proposed DIP Order. As discussed in more detail in the DIP Declaration, the proposed financing (a) is the best financing available under the circumstances, (b) will provide the Debtors with liquidity that

is immediately and critically needed, and (c) is essential to the efficient reorganization and success of the Debtors' Chapter 11 Cases.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

I declare under penalty of perjury that the foregoing is true and correct. Executed on this 6 day of January, 2025.

By: /s/ *Douglas Smith*
Name: Douglas Smith
Title: Chief Executive Officer
Ligado Networks LLC
10802 Parkridge Blvd
Reston, VA 20191

Appendix “B” – Smith Affidavit

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF LIGADO NETWORKS LLC, LIGADO NETWORKS CORP., LIGADO NETWORKS HOLDINGS (CANADA) INC., LIGADO NETWORKS (CANADA) INC., ATC TECHNOLOGIES, LLC, LIGADO NETWORKS INC. OF VIRGINIA, ONE DOT SIX LLC, ONE DOT SIX TVCC LLC, LIGADO NETWORKS SUBSIDIARY LLC, LIGADO NETWORKS FINANCE LLC and LIGADO NETWORKS BUILD LLC

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

AFFIDAVIT OF DOUGLAS SMITH
(sworn January 14, 2025)

I, Douglas Smith, of the City of Leesburg, in the State of Virginia, in the United States of America, MAKE OATH AND SAY:

1. I am the Chief Executive Officer of the Applicant, Ligado Networks LLC ("**Ligado**" and, collectively with its affiliated debtors and debtors in possession, the "**Debtors**").[1] I have been employed in this and other capacities by the Debtors since 2010. Accordingly, I am familiar with the Debtors' day-to-day operations, business, and financial affairs. Where the facts described in this affidavit are not based on my direct knowledge, but are based upon information and belief from other sources, I have specified the source of that information and believe it to be true.

[1] The Debtors are: Ligado Networks LLC; ATC Technologies, LLC; Ligado Networks (Canada) Inc.; Ligado Networks Build LLC; Ligado Networks Corp.; Ligado Networks Finance LLC; Ligado Networks Holdings (Canada) Inc.; Ligado Networks Inc. of Virginia; Ligado Networks Subsidiary LLC; One Dot Six LLC; and One Dot Six TVCC LLC.

2. I swear this affidavit to assist the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**") and interested parties in understanding the circumstances that resulted in the commencement of chapter 11 cases (the "**Chapter 11 Cases**") in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Court**"), filed January 5, 2025 (the "**Petition Date**"), under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "**U.S. Bankruptcy Code**"), and in support of Ligado's request for certain relief pursuant to Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), including:

(a) an initial recognition order (foreign main proceeding) (the "**Initial Recognition Order**"), among other things:

(i) appointing Ligado as "foreign representative", as defined in section 45 of the CCAA, of the Debtors (in such capacity, the "**Foreign Representative**");

(ii) declaring that the centre of main interest of each of the Debtors is the United States of America and recognizing the Chapter 11 Cases commenced by the Debtors in the U.S. Court under the U.S. Bankruptcy Code as a "foreign main proceeding", as defined in section 45 of the CCAA;

(iii) granting a stay of proceedings in Canada in respect of the Debtors, including the property, business, directors and officers of the Debtors; and

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

(iv) requiring the Information Officer (defined herein), on behalf of the Foreign representative, to publish notice of the proceeding pursuant to subsection 53(b) of the CCAA; and

(b) a supplemental order (foreign main proceeding) (the "**Supplemental Order**"), among other things:

(i) recognizing in Canada and enforcing certain orders of the U.S. Court made in the Chapter 11 Cases (collectively, the "**First Day Orders**");[2]

(ii) appointing FTI Consulting Canada Inc. ("**FTI Canada**") as the information officer in respect of this proceeding (in such capacity, the "**Information Officer**");

(iii) staying any claims, rights, liens or proceedings against or in respect of the Debtors, the business and property of the Debtors and the directors and officers of the Debtors;

(iv) restraining the right of any person or entity to, among other things, discontinue or terminate any supply of products or services to the Debtors;

---

[2] The First Day Orders are summarized below at paragraph 103 of this affidavit and attached to the affidavit of Sarah Lam sworn January 14, 2025.

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

(v) granting a super-priority charge up to the maximum amount of CA$750,000 over the Debtors' property, in favour of the Information Officer and its counsel, and the Foreign Representative's Canadian counsel, as security for their professional fees and disbursements incurred in respect of these proceedings (the "**Administration Charge**"); and

(vi) granting a super-priority charge over the Debtors' property (the "**DIP Lender's Charge**") which shall be consistent with the liens and charges granted by the Interim DIP Order entered by the U.S. Court in the Chapter 11 Cases.

3. On January 6, 2025, I executed a declaration (the "**U.S. Declaration**") in connection with the Chapter 11 Cases. The U.S. Declaration includes a comprehensive overview of the Debtors' business and the factors contributing to the filing of the Chapter 11 Cases. A copy of the U.S. Declaration is attached hereto as **Exhibit "A"**.

4. In summary, the Debtors have sought relief under Chapter 11 of the U.S. Bankruptcy Code and are seeking corollary relief under Part IV of the CCAA to effectuate, among other things, a comprehensive balance sheet restructuring. As described below, concurrently with the filing of the Chapter 11 Cases, Ligado and their key stakeholders were able to successfully negotiate: (i) a restructuring transaction to recapitalize Ligado's balance sheet; and (ii) a binding term sheet with AST & Science, LLC ("**AST**") setting forth the terms of a long-term commercial transaction between Ligado and AST (the "**AST Transaction**"), which culminated in the signing of a

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

restructuring support agreement on January 5, 2025 (the "**RSA**"). A copy of the RSA is attached hereto as **Exhibit "B"**.

5. Upon emergence from the Chapter 11 Cases and these Canadian recognition proceedings (the "**Recognition Proceedings**"), Ligado anticipates that its indebtedness will be reduced from US$8.6 billion today to approximately US$1.2 billion.

6. The Debtors will continue to operate through the Chapter 11 Cases and Recognition Proceedings, providing services to its existing customers and advancing its mobile satellite plans to emerge from the Chapter 11 Cases and Recognition Proceedings on firm footing. In Canada, Ligado intends to continue paying its trade creditors in the ordinary course and does not anticipate any changes to its local Canadian workforce of approximately 31 employees during the restructuring.

I. OVERVIEW

A. The Debtors' Business

7. The Debtors are a mobile communications company that operates a satellite network across North America that has been providing mobile satellite services ("**MSS**") to government and commercial customers for over 25 years.

8. In the near term, Ligado is planning to evolve its satellite services to easily integrate with terrestrial networks and to communicate directly to standard mobile devices. In addition, Ligado has the authority to develop terrestrial-based solutions for both Fifth Generation ("**5G**") public and

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

private networks using its coordinated licensed and leased spectrum in the "L-Band," located in the highly attractive one- to two- gigahertz ("**GHz**") spectrum category, known as the lower mid-band.

9. Ligado is licensed as an MSS operator in the L-Band in the U.S. and Canadian parts of "ITU Region 2". Ligado has fully coordinated its satellite system with all other North American Region 2 L-band operators and maintains access to over 40 megahertz ("**MHz**") of MSS spectrum in the U.S. and Canada.

10. The Debtors spent years working to develop and obtain approval from the United States Federal Communications Commission ("**FCC**") to operate an ancillary terrestrial component ("**ATC**") to their MSS licenses and have invested billions of dollars in connection therewith. In April 2020, the commissioners for the FCC issued a unanimous and bipartisan order granting the Debtors an exclusive ATC authorization across the United States for 30 MHz of their MSS licensed L-Band spectrum. The Debtors also have access to five MHz of spectrum at 1670-1675 MHz. In total, the Debtors have access to 35 MHz of terrestrial spectrum in the United States.

B. The Debtors' Products, Services and Existing Mobile Satellite Business

11. The Debtors currently support a range of MSS products and services in the United States, Canada, and Mexico on their MSS network. The Debtors are developing technical and commercial plans to enhance their current MSS network. They also have been planning to deploy 35 MHz of their coordinated licensed and leased spectrum in the L-Band for new and innovative

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

communication services. To support this, the Debtors are developing a technology ecosystem for their MSS spectrum and their coordinated licensed and leased spectrum for communication services. Direct-to-device satellite communications and terrestrial 5G private networks using the 1670-1675 MHz band are among the solutions that are being developed by the Debtors to serve the mobile consumer market and the enterprise sector.

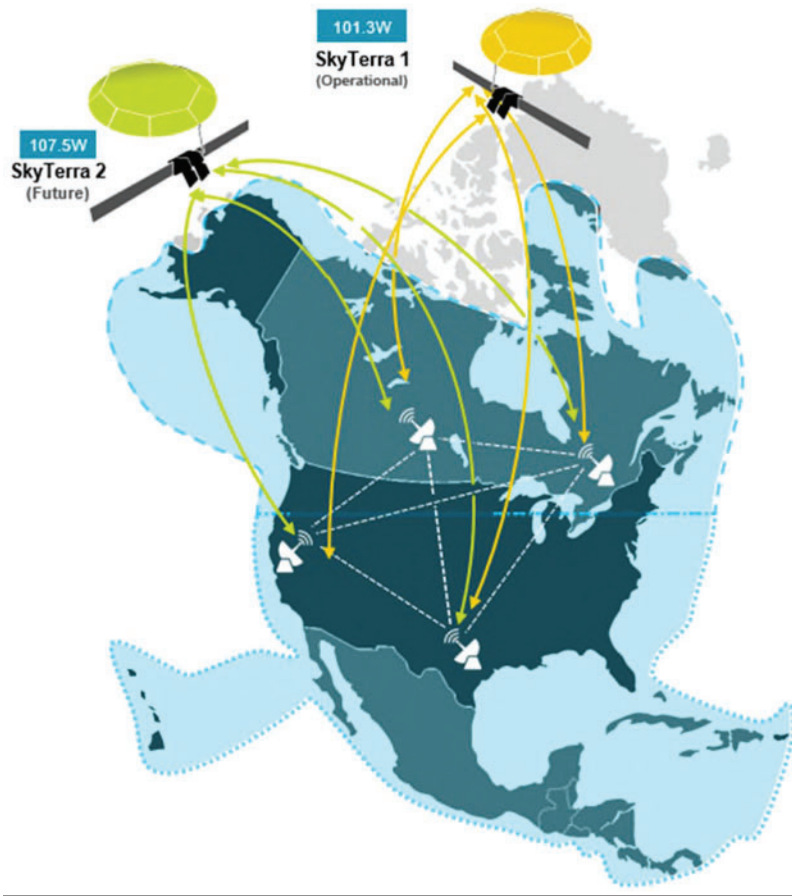
12. The Debtors' business includes the operation of a highly sophisticated satellite network that provides fixed and mobile communications throughout North America. In the United States, the Debtors operate the SkyTerra-1 satellite. In Canada, the Debtors are authorized to provide service using the SkyTerra-1 satellite. The Debtors are also authorized in principle by Innovation, Science & Economic Development Canada to operate the SkyTerra-2 satellite, which is constructed and stored in preparation for launch into a Canadian orbital location.

13. The Debtors' satellites (SkyTerra-1 and SkyTerra-2) are two of the most powerful mobile satellites ever constructed. Each is equipped with a 22-meter (75 foot) diameter antenna, which is capable of ten times better performance than that provided by the Debtors' prior satellites. The satellites have the capability of forming up to 1,500 beams over North America and can operate with devices that are as small as standard Internet of Things (IoT) devices, mobile hotspots, and consumer smartphones.

14. The SkyTerra-1 and SkyTerra-2 satellite systems utilize state-of-the-art ground-based beam forming, which allows flexibility in altering beam shapes, number of beams, bandwidth allocation, and power allocation, all occurring from the ground. This capability is unprecedented

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

in prior mobile satellite systems where beams were pre-formed onboard the spacecraft prior to launch and incapable of change once in orbit. Below is a visual depiction of the coverage capability of the Debtors' satellite system:



15. The Debtors' customers in government and industry include end users (among others) in the public safety, utilities, and transportation segments who use the Debtors' current satellite network for emergency response, remote monitoring, asset tracking, and numerous other mission-critical applications. An important component of the Debtors' current satellite business is the Mobile Satellite Communications Push-to-Talk and Telephony Voice service, which provides

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

access to national and regional "SMART^{tm} Talk Groups." Such talk groups enable critical interoperable communications among officials from homeland security, law enforcement, emergency response, and public safety from various departments and agencies across the United States and Canada.

16. In 2022, the Third Generation Partnership Project ("**3GPP**"), the wireless industry's global standard-setting body, designated the L-band as one of only two bands included for standardization as part of the first 3GPP Release 17 for Non-Terrestrial Networks. With the emergence of these standards for satellite networks in the L-band, and an in-orbit satellite network that can readily support the next generation of consumer devices, Ligado is developing technology and partnerships that will serve the growing demand for Direct-to-Device satellite connectivity.

17. A more detailed overview of the Debtors' spectrum assets, licenses and related agreements is set forth in my U.S. Declaration beginning at paragraph 20.

C. Inmarsat Cooperation Agreement

18. The Debtors' capital structure is premised on a business that is entitled to the full benefits of a cooperation agreement they entered into in 2007 with Inmarsat Global Limited ("**Inmarsat**"), which was acquired by Viasat Inc. ("**Viasat**") on May 30, 2023. The parties entered into an amended and restated cooperation agreement on August 6, 2010 (as further amended and restated from time to time, the "**Cooperation Agreement**").

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

19. The Cooperation Agreement has been amended numerous times and addresses a number of regulatory, technological and spectrum coordination matters involving L-band spectrum and its use over North America. The purpose of the Cooperation Agreement was to coordinate the MSS L-Band spectrum to provide the Debtors with sufficient contiguous spectrum blocks free from interference to help the Debtors' obtain the ability to provide mobile services to the North American market consisting of an MSS network and a terrestrial wireless service (i.e., an ATC). To that end, the Cooperation Agreement involves Inmarsat moving its operations and reallocating its customers' use from identified portions of its coordinated spectrum in the MSS L-Band and upgrading some of its equipment so that the spectrum could be delivered to the Debtors without the possibility of interference to or from Inmarsat's customers' satellite terminals.

20. The term of the Cooperation Agreement runs until December 31, 2107, and the agreement requires the Debtors to pay Inmarsat substantial sums for this spectrum over a period of 99 years.[3] As of the Petition Date, the Debtors have paid Inmarsat over US$1.7 billion.

21. In return, Inmarsat is required to facilitate the necessary FCC license authorization. The parties understood that FCC approval of the Debtors' license application was critical to achieving the purpose of the Cooperation Agreement, and both parties pledged to use their best commercial efforts to support approval from the relevant regulatory authorities, including the FCC specifically, and to remedy the situation in the event of any indication of objection or disapproval.

---

[3] Approximately 83 years remain under the current term of the Cooperation Agreement.

22. In addition, Inmarsat is required to implement the so-called "Spectrum Plans" contemplated in the Cooperation Agreement to create sufficient contiguous spectrum blocks and use its best commercial efforts to ensure that Ligado receives the full anticipated benefit of the spectrum, including in or near airports and waterways.

23. Inmarsat has taken steps to create the contiguous spectrum blocks, but it has failed to perform other obligations. In addition to creating contiguous spectrum blocks, the Cooperation Agreement requires Inmarsat to address interference that might arise in the particular use case of Inmarsat satellite terminals operating on Inmarsat's system on airplanes and water vessels and the Debtors' planned ATC services. Inmarsat's resolution of these terminal interference issues was contractually bargained and paid for by the Debtors. Specifically, aviation and maritime customers of Inmarsat use systems provided by Inmarsat for communications and operate near to the spectrum the Cooperation Agreement specifies is for the Debtors' use for their terrestrial communication and MSS services.

24. The potential for interference between Inmarsat's customers' terminals in or near airports and waterways and the Debtors' communication services in the vicinity of same should have been remedied by Inmarsat through replacement of the Inmarsat terminals or through modification (with the use of filters or otherwise) of the Inmarsat terminals. This is known as "terminal resilience." Achieving this terminal resilience so that Ligado could operate anywhere in the U.S. (including in or near airports and waterways) was a material obligation of Inmarsat to provide the Debtors under the Cooperation Agreement.

25. To address the terminal resilience issues in those specific geographic areas, Inmarsat and the Debtors agreed on the need to develop a plan to replace or modify those terminals. Because those terminals were Inmarsat terminals provided to Inmarsat customers to enable them to receive signals over the Inmarsat system, the parties' understanding, as reflected in the Cooperation Agreement and the parties' course of conduct, was that Inmarsat would be responsible for ensuring the design, development, approval, manufacture, distribution, and installation of the equipment needed to achieve terminal resilience, *and* all costs in connection with that transition. Inmarsat was also responsible for implementing that plan through modifications in all contracts and relationships with its customers. These terms were agreed to by the parties and are clearly set out in technical exhibits to the Cooperation Agreement.

26. To resolve the terminal interference issues, the Cooperation Agreement requires that "appropriate modifications" be made to "***all*** terminals operating on the Inmarsat system" that might receive or cause interference, or that Inmarsat, in its discretion, could otherwise address such interference by discontinuance or replacement of any affected service or terminal. In part to offset the costs of that transition, the Debtors paid Inmarsat a US$250.0 million transition payment. To date, Inmarsat has still not completed the required work to effect the required terminal resilience as required under the Cooperation Agreement.

27. Over the years, the Cooperation Agreement has been amended twenty-one times to address issues relating to plans for the delivery of spectrum and payments due thereunder, to alter certain transition options and notifications relating to them, to delay and defer payments during the

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

Debtors' prior bankruptcy, to meet coordination obligations with the other North American L-Band operator, Telecomunicaciones de Mexico, to allow for a large prepayment of the future annual payment obligations, and to reduce the amount of the overall lease obligations going forward.

28. In the wake of the FCC's April 2020 Order authorizing ATC deployment and in connection with the Debtors' recapitalization, in 2020, the Debtors made a lump sum payment of US$700.0 million to Inmarsat in two installments of approximately US$35.5 million on October 13, 2020, and US$664.5 million on October 23, 2020 (collectively, the "**Inmarsat 2020 Prepayment**"), which prepaid 60% of all future payment obligations. The Debtors have the right until October 15, 2025, to exercise a further call option to prepay the remainder of the payment obligations on certain terms and conditions described in the Cooperation Agreement.

29. On December 20, 2022, the Debtors and Inmarsat amended the Cooperation Agreement ("**Amendment No. 7**") to extend a portion of the approximately US$395.8 million payment to Inmarsat under the Cooperation Agreement (the "**Inmarsat 2023 Payment**") that was coming due in January 2023. Under this amendment, the Debtors paid US$30.0 million on December 28, 2022, with proceeds from the Prepetition First Lien Loan Facility (as defined in the U.S. Declaration), and agreed to pay the remaining balance on April 6, 2023, after the expiration of the grace period, with interest. As part of that amendment, Inmarsat agreed to dismiss its complaint alleging an anticipatory breach of the Inmarsat 2023 Payment, which was filed on December 15, 2022, in the Supreme Court of the State of New York, County of New York, against

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

Ligado and its affiliate, Ligado Networks (Canada) Inc. The complaint was dismissed without prejudice on December 29, 2022.

30. The Debtors and Inmarsat further amended the Cooperation Agreement five more times in 2023 and nine more times in 2024 to, among other things, delay payment of additional amounts owed by the Debtors to Inmarsat thereunder. As part of the twenty-first and latest amendment to the Cooperation Agreement, Inmarsat agreed to defer payment until January 13, 2025 (after the applicable grace period) of: (i) a US$16.7 million quarterly payment originally due in March 2023; (ii) a $393.2 million payment originally due on July 1, 2023; (iii) US$16.9 million quarterly payment originally due in June 2023; (iv) a US$16.5 million quarterly payment due in September 2023; (v) a US$16.2 million payment due in December 2023; (vi) a US$15.9 million payment due in March 2024; (vii) a US$16 million payment due in June 2024; and (viii) a US$15.7 million payment due in September 2024.

31. For the reasons stated above, and as further detailed in the U.S. Declaration, the Debtors submit that Inmarsat has materially breached its obligations under the Cooperation Agreement by failing to resolve the terminal interference issues around airports and waterways and addressing concerns raised to the FCC by Inmarsat's own customers about those terminal interference issues. These failures directly contributed to, among other things, a prolonged regulatory approval process with respect to the Debtors' license modification applications and thereby forced the Debtors to spend significant time and resources during such process.

32. Despite the Debtors' good faith efforts to negotiate with Viasat to resolve the ongoing issues regarding the Cooperation Agreement and work together to seek a commercial arrangement with a third-party to better monetize the value of the parties' contiguous spectrum blocks, it became clear in the weeks leading up to the commencement of the Chapter 11 Cases and these Recognition Proceedings that, in reality, Viasat was not interested in reaching a workable commercial resolution with the Debtors.

33. The Debtors' other key contracts and agreements are summarized in my U.S. Declaration.

D. The Restructuring Support Agreement and AST Transaction

34. As discussed above, notwithstanding Viasat's refusal to work constructively towards a commercial resolution, the Debtors and their key stakeholders were able to successfully negotiate: (i) a restructuring transaction to recapitalize the Debtors' balance sheet; and (ii) a binding term sheet with AST setting forth the terms of the AST Transaction, which culminated in the signing of the RSA on January 5, 2025.

35. The RSA contemplates a restructuring of the Debtors through: (i) a prearranged chapter 11 plan and recognition proceedings pursuant to Part IV of the CCAA; (ii) DIP financing (the "**DIP Facility**") to provide the Debtors with the liquidity necessary to fund the Chapter 11 Cases; (iii) the equitization of all of the Debtors' prepetition funded indebtedness (except for debt that is repaid or rolled up through the DIP Facility); (iv) the retention of preferred and common equity interests and relative priority amongst current equity holders; (v) entry into the AST Transaction; and (vi)

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

the conversion of the DIP Facility into an exit facility upon the effective date of an acceptable plan pursuant to the DIP Facility.

36. The binding term sheet for the AST Transaction is attached to the RSA. The AST Transaction involves, among other things, the provision by the Debtors to AST of certain usage rights with respect to the Debtors' L-band MSS spectrum and related assets in exchange for AST: (i) contributing certain AST common equity, warrants, convertible notes and/or cash to the Debtors; (ii) making certain annual usage-right payments to the Debtors; and (iii) paying the Debtors a certain percentage of revenues derived from AST's use of the L-band MSS spectrum and related assets.

37. The Debtors and the consenting stakeholders believe that the AST Transaction, together with the recapitalization provided for in the RSA, represents a value maximizing transaction that benefits all stakeholders. The RSA also sets forth certain key case milestones to ensure these Chapter 11 Cases remain on track, including, among other things: (a) deadlines for entry of the interim and final DIP orders; (b) approval of a break-up fee in connection with the AST Transaction; (c) entry into definitive documentation in connection with the AST Transaction; and (d) emergence from Chapter 11 within 12 months of the Petition Date. Consenting stakeholders who are party to the RSA, include:

Obligation	% of Support for RSA
Funded Debt Obligations	
Prepetition First Out Term Loans	93.3%
Prepetition First Lien Notes	86.9%
Prepetition First Lien Senior Pari Term Loans	99.5%
Prepetition 1.5 Lien Facility	96.9%
Prepetition Second Lien Notes	85.1%
Preferred Equity	
Series A-0 Preferred Units	87.3%
Series A-1 Preferred Units	9.7%
Series A-2 Preferred Units	56.8%
Series B Preferred Units	68.6%
Series C Preferred Units	43.8%
Common Equity	
Series A Common Units	35.4%
Series B Common Units	-%

II. THE DEBTORS' CORPORATE AND CAPITAL STRUCTURE

A. Corporate Structure

38. Ligado owns, directly or indirectly, ten domestic and foreign subsidiaries in two jurisdictions in the United States (Delaware and Virginia) and two jurisdictions in Canada (Ontario

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

and Nova Scotia). Ligado and all of its U.S. and Canadian subsidiaries are the Debtors in the Chapter 11 Cases. A corporate organization chart for the Debtors is attached hereto as **Exhibit "C"**.

B. Capital Structure

39. The Debtors' capital structure as of the Petition Date is summarized in the below table:

Obligation	Maturity / Redemption	Approximate Principal Amount Outstanding / Liquidation Preference
***Funded Debt Obligations*[4]**		
Prepetition First Out Term Loans	November 1, 2023[5]	US$319.5
Prepetition First Lien Notes	November 1, 2023	US$5,491.8
Prepetition First Lien Senior Pari Term Loans	November 1, 2023	US$122.3
Prepetition 1.5 Lien Facility	February 2, 2024	US$591.5
Prepetition Second Lien Notes	May 1, 2024	US$2,050.0
Preferred Equity		
Series A-0 Preferred Units	N/A	US$6,230,714,260
Series A-1 Preferred Units	N/A	US$1,672,843,762
Series A-2 Preferred Units	N/A	US$326,915,279
Series B Preferred Units	N/A	US$294,170,575
Series C Preferred Units	N/A	US$658,128,799
Common Equity		
Series A Common Units	N/A	N/A
Series B Common Units	N/A	N/A

[4] All amounts reflected in million of US dollars.

[5] All loans issued after this date pursuant to the Prepetition First Out Term Loans are payable on demand.

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

40. Further details regarding the prepetition indebtedness, which as of the Petition Date included approximately US$8.6 billion in funded debt, can be found in the U.S. Declaration at paragraphs 45-72. The Debtors' intercreditor agreements are summarized at paragraphs 73-76 and its membership interests (i.e., preferred and common units) are set out at paragraphs 78-83 of the U.S. Declaration. With respect to unsecured debt, the Debtors generally have and intend to continue to pay trade obligations as they come due, both in the U.S. and Canada.

III. THE DEBTORS' CANADIAN OPERATIONS AND ASSETS

A. Canadian Entities

41. Three of the Debtors, each of which is a subsidiary of Ligado, are Canadian companies: Ligado Networks Corp. ("**Networks Corp.**"), Ligado Networks Holdings (Canada) Inc. ("**Holdings**") and Ligado Networks (Canada) Inc. ("**Networks Inc.**" and, collectively with Networks Corp. and Holdings, the "**Canadian Debtors**").

42. Networks Corp. is a Nova Scotia corporation that is extra-provincially registered to carry on business in Ontario, with its principal place of business located at 1601 Telesat Court, Ottawa, Ontario (the "**Ottawa Premises**"). Holdings and Networks Inc. are both incorporated under the laws of Ontario. Copies of the corporation profile reports for each of the Canadian Debtors are attached hereto as **Exhibits "D"**, **"E"** and **"F"**, respectively.

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

43. Networks Corp. is the sole operating entity in Canada. Networks Inc. and Networks Corp. hold the Canadian spectrum and regulatory licenses on behalf of the Debtors, and Holdings is an inactive holding company without books or records.

44. The Canadian Debtors, through Networks Corp., carry on substantially the same business as Ligado, i.e., delivery of satellite capacity and related services to end customers. The Debtors have two satellite gateway locations in Canada: one in Ottawa, Ontario, and a second location in Saskatoon, Saskatchewan. These locations are depicted on the graphic inserted at paragraph 14, above.

B. Integration with the U.S.

45. In practice, the operations of the Canadian Debtors are deeply integrated with Ligado and the other Debtors in the United States. Most core business functions for the Canadian operations, including legal and accounting, are administered centrally from the United States. A majority of the Canadian Debtors' funding needs are provided by Ligado through intercompany contributions, specifically:

(a) Networks Corp. is funded by Ligado (i.e., Ligado Networks LLC), with such contributions treated as equity; and

(b) Networks Inc. is in turn funded by Networks Corp, with such contributions treated as intercompany payables or receivables, as applicable.

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

46. At present, Networks Inc. owes Networks Corp approximately US$4.2 million in such intercompany payables. The Canadian Debtors do not have the resources to repay the intercompany indebtedness and are financially dependent on Ligado to maintain operations.

C. Canadian Cash Management System

47. Networks Corp. has three bank accounts: (a) a Canadian-dollar account held with The Bank of Nova Scotia; (b) a U.S. dollar account held with JP Morgan Chase Bank; and (c) a U.S. dollar account held with Truist Bank. These accounts are used for payment of Canadian landlords and general operating expenses, including payments to suppliers, and are also used to deposit payments from Canadian customers.

48. The Canadian Debtors wish to continue using their bank accounts during the pendency of the Chapter 11 Cases and Recognition Proceedings and, as such, are seeking the Canadian Court's recognition of the Cash Management Order granted by the U.S. Court. Further details regarding the Debtors' cash management system are set forth in my U.S. Declaration at paragraphs 158-179.

D. Canadian Employees and Creditors

49. To maintain their operations and preserve the value of the business, it is essential that the Debtors continue to operate, to the extent possible, in the ordinary course of their business. To achieve that result, the Debtors must retain the uninterrupted service and the loyalty of their employees. In Canada, day-to-day operations are carried out by Neworks Corp, which employs approximately 31 people, primarily from its operations offices at the Ottawa Premises. Additional

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

details regarding the Debtors' U.S. and Canadian workforce, compensation and benefits programs, bonus programs and non-insider severance program are set forth in my U.S. Declaration beginning at paragraph 180.

50. The Debtors do not contemplate making any operational or employee changes to its Canadian operations through the Chapter 11 Cases or these Recognition Proceedings.

51. The Canadian Debtors are current on payroll, accounts payable to trade vendors and landlords with, in many cases, pre-payments made to the Petition Date.

52. I understand that a cashflow forecast for the Canadian Debtors will be included in a pre-filing report of FTI Canada as proposed Information Officer (the "**Pre-Filing Report**"), to be filed separately.

E. PPSA Searches

53. I am advised by John Salmas of Dentons Canada LLP ("**Dentons**"), Canadian counsel to the Debtors, and do verily believe that lien searches were conducted on or about December 16, 2024 against the Canadian Debtors under the applicable personal property lien registries in Ontario, Saskatchewan and Nova Scotia (the "**PPSA Searches**"). The search results are summarized as follows:

(a) Networks Corp.:

(i) registrations in Ontario, Saskatchewan and Nova Scotia in favour of U.S. Bank National Association, as Collateral Agent and Collateral Trustee, and U.S. Bank Trust Company, National Association, as Collateral Agent;

(b) Holdings:

(i) registrations in Ontario and Saskatchewan and Nova Scotia in favour of U.S. Bank National Association, as Collateral Agent and Collateral Trustee, and U.S. Bank Trust Company, National Association, as Collateral Agent; and

(c) Networks Inc.:

(i) registrations in Ontario and Saskatchewan in favour of U.S. Bank National Association, as Collateral Agent and Collateral Trustee, and U.S. Bank Trust Company, National Association, as Collateral Agent.

54. Copies of the PPSA Searches are attached hereto as **Exhibits "G", "H"** and **"I"**, respectively. I am advised by Dentons that counsel to the proposed Information Officer has conducted a security opinion in respect of the Canadian Debtors, which is to be summarized in the Pre-Filing Report.

F. Connection to the Province of Ontario

55. The Debtors' main interests in Canada are located in the Province of Ontario, specifically:

(a) the Canadian Debtors operate from the Ottawa Premises and substantially all of their Canadian employees reside in the Ottawa area;

(b) one of the Debtors' two Canadian-based satellite gateways is located in Ontario;

(c) Canadian counsel to Debtors are situated in Toronto, Ontario; and

(d) the proposed Information Officer and its counsel, Stikeman Elliott LLP, are situated in Toronto, Ontario.

IV. EVENTS LEADING TO THE CHAPTER 11 CASES

56. As described above, for approximately 20 years, the Debtors have been working to develop terrestrial wireless capabilities that would augment their satellite network. The Debtors finally obtained FCC approval in April 2020 to use their ATC authority to provide 5G terrestrial communication services (the "**FCC Order**").

57. In October 2020, in direct reliance on the FCC Order, the Debtors recapitalized their capital structure: (a) to make the US$700 million Inmarsat 2020 Prepayment; and (b) to begin developing the technological and commercial ecosystem as well as the partnerships necessary to fully deploy their coordinated licensed and leased spectrum. Notwithstanding the issuance of the FCC Order, however, the Debtors' ability to fully develop and implement their business plans continues to be thwarted by the actions of the United States government, acting through the United States Department of Defense ("**DOD**"), the United States Department of Commerce ("**DOC**"), the National Telecommunications and Information Administration ("**NTIA**")—an agency within

DOC—and the United States Congress (collectively, the "**U.S. Government**"), including the U.S. Government's use of the Debtors' spectrum and continued opposition to the FCC Order. Because of such actions, the Debtors do not yet generate sufficient cash to fund their business and are facing a precarious liquidity situation. The U.S. Government's actions, combined with Inmarsat's breaches of the Cooperation Agreement, each of which is elaborated upon below, have necessitated the filing of the Chapter 11 Cases and these Recognition Proceedings.

A. Lawsuit Against the U.S. Government

58. In September 2012, Ligado filed an application to modify its existing MSS license to obtain the authorizations needed to enable the development of nationwide terrestrial services to complement its existing satellite infrastructure. The Debtors then filed a modification to that application on December 31, 2015 (the "**2015 FCC Application**"). The DOD and DOC initially supported Ligado's 2015 FCC Application. That support aligned with the position of GPS manufacturers themselves, who had worked with Ligado and other stakeholders operating in nearby spectrum bands to mitigate potential interference risks. It also comported with data from testing arranged by Ligado and performed at a lab sponsored by DOD and DOC, the results of which had demonstrated that Ligado's terrestrial services would not harmfully interfere with the vast majority of GPS receivers.

59. In 2018, however, the DOD and DOC suddenly reversed their position and leveled unfounded claims against the Debtors and the effect their terrestrial-based services would have on GPS systems. Unbeknownst to the Debtors and (upon information and belief) the FCC, DOD had

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

taken Ligado's exclusively licensed spectrum by operating previously undisclosed systems that use—and indeed, depend on—that spectrum. According to government officials, these previously undisclosed systems depend on the entirety of the Debtors' spectrum authorized for wireless terrestrial 5G services and are needed by DOD on a permanent basis. Notwithstanding DOD's and DOC's position, in April 2020 the FCC unanimously rejected the agencies' unsupported claims of GPS interference and granted the Debtors' application to provide ATC services.

60. Rather than compensating the Debtors for DOD's appropriation of the Debtors' licensed spectrum, DOD, acting in concert with DOC, improperly took steps to interfere with implementation of the FCC Order and to prevent the Debtors from using their own authorized spectrum for terrestrial services, from realizing the value of their FCC license and newly modified ATC authority, from securing a return on its immense investments, and from discovering DOD's use of their property. DOD and DOC have forced the Debtors' terrestrial airwaves to remain quiet—rendering the Debtors' valuable spectrum a quiet zone within which the Debtors' terrestrial commercial services cannot be deployed—both through physical occupation and by preventing the Debtors from using its FCC license to provide terrestrial services in their spectrum.

61. DOD and DOC effectuated this taking by, among other things, physically occupying the spectrum, preventing Ligado from using its spectrum, and refusing to implement the FCC Order granting Ligado ATC authority.

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

62. DOD's refusal to cooperate with Ligado to address spectrum interference concerns, as contemplated by the FCC Order, began upon the Order's issuance and continues through the present. That refusal has prevented Ligado from commencing ATC operations.

63. In addition, DOD and DOC have engaged in a number of subsidiary efforts to further their overarching goal of preventing Ligado from using its FCC-granted ATC authority. Those efforts include threatening the Debtors' potential business partners by warning them that they would not be eligible for lucrative government contracts if they worked with the Debtors; refusing to work with the Debtors and share information necessary for Debtors to use their spectrum; and publicly spreading false and harmful information about the Debtors' planned services. Representatives of DOD gave incomplete and misleading testimony to Congress that caused Congress to pass legislation facilitating DOD's efforts to block the Debtors' use of the spectrum.

64. As a result, DOD and DOC have excluded the Debtors from their own spectrum and deprived the Debtors of the value of their FCC license, and in particular the ATC authority conveyed by that license. DOD and DOC continued their taking of the Debtors' exclusive property without paying just compensation to the Debtors, threatening to destroy the Debtors' company in the process. In addition, the United States, by enacting the 2021 National Defense Authorization Act ("**2021 NDAA**"), has effected a legislative taking of the Debtors' property rights. The 2021 NDAA targeted the Debtors with precision, destroying the value of the Debtors' exclusively licensed spectrum, and rendering worthless the Debtors' 5G ATC authority.

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

65. As a result of those actions, among others, on October 12, 2023, Ligado filed *Ligado Networks LLC v. United States, et al.,* C.A. No. 23-cv-01797 (Fed. Cl.) (the "**USG Lawsuit**"), in the U.S. Court of Federal Claims against the United States of America, the DOD, the DOC and the National Telecommunications and Information Administration (collectively, the "**Government**"), seeking just compensation for the U.S. Government's physical, categorical, regulatory and legislative takings of Ligado's property. A copy of Ligado's complaint in the USG Lawsuit is attached hereto as **Exhibit "J"**.

66. The Government filed a motion to dismiss on January 25, 2024. The Debtors filed their opposition to the Government's motion to dismiss on March 25, 2024, and the Department of Justice filed its reply in support of the motion to dismiss on May 6, 2024. On July 29, 2024, the court ordered the parties to file supplemental briefs in response to the court's questions. The parties filed supplemental brief responses on September 9, 2024.

67. On November 18, 2024, the Court of Federal Claims denied the U.S. Government's motion to dismiss in part, ruling that Ligado has alleged a physical, regulatory, categorical, but not a legislative taking. The Court of Federal Claims found that a property interest does exist in Ligado's FCC license vis-à-vis the Department of Defense but not vis-à-vis the FCC.

B. Inmarsat's Breach of the Cooperation Agreement

68. Pursuant to the Cooperation Agreement, Inmarsat and the Debtors agreed to cooperatively allocate their collective licensed MSS spectrum in the L-band into contiguous spectrum blocks

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

within the spectrum and at the power levels agreed upon by the parties and set forth in the Cooperation Agreement. Inmarsat intended to use its spectrum for MSS, and the Debtors intended to use their spectrum to offer nationwide terrestrial services and MSS, all as defined in parameters specified by the parties and set out in detail in the Cooperation Agreement.

69. The Parties agreed that Inmarsat would help Ligado obtain the necessary FCC license authorization and any other necessary government approvals. Further, the Cooperation Agreement requires resolution of certain interference issues between the Debtors' planned terrestrial wireless service and Inmarsat's operations in or near airports and waterways. Thus, Inmarsat was also obligated to implement the so-called "Spectrum Plans" contemplated in the Cooperation Agreement and to use its best commercial efforts to ensure that Ligado received the full anticipated benefit of the coordinated spectrum.

70. Inmarsat, however, failed to, among other things, adequately resolve the interference issues with respect to its aviation and maritime customer terminals operating on the Inmarsat system. Shortly after entry of the FCC Order and after the Debtors made the Inmarsat 2020 Prepayment, and 10 years after assuming the obligations under the Cooperation Agreement, Inmarsat disclosed that it was likely years away from resolving those issues. To make matters worse, Inmarsat's customers continued to raise concerns with both Ligado and the relevant government regulators, all while Inmarsat sat idle despite its contractual obligations. As a result of Inmarsat's failures, Ligado did not receive material benefits owed to it by Inmarsat under the Cooperation Agreement.

71. Moreover, unbeknownst to Ligado, the DOD has for some time been operating systems that use or depend on Ligado's authorized spectrum. The DOD's reliance on that spectrum led the DOD to oppose Ligado's FCC modification application, and to prevent Ligado's use of that spectrum even after the company obtained FCC approval. Based on its work with the DOD, Inmarsat knew that the DOD would oppose Ligado's deployment of its terrestrial wireless service regardless of FCC approval. Notwithstanding that knowledge and obligation to assist Ligado in securing necessary regulatory approvals, Inmarsat continued to accept Ligado's payments and induced Ligado into making additional and accelerated payments.

72. Inmarsat has received a windfall of over US$1.7 billion, including a US$250.0 million payment intended in part to compensate for the cost of resolving terminal interference issues.

73. The Debtors have filed a complaint against Inmarsat in an adversary proceeding in the Chapter 11 Cases, alleging, among other things, breach of contract, fraudulent inducement, frustration of purpose, unjust enrichment, and fraudulent transfer claims.

C. Liquidity Issues and Financing Efforts

74. As a result of the foregoing issues, the Debtors do not yet generate sufficient cash flows from operations to finance their business and, beginning in 2022, their liquidity started running low. Indeed, as of March 31, 2022, the Debtors had cash, cash equivalents, and short-term investments of approximately US$44.9 million, and by June 30, 2022, their liquidity had dropped to US$21.2 million.

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

75. In response to their liquidity issues, the Debtors sought incremental financing from certain of the Prepetition Secured Parties to extend the Debtors' runway and enable them to continue to build the commercial partnerships necessary to deploy their coordinated licensed and leased spectrum, as well as negotiate an agreement to resolve their disputes and avoid commencing the lawsuit against the U.S. Government.

76. By November 2022, the Debtors' liquidity was once again approaching low levels, and the Debtors sought to raise additional financing to bridge to a more holistic solution to their liquidity needs and capital structure. To that end, in December 2022, the Debtors engaged in negotiations with certain of the Prepetition Secured Parties to provide bridge financing and launched a consent solicitation seeking the requisite consents to amend the Prepetition Secured Documents to incur such financing.

77. In December 2022, the Debtors were able to obtain the initial draw under the Prepetition First Lien Loan Facility and negotiate Amendment No. 7 to the Cooperation Agreement. Pursuant to Amendment No. 7 to the Cooperation Agreement, a portion of the US$395.8 million payment due to Inmarsat was deferred and Inmarsat agreed to dismiss its complaint without prejudice in exchange for a US$30 million payment to Inmarsat.

78. In April 2023 and then again in July 2023 and November 2023, the Debtors entered into amendments to the Prepetition First Lien Loan Agreement to provide additional liquidity in the form of Prepetition First Out Term Loans. The Debtors used this additional runway to fund an additional payment to Inmarsat and continue negotiating with Inmarsat and certain of the

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

Prepetition Secured Parties around a comprehensive solution to the Debtors' recurring liquidity issues and unsustainable capital structure.

79. By January 2024, however, no commercial resolution with Viasat and Inmarsat had been reached and the Debtors' liquidity position had once again deteriorated. As a result, throughout 2024, the parties entered into numerous amendments to the Cooperation Agreement to further delay the payments to Inmarsat until January 13, 2025 (after application of the grace period). At the same time, the Debtors engaged with their key stakeholders to reach a consensus with respect to a comprehensive recapitalization transaction, which ultimately resulted in an agreement in principle premised on an acceptable commercial resolution with Inmarsat.

80. Over the course of 2024, the Debtors engaged in extensive discussions with Viasat and Inmarsat around a comprehensive resolution of the Cooperation Agreement to restructure the Debtors' significant payment obligations thereunder. The parties determined a framework for a commercial agreement and agreed to work towards definitive documentation for the transaction contemplated thereby. Unfortunately, in September 2024, Viasat suddenly raised a purported tax issue that upended the viability of the entire transaction that the parties had been pursuing.

81. In October 2024, Viasat proposed a new, alternative structure, but the Debtors determined that Viasat's proposal did not provide a fair value exchange and was not in the best interests of the Debtors. Since that time, the Debtors have endeavored to negotiate with Viasat to reach a comprehensive resolution of the Cooperation Agreement. However, Viasat ultimately refused to provide additional payment extensions—which would allow the parties more time to reach an out-

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

of-court solution—unless the Debtors made a substantial payment to Inmarsat for an extension, knowing full well that the Debtors did not have the liquidity to make such payment.

82. Without an extension and facing an obligation to make significant payments to Inmarsat under the Cooperation Agreement, and insufficient liquidity to meet these obligations due to the U.S. Government's uncompensated taking, the Debtors were forced to seek bankruptcy protection.

IV. NEED FOR CHAPTER 11 AND CCAA RELIEF

83. The Debtors intend to take advantage of the breathing spell afforded by the Chapter 11 Cases and these Recognition Proceedings to: (i) pursue their lawsuit against the U.S. Government to obtain just compensation for the taking of the spectrum that the FCC granted exclusively to them for terrestrial use; (ii) pursue their rights against Inmarsat, including in the adversary proceeding in the Chapter 11 Cases; (iii) continue their efforts to develop the technology and commercial ecosystem necessary to fully deploy their spectrum assets; and (iv) execute definitive documentation for and consummate the AST Transaction.

84. I believe that the proposed restructuring through the Chapter 11 Cases and Recognition Proceedings is the best path available to maximize value for the Debtors' stakeholders.

A. Recognition of Foreign Main Proceedings

85. The centre of the main interest for the Debtors, including the Canadian Debtors, is in the United States. Among other things:

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

(a) their operating mind and management are in all respects located in the United States and all material decision making is made by Ligado personnel in the United States;

(b) the Debtors' headquarters is located at 10802 Parkridge Boulevard, Reston, Virginia;

(c) the majority of directors are located in the US;

(d) virtually all back-office functions (including administrative, tax, accounting, technical support, legal and other functions) are directed by senior management in the United States;

(e) all authorized signatories for the bank accounts reside in the United States;

(f) the Canadian Debtors do not have separate audited financial statements;

(g) although the Canadian Debtors have some unique customers, most of their customers are cross-border customers with primary and/or originating ties to Ligado's relationships in the United States; and

(h) the Canadian Debtors are funded by and operate on an integrated basis with Ligado and would be unable to operate independently.

86. The Debtors (other than the Canadian Debtors) have no material presence, property or direct business operations in Canada.

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

87. I believe that a recognition order, including a stay of proceedings affecting all of their Canadian creditors, will support the Debtors' objectives in the Chapter 11 Cases. I further believe the positions of the Canadian Debtors' unique creditors will not be materially prejudiced by the recognition of the Chapter 11 Cases, by the imposition of the stay of proceedings, or by permitting Networks Corp. to continue its operations in Canada during the pendency of these Recognition Proceedings.

B. Appointment of Information Officer, Administration Charge and Notice

88. As part of the restructuring process, FTI Canada, if appointed as Information Officer, will report to the Canadian Court from time to time on the status of the Chapter 11 Cases and these Recognition Proceedings.

89. FTI Canada is a licensed insolvency trustee, well-known for its expertise in CCAA matters, including cross-border plenary and ancillary proceedings under the CCAA, and has consented to act as Information Officer in these proceedings. A copy of FTI Canada's consent is attached hereto as **Exhibit "K"**.

90. Ligado requests that the Canadian Court grant the proposed Information Officer, its legal counsel, Stikeman Elliott LLP, and Canadian counsel to Ligado as Foreign Representative, Dentons, the Administration Charge with respect to their fees and disbursements in the maximum amount of CA$750,000 on the Debtors' property in Canada.

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

91. Ligado has paid retainers to the proposed Information Officer and its counsel in the amount of CA$75,000 each. The quantum of the Administration Charge was agreed to in the material agreements the Debtors have entered into in connection with the Chapter 11 Cases with the lenders of their funded debt and the DIP Facility. Approval of the Administration Charge and appointment of professionals by the Canadian Court is appropriate because the professionals will be providing services in respect of these proceedings before the Canadian Court. I believe the amount of the Administration Charge to be reasonable in the circumstances, having regard to the size and complexity of these proceedings and the roles that will be required of Ligado's Canadian legal counsel, the proposed Information Officer, and its legal counsel.

92. The initial hearing of this application will be brought on notice to the proposed Information Officer, U.S. Bank Trust Company, National Association, as administrative agent in respect of the DIP Facility (in such capacity, the "**DIP Agent**"), the United States Trustee and the agents under the current secured debt facilities to which Ligado is a party.

93. The proposed Supplemental Order provides that the Information Officer will publish a notice in a Canadian national newspaper. In addition, notice of the Chapter 11 Cases will be given through notices mandated by the U.S. Court. Both the claims agent in the Chapter 11 Cases and the proposed Information Officer will maintain websites providing detailed information regarding the Chapter 11 Cases and these Recognition Proceedings, respectively.

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

C. DIP Facility and Charge

94. The Debtors' financing needs and arrangements are set forth in the declaration of Bruce Mendelsohn, Partner and Global Head of the Financing and Capital Solutions Group at Perella Weinberg Partners L.P., made January 6, 2025 in support of the DIP Motion (the "**Mendelsohn Declaration**"), a copy of which is attached hereto as **Exhibit "L"**.[6]

95. As of the Petition Date, the Debtors had approximately US$9.6 million of cash on hand. During the Chapter 11 Cases and these Recognition Proceedings, the Debtors will need current liquidity to satisfy payroll, meet overhead obligations, satisfy the costs, fees, and expenses (including all professional fees and expenses) of administering these cases and for the continued management, operation, and preservation of their business. The ability to satisfy these expenses as and when due is essential to the Debtors' successful operation of their business during these proceedings. The DIP Facility is intended, among other things, to address the Debtors' funding needs during the Chapter 11 Cases and these Recognition Proceedings.

96. On January 7, 2025, the U.S. Court confirmed approval of the Debtors' DIP Motion on an interim basis and entered the Interim DIP Order on January 8, 2025, including interim approval of the DIP Facility. The DIP Facility includes:

---

[6] Capitalized terms used but not otherwise defined in this section of my affidavit are defined in the Mendelsohn Declaration.

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

(a) new money loans, which are superpriority senior secured multiple draw debtor-in-possession term loans to Ligado in a total aggregate principal amount not to exceed US$441,999,891 (the "**DIP New Money Loans**"); and

(b) a roll-up of US$441,999,891 to US$497,133,616 of 1L Debt Obligations (other than 1L First Out Loan Obligations), on a cashless, dollar-for-dollar basis, into DIP Loans (the "**Roll-Up**").

97. Through the DIP Facility, the Debtors obtained (or will obtain) access to the DIP New Money Loans over multiple draws as follows:

(a) first funding loans in an amount not to exceed US$12,000,000, which were made available to Ligado following the entry of the Interim DIP Order (the "**DIP First Funding Loans**");

(b) second funding loans in an amount not to exceed US$326,999,891, which shall be made available to Ligado following the entry of the Final DIP Order (the "**DIP Second Funding Loans**") and used to repay in full in cash the 1L First Out Loan Obligations (the "**Refinancing**"); and

(c) delayed draw term loans in an amount not to exceed US$103,000,000, which shall be made available to Ligado in three draws following the entry of the Final DIP Order (the "**DIP Delayed Draw Term Loans**").

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

98. On this application, Ligado seeks recognition from the Canadian Court of the Interim DIP Order granted by the U.S. Court and the DIP Lender's Charge with respect to interim financing over the Debtors' property in Canada.

99. For clarity, although the DIP Facility contemplates a roll-up of pre-petition obligations, the Interim DIP Order does not authorize the Roll-Up, which would not occur until the entry of the Final DIP Order, nor does the Interim DIP Order authorize the advancement of the DIP Second Funding Loans or the DIP Delayed Draw Term Loans or the Refinancing, each of which is subject to entry of the Final DIP Order.

100. I am advised by Milbank LLP, the Debtors' U.S. bankruptcy counsel, that a "Second Day Hearing" in the Chapter 11 Cases is scheduled for February 5, 2025, at which time the Debtors will seek the U.S. Court's approval of the Final DIP Order. I am advised by John Salmas of Dentons that the Foreign Representative will seek recognition in Canada of the Final DIP Order at a subsequent hearing before this Court.

101. I would note at this time, however, that the Roll-Up and Refinancing constitute key components of the DIP Facility, and the DIP Lenders have represented to the Debtors that they would not agree to provide the DIP Facility absent the Roll-Up and the Refinancing. Under the circumstances, given the lack of any actionable alternative financing offers, I believe that the Roll-Up and the Refinancing are reasonable and appropriate.

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

102. I believe that the DIP Facility is the best financing available under the circumstances, will provide the Debtors with liquidity that is immediately and critically needed, and is essential to the efficient reorganization and success of the Debtors' Chapter 11 Cases and these Recognition Proceedings.

D. Recognition of First Day Orders

103. By operation of the U.S. Bankruptcy Code, the Debtors obtained the benefit of a stay of proceedings upon filing their petitions with the U.S. Court. However, in order to continue their operations, the Debtors required additional relief from the U.S. Court. The First Day Motions filed by the Debtors in the Chapter 11 Cases are as follows:

(a) **Joint Administration Motion**. Debtors' Motion for Entry of an Order: (I) Directing Joint Administration of Chapter 11 Cases; and (II) Granting Related Relief;

(b) **Omni Retention Application**. Application of Debtors for Entry of an Order: (I) Authorizing and Approving the Appointment of Omni Agent Solutions, Inc. as Claims and Noticing Agent; and (II) Granting Related Relief;

(c) **Redaction Motion**. Debtors' Motion for Entry of an Order: (I) Authorizing the Debtors to Redact Certain Personal Identification Information; and (II) Granting Related Relief;

(d) **Foreign Representative Motion**. Debtors' Motion for Entry of an Order Authorizing Ligado Networks LLC To Act as Foreign Representative Pursuant to 11 U.S.C. § 1505;

(e) **Cash Management Motion**. Debtors' Motion for Entry of Interim and Final Orders: (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System and Maintain Existing Bank Accounts, (B) Utilize Their Credit Cards, and (C) Engage in Intercompany Transactions; (II) Granting a Waiver of the Requirements of Section 345(b) of the Bankruptcy Code and U.S. Trustee Guidelines; and (III) Granting Related Relief;

(f) **Wages Motion**. Debtors' Motion for Entry of Interim and Final Orders: (I) Authorizing Them to (A) Satisfy Prepetition Obligations on Account of Compensation and Benefits Programs and (B) Continue Compensation and Benefits Programs; and (II) Granting Related Relief;

(g) **Insurance Motion**. Debtors' Motion for Entry of Interim and Final Orders: (I) Authorizing the Debtors to (A) Maintain Insurance Policies and Surety Bond Program and Honor Obligations Thereunder, and (B) Renew, Amend, Supplement, Extend, or Purchase Insurance Policies and Surety Bonds; and (II) Granting Related Relief;

(h) **Taxes Motion**. Debtors' Motion for Entry of Interim and Final Orders: (I) Authorizing the Payment of Certain Taxes and Fees; and (II) Granting Related Relief;

(i) **Utilities Motion**. Debtors' Motion for Entry of Interim and Final Orders: (I) Approving the Proposed Adequate Assurance of Payment for Future Utility Services and Related Procedures; (II) Prohibiting Utility Companies to Alter, Refuse, or Discontinue Services; and (III) Granting Related Relief; and

(j) **DIP Motion.** Debtors' Motion For Entry of Interim and Final Orders: (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Use Cash Collateral; (II) Granting Liens and Superpriority Administrative Expense Claims; (III) Granting Adequate Protection; (IV) Modifying the Automatic Stay; (V) Scheduling a Final Hearing; and (VI) Granting Related Relief.

104. The U.S. Court granted Orders related to each of the First Day Motions on January 7, 2025. Further details regarding each of these First Day Motions are set out in my U.S. Declaration.

105. Ligado seeks Canadian Court recognition of the First Day Orders made by the U.S. Court on January 7, 2025. I am advised by Dentons that they will be filing a supplemental affidavit including copies of the First Day Orders.

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

106. I swear this affidavit in support of Ligado's within application and for no other or improper purpose.

SWORN by Douglas Smith of the City of Leesburg, in the State of Virginia, in the United States of America, before me at the City of Toronto in the Province of Ontario on January 14, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:
Sarah Lam
716DC5FB63604ED...

A Commissioner for taking affidavits.
Sarah Lam, LSO # 87304S

DocuSigned by:
A65C84F25DE04A1...

DOUGLAS SMITH

Docusign Envelope ID: 4BDC0224-1104-4FE2-A510-1F11012F32C7

Court File No.

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

AND IN THE MATTER OF LIGADO NETWORKS LLC, LIGADO NETWORKS CORP., LIGADO NETWORKS HOLDINGS (CANADA) INC., LIGADO NETWORKS (CANADA) INC., ATC TECHNOLOGIES, LLC, LIGADO NETWORKS INC. OF VIRGINIA, ONE DOT SIX LLC, ONE DOT SIX TVCC LLC, LIGADO NETWORKS SUBSIDIARY LLC, LIGADO NETWORKS FINANCE LLC and LIGADO NETWORKS BUILD LLC

APPLICATION OF LIGADO NETWORKS LLC UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C 36, AS AMENDED

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

AFFIDAVIT OF DOUGLAS SMITH
(Sworn January 14, 2025)

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1
Fax: 416-863-4592

John Salmas (LSO# 42336B)
Tel: 416-863-4737
Email: john.salmas@dentons.com

Mark A. Freake (LSO# 63656H)
Tel: 416-863-4456
Email: mark.freake@dentons.com

Lawyers for the Applicant

Appendix “C” – FTI Consent to Act

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF LIGADO NETWORKS LLC, LIGADO NETWORKS CORP., LIGADO NETWORKS HOLDINGS (CANADA) INC., LIGADO NETWORKS (CANADA) INC., ATC TECHNOLOGIES, LLC, LIGADO NETWORKS INC. OF VIRGINIA, ONE DOT SIX LLC, ONE DOT SIX TVCC LLC, LIGADO NEWORKS SUBSIDIARY LLC, LIGADO NETWORKS FINANCE LLC, AND LIGADO NETWORKS BUILD LLC

APPLICATION OF LIGADO NETWORKS LLC UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C., 1985, c. C-36, AS AMENDED

CONSENT TO ACT AS INFORMATION OFFICER

FTI CONSULTING CANADA INC. hereby consents to act as the information officer in the above noted proceedings pursuant to the *Companies' Creditors Arrangement Act,* R.S.C., 1985, c. C-36, as amended, and to the terms of the form of Supplemental Order (Foreign Main Proceeding) filed in respect of same.

Dated at Toronto, Ontario, this 10th day of January, 2025.

FTI CONSULTING CANADA INC.

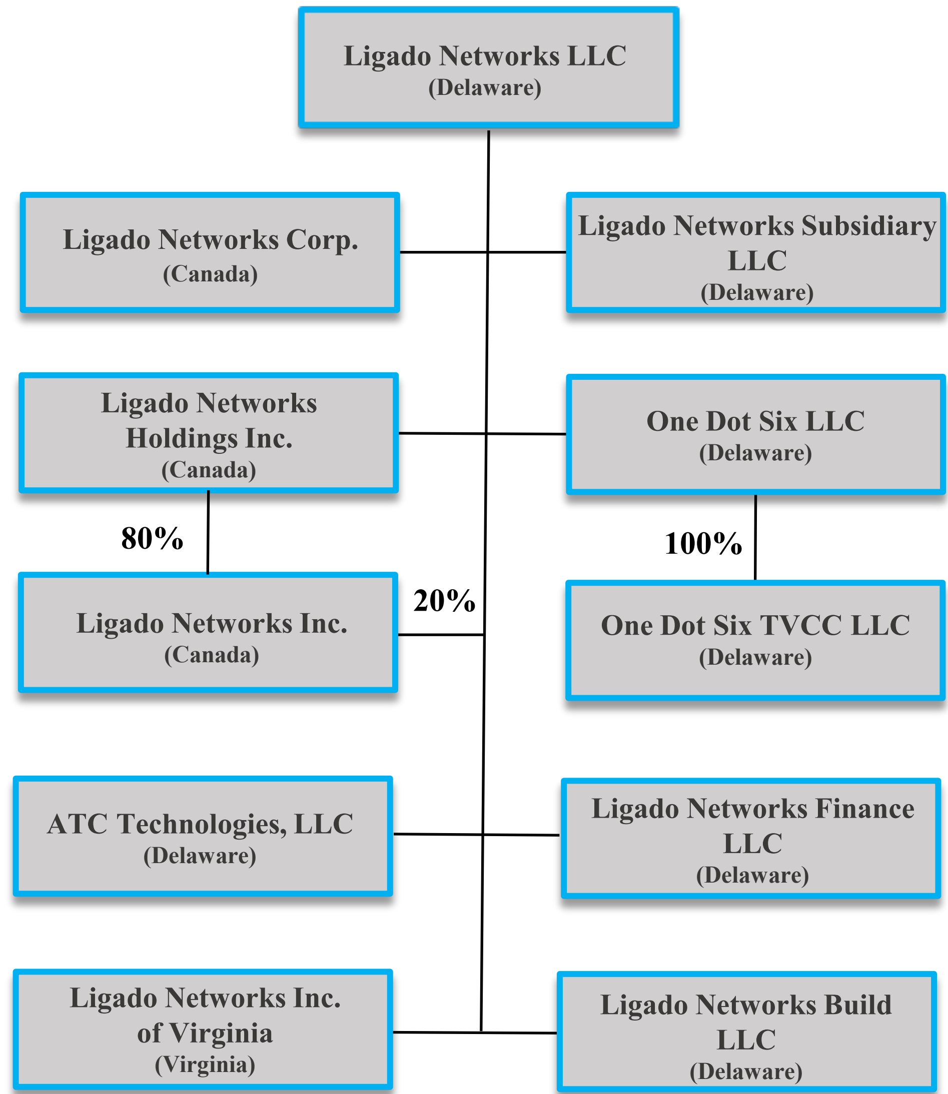
By:

Name: Jim Robinson
Title: Senior Managing Director

I have the authority to bind the company.

Appendix “D” – Organizational Chart

Debtors' Corporate Structure



Unless otherwise noted, all entities are 100% owned.

Appendix "E" – Financial Statements of the Debtors

Ligado Networks LLC and Subsidiaries

Condensed Consolidated Financial Statements as of September 30, 2024 and for the three and nine months ended September 30, 2024 and 2023

Condensed Consolidated Statement of Operations
(unaudited)

(in millions)

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months September 30, 2024	Nine Months Ended September 30, 2023
Revenues				
Services	$ 2.1	$ 2.3	$ 6.5	$ 6.8
Equipment	0.2	0.2	0.8	1.0
Total Revenues	2.3	2.5	7.3	7.8
Operating Expenses				
Operations	47.7	47.3	144.1	142.9
Selling, general and administrative	11.5	9.5	32.7	29.1
Depreciation and amortization	38.5	69.5	115.5	208.4
Total Operating Expenses	97.7	126.3	292.3	380.4
Operating Loss	(95.4)	(123.8)	(285.0)	(372.6)
Interest expense	(367.7)	(353.2)	(1,110.9)	(966.1)
Other income and expense, net	0.1	3.8	0.2	6.7
Net Loss Attributable to Members' Interests	$ (463.0)	$ (473.2)	$ (1,395.7)	$ (1,332.0)

The accompanying notes are an integral part of these condensed consolidated financial statements

Condensed Consolidated Balance Sheet

	September 30, 2024 (unaudited)	December 31, 2023 (audited)
		(in millions)
Assets		
Current assets		
Cash and cash equivalents	$ 20.4	$ 26.5
Accounts receivable	0.8	1.0
Inventories	1.6	1.1
Prepaid expenses and other current assets	49.5	48.8
Total current assets	72.3	77.4
Property and equipment, net	271.6	308.6
Spectrum licenses, net	1,623.5	1,702.1
Restricted cash	0.2	0.2
Other assets	637.2	675.6
Total Assets	$ 2,604.8	$ 2,763.9
Liabilities and Members' Equity/(Deficit)		
Current liabilities		
Accounts payable	$ 0.6	$ 1.1
Accrued liabilities and other current liabilities	534.0	459.1
Short-term debt, net	7,624.3	6,790.2
Accrued interest	536.2	197.0
Total current liabilities	8,695.1	7,447.4
Other liabilities	8.3	19.2
Total liabilities	8,703.4	7,466.6
Members' equity/(deficit)		
Common interest	109.8	109.8
Members' preferred interest	3,016.0	3,016.0
Accumulated other comprehensive income	1.1	1.3
Accumulated deficit	(9,225.5)	(7,829.8)
Total members' equity/(deficit)	(6,098.6)	(4,702.7)
Total Liabilities and Members' Equity/(Deficit)	$ 2,604.8	$ 2,763.9

The accompanying notes are an integral part of these condensed consolidated financial statements

Condensed Consolidated Statement of Cash Flows
(unaudited)

(in millions)

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Cash Flows (used in)/from Operating Activities		
Net loss	$ (1,395.7)	$ (1,332.0)
Adjustments to reconcile net loss to net cash from operating activities		
Non-cash and working capital items	1,327.2	1,227.5
Net Cash used in Operating Activities	(68.5)	(104.5)
Cash Flows (used in)/from Investing Activities		
Capital expenditures	-	(0.2)
Net Cash used in Investing Activities	-	(0.2)
Cash Flows from Financing Activities		
Proceeds from issuance of new debt, net	62.5	125.9
Net Cash from Financing Activities	62.5	125.9
Effect of foreign exchange rates on cash and cash equivalents	(0.1)	-
Net Change in Cash , Cash Equivalents and Restricted Cash	(6.1)	21.2
Cash, cash equivalents and restricted cash, beginning of period	26.7	15.1
Cash, cash equivalents and restricted cash, end of period	$ 20.6	$ 36.3

The accompanying notes are an integral part of these condensed consolidated financial statements

Appendix “F” – Initial Budget (Consolidated cash flow forecast of the Debtors)

13 Week DIP Budget

US$ 000s

13 Week - Cumul	Week 0	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	
Week Beginning Date	Dec-30	Jan-6	Jan-13	Jan-20	Jan-27	Feb-3	Feb-10	Feb-17	Feb-24	Mar-3	Mar-10	Mar-17	Mar-24	Mar-31	13 Week
Week Ending Date	Jan-3	Jan-10	Jan-17	Jan-24	Jan-31	Feb-7	Feb-14	Feb-21	Feb-28	Mar-7	Mar-14	Mar-21	Mar-28	Apr-4	Total
Receipts		$ 239	$ 239	$ 239	$ 239	$ 219	$ 219	$ 219	$ 219	$ 217	$ 217	$ 217	$ 217	$ 214	**$ 2,912**
Operating Disbursements															
Employee Related		105	-	686	-	689	-	689	-	675	-	675	-	2,058	5,577
Network		9,997	62	206	-	205	210	62	206	200	212	62	206	2,090	13,718
General & Administrative		572	-	8	-	551	657	-	14	720	277	-	156	505	3,459
Total Operating Disbursements		**$ 10,674**	**$ 62**	**$ 899**	**$ -**	**$ 1,445**	**$ 867**	**$ 751**	**$ 220**	**$ 1,595**	**$ 489**	**$ 737**	**$ 362**	**$ 4,652**	**$ 22,754**
Operating Cash Flow		**$ (10,435)**	**$ 177**	**$ (661)**	**$ 239**	**$ (1,226)**	**$ (649)**	**$ (532)**	**$ (1)**	**$ (1,378)**	**$ (272)**	**$ (520)**	**$ (145)**	**$ (4,438)**	**$ (19,841)**
Capex & Other Non-Operating Disbursements		**3,000**	**-**	**-**	**-**	**-**	**304**	**-**	**-**	**66**	**-**	**-**	**-**	**2,030**	**5,400**
Total Financing		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Professional Fees		**-**	**-**	**-**	**-**	**2,651**	**-**	**-**	**5,476**	**1,909**	**-**	**-**	**4,754**	**-**	**14,790**
Net Cash Flow		**$ (13,435)**	**$ 177**	**$ (661)**	**$ 239**	**$ (3,877)**	**$ (953)**	**$ (532)**	**$ (5,478)**	**$ (3,353)**	**$ (272)**	**$ (520)**	**$ (4,898)**	**$ (6,468)**	**$ (40,031)**
													-	-	
Beginning Unrestricted Cash		9,626	8,191	8,367	7,706	30,945	27,068	26,115	25,583	20,105	16,752	16,481	15,961	11,063	9,626
Net Cash Flow		(13,435)	177	(661)	239	(3,877)	(953)	(532)	(5,478)	(3,353)	(272)	(520)	(4,898)	(6,468)	(40,031)
DIP Draw / (Repayment)		12,000	-	-	23,000	-	-	-	-	-	-	-	-	-	35,000
Ending Unrestricted Cash	**$ 9,626**	**$ 8,191**	**$ 8,367**	**$ 7,706**	**$ 30,945**	**$ 27,068**	**$ 26,115**	**$ 25,583**	**$ 20,105**	**$ 16,752**	**$ 16,481**	**$ 15,961**	**$ 11,063**	**$ 4,595**	**$ 4,595**
Minimum Cash - Test	**$ 10,000**	**$ 10,000**	**$ 10,000**	**$ 10,000**	**$ 10,000**	**$ 10,000**	**$ 10,000**	**$ 10,000**	**$ 10,000**	**$ 10,000**	**$ 10,000**	**$ 10,000**	**$ 10,000**	**$ 10,000**	**$ 10,000**
Memo: Cash Surplus / (Deficit)	***$ (374)***	***$ (1,809)***	***$ (1,633)***	***$ (2,294)***	***$ 20,945***	***$ 17,068***	***$ 16,115***	***$ 15,583***	***$ 10,105***	***$ 6,752***	***$ 6,481***	***$ 5,961***	***$ 1,063***	***$ (5,405)***	***$ (5,405)***

Appendix "G" – January Cash Flow Forecast (Canadian Debtors)

Canadian Debtors – 13-week cash flow forecast

Networks Corp., Holdings, and Networks Inc. (the Canadian Debtors)

Cash Flow Forecast of the Canadian Debtors (consolidated)
US$ 000s

Forecast Week Forecast Week Ending (Friday)	[1]	Week 1 Jan-10	Week 2 Jan-17	Week 3 Jan-24	Week 4 Jan-31	Week 5 Feb-7	Week 6 Feb-14	Week 7 Feb-21	Week 8 Feb-28	Week 9 Mar-7	Week 10 Mar-14	Week 11 Mar-21	Week 12 Mar-28	Week 13 Apr-4	13 Week Total
Receipts	[2]	$ 20	$ 20	$ 20	$ 20	$ 20	$ 20	$ 20	$ 20	$ 20	$ 20	$ 20	$ 20	$ 20	**$ 260**
Operating Disbursements															
Employee Related	[3]	24	-	155	-	155	-	155	-	152	-	152	-	464	1,258
Network	[4]	58	-	54	-	10	57	-	54	10	57	-	54	14	367
General & Administrative	[5]	24	-	1	-	8	30	-	1	20	24	-	3	25	137
Total Operating Disbursements		**$ 106**	**$ -**	**$ 209**	**$ -**	**$ 174**	**$ 86**	**$ 155**	**$ 55**	**$ 182**	**$ 81**	**$ 152**	**$ 57**	**$ 503**	**$ 1,761**
Operating Cash Flow		**$ (86)**	**$ 20**	**$ (189)**	**$ 20**	**$ (154)**	**$ (66)**	**$ (135)**	**$ (35)**	**$ (162)**	**$ (61)**	**$ (132)**	**$ (37)**	**$ (483)**	**$ (1,501)**
Total Professional Fees	[6]	-	-	-	-	-	-	-	**438**	-	-	-	**359**	-	**797**
Net Cash Flow		**$ (86)**	**$ 20**	**$ (189)**	**$ 20**	**$ (154)**	**$ (66)**	**$ (135)**	**$ (473)**	**$ (162)**	**$ (61)**	**$ (132)**	**$ (396)**	**$ (483)**	**$ (2,298)**
													-	-	
Opening Cash Balance		**686**	**1,000**	**1,020**	**1,000**	**1,020**	**1,066**	**1,000**	**1,473**	**1,000**	**1,061**	**1,000**	**1,396**	**1,000**	**686**
Net Cash Flow		(86)	20	(189)	20	(154)	(66)	(135)	(473)	(162)	(61)	(132)	(396)	(483)	(2,298)
Transfers from Ligado	[7]	400	-	169	-	200	-	608	-	223	-	529	-	547	2,676
Ending Cash Balance		**$ 1,000**	**$ 1,020**	**$ 1,000**	**$ 1,020**	**$ 1,066**	**$ 1,000**	**$ 1,473**	**$ 1,000**	**$ 1,061**	**$ 1,000**	**$ 1,396**	**$ 1,000**	**$ 1,064**	**$ 1,064**

Notes to the Cash Flow Forecast:

[1] The purpose of the Cash Flow Forecast is to estimate the liquidity requirements of Ligado Networks Corp. ("**Networks Corp.**"), Ligado Networks Holdings (Canada) Inc. ("**Holdings**") and Ligado Networks (Canada) Inc. ("**Networks Inc.**", and collectively with Networks Corp. and Holdings the "**Canadian Debtors**") during the forecast period. The forecast above is presented in thousands of United States Dollars.
[2] Receipts include receipts from satellite revenue which have been forecasted based on current payment terms, historical trends in collections, and expected demand as well as other miscellaneous receipts.
[3] Forecast Employee Related Disbursements reflect the current staffing levels and estimated payroll amounts, inclusive of any payments associated with the Company's bonus programs.
[4] Forecast Network Costs is based on estimated facilities and telecommunications costs associated with maintaining the network.
[5] Forecast General and Administrative disbursements include payments related to other operating expenses such as rent, utilities and other miscellaneous disbursements.
[6] Professional Fees include fees for Canadian counsel to Ligado as the Foreign Representative, the Information Officer, and the Information Officer's Counsel.
[7] Estimated Transfers from Ligado are based on funding requirements for the Canadian Debtors and maintaining a minimum operating cash balance of $1 million.

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

Court File No.: CV- 25-00734802-00CL

AND IN THE MATTER OF LIGADO NETWORKS LLC, LIGADO NETWORKS CORP., LIGADO NETWORKS HOLDINGS (CANADA) INC., LIGADO NETWORKS (CANADA) INC., ATC TECHNOLOGIES, LLC, LIGADO NETWORKS INC. OF VIRGINIA, ONE DOT SIX LLC, ONE DOT SIX TVCC LLC, LIGADO NETWORKS SUBSIDIARY LLC, LIGADO NETWORKS FINANCE LLC and LIGADO NETWORKS BUILD LLC

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

PRE-FILING REPORT OF THE PROPOSED INFORMATION OFFICER

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Ashley Taylor LSO#: 39932E
Tel: (416) 869-5236
Email: ataylor@stikeman.com

Brittney Ketwaroo LSO#: 89781K
Tel: (416) 869-5524
Email: bketwaroo@stikeman.com

Lawyers for the Proposed Information Officer