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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

In re:	§	Chapter 11
	§	
FIBERTOWER NETWORK SERVICES	§	Case No. 12-44027-DML-11
CORP., <i>et al.</i> ,	§	
	§	Jointly Administered
Debtors.	§	

**~~[REVISED]~~ DISCLOSURE STATEMENT FOR DEBTORS'
~~FIRST~~SECOND AMENDED JOINT CHAPTER 11 PLAN**

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DISCLOSURE STATEMENT, DATED ~~OCTOBER 28,~~ DECEMBER 4, 2013

**SOLICITATION OF VOTES WITH RESPECT TO THE
~~FIRST~~SECOND AMENDED JOINT CHAPTER 11 PLAN OF FIBERTOWER
NETWORK SERVICES, CORP., *ET AL.***

**THE PLAN IS PROPOSED BY THE DEBTORS WHO
STRONGLY URGE YOU TO VOTE TO ACCEPT IT.**

This Disclosure Statement (the “Disclosure Statement”) solicits acceptances of the ~~First~~Second Amended Joint Chapter 11 Plan, dated ~~September 27,~~ December 4, 2013 (as may be amended or modified, the “Plan”), of FiberTower Corporation (“FiberTower”), FiberTower Network Services Corp. (“FiberTower Network Services”), FiberTower Licensing Corp. (“FiberTower Licensing”), and FiberTower Spectrum Holdings, LLC (“FiberTower Spectrum,” collectively with FiberTower Network Services and FiberTower Licensing, the “Subsidiary Debtors,” and collectively with FiberTower, the “Debtors”), from holders of certain Claims entitled to vote on the Plan. The Plan is being proposed jointly by all of the Debtors. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Plan.

The purpose of this Disclosure Statement is to enable a Claim holder, whose Claim is impaired under the Plan and who may receive a distribution under the Plan, to make an informed decision in exercising its right to vote to accept or reject the Plan.

The Plan, which is attached hereto as Exhibit “A,” contemplates a restructuring and reorganization of the Debtors. In summary, the principal terms of the Plan (which are set forth more fully herein and in the Plan itself) are as follows: (i) the holders of the 2016 Notes (as hereinafter defined) will receive one hundred percent (100%) of the common equity in Reorganized FiberTower, in the form of shares of New FiberTower Common Stock; ~~and~~ (ii) Reorganized FiberTower shall receive one hundred percent (100%) of the New FiberTower Subsidiary Equity Interests in Reorganized FiberTower Network Services and Reorganized FiberTower Licensing, and Reorganized FiberTower Licensing shall receive one hundred percent (100%) of the New FiberTower Subsidiary Equity Interests in Reorganized FiberTower Spectrum, such that the Debtors’ corporate structure shall effectively remain in place following the Effective Date; and (iii) the holders of the Allowed 2016 Deficiency Claims, Allowed 2016 Guaranty Deficiency Claims, Allowed 2012 Claims, Allowed 2012 Guaranty Claims, and Allowed General Unsecured Claims will receive their Pro Rata share of the Litigation Trust Interests. The Litigation Trust shall hold and administer the Litigation Trust Assets (consisting of claims or Causes of Action arising under Chapter 5 of the Bankruptcy Code and the Estate D&O Claims or the proceeds thereof) for the benefit of the Beneficiaries.

A hearing to approve this Disclosure Statement and the solicitation procedures with respect to the Plan ~~will take~~took place on Tuesday, October 29, 2013 at 1:30 p.m. prevailing Central Time (the “Disclosure Statement Hearing”), before the Honorable D. Michael Lynn, United States Bankruptcy Judge, in the U.S. Bankruptcy Court for the Northern District of Texas, Fort Worth Division (the “Bankruptcy Court”), 501 W. 10th Street, Fort Worth, Texas 76102. At the Disclosure Statement Hearing, the Bankruptcy Court approved the Disclosure

[Statement and solicitation procedures with respect to the Plan \(subject to certain modifications set forth in this Disclosure Statement\).](#)

The Debtors believe that the Plan is in the best interests of holders of Claims and Equity Interests. Accordingly, Claim holders who are entitled to vote are urged to vote in favor of the Plan. **To be counted, your Ballot or Master Ballot, as applicable, must be fully completed, executed and actually received by BMC Group, Inc. (the “Tabulation Agent”) at the following address no later than 5:00 p.m. (prevailing Central Time) on ~~1~~, 2013 January 8, 2014 (the “Voting Deadline”):**

By regular mail:

BMC Group, Inc.
Attn: FiberTower Ballot Processing
P.O. Box 3020
Chanhassen, MN 55317-3020

By messenger or overnight delivery:

BMC Group, Inc.
Attn: FiberTower Ballot Processing
18675 Lake Drive East
Chanhassen, MN 55317

Holders of Claims entitled to vote on the Plan should carefully read this Disclosure Statement and the Plan in their entirety prior to voting on the Plan. Each holder of a Claim should consult its individual attorney, accountant and/or financial advisor as to the effect of the Plan on such holder.

For each Holder of a Claim entitled to vote, the Debtors have enclosed with the Disclosure Statement, among other things, a Ballot and/or Master Ballot, as applicable, and voting instructions as to how to properly complete the Ballot and/or Master Ballot and submit a vote on the Plan. To ensure your vote is counted you must (i) read the Ballot or Master Ballot, as applicable, including the instructions annexed thereto, (ii) complete the Ballot and/or Master Ballot, as applicable, in accordance with the voting instructions annexed thereto, (iii) indicate your decision either to accept or reject the Plan in the boxes indicated in the Ballot and/or Master Ballot, as applicable, and (v) sign and return the Ballot and/or Master Ballot, as applicable, in accordance with the voting instructions annexed thereto.

For the convenience of Claim holders, this Disclosure Statement summarizes the terms of the Plan. The Plan and any Exhibits and Schedules thereto, however, including the documents contained in the Plan Supplement, control over any descriptions thereof in this Disclosure Statement. The Debtors considered the non-debtor subsidiaries [of FiberTower Solutions Corp., FiberTower Broadband Corp. and Teligent Services Acquisition, Inc.](#) in all of these analyses. The non-debtor subsidiaries [are non-operating entities that](#) have no assets, and the only liabilities of the non-debtor subsidiaries are guarantee obligations with respect to the 2012 Notes and 2016 Notes.

THE DEBTORS ARE UNDER NO OBLIGATION TO UPDATE THIS DISCLOSURE STATEMENT EXCEPT AS MAY BE ORDERED BY THE BANKRUPTCY COURT. CERTAIN INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS, BY ITS NATURE, FORWARD LOOKING AND CONTAINS ESTIMATES, FORECASTS AND ASSUMPTIONS WHICH MAY PROVE TO BE MATERIALLY DIFFERENT FROM ACTUAL RESULTS. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT OR INDEPENDENT VERIFICATION. THE INFORMATION CONTAINED HEREIN AND THE RECORDS KEPT BY THE DEBTORS ARE NOT WARRANTED OR REPRESENTED TO BE WITHOUT INACCURACY.

NO REPRESENTATIONS OR ASSURANCES CONCERNING THE DEBTORS, THEIR BUSINESS OR THE PLAN ARE AUTHORIZED OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS ATTACHED HERETO, OR INCORPORATED BY REFERENCE OR REFERRED TO HEREIN.

THE BANKRUPTCY COURT HAS APPROVED THIS DISCLOSURE STATEMENT AS CONTAINING "ADEQUATE INFORMATION." THE SECURITIES AND EXCHANGE COMMISSION, HOWEVER, HAS NEITHER APPROVED NOR DISAPPROVED THIS DISCLOSURE STATEMENT, NOR HAS IT PASSED UPON THE ADEQUACY OR ACCURACY OF THE STATEMENTS CONTAINED HEREIN.

I. PLAN CLASSIFICATIONS AND TREATMENT

The classification and treatment of Claims against, and Equity Interests in, FiberTower are as follows:¹

<u>Class</u>	<u>Description</u>	<u>Estimated Recovery/Treatment</u>	<u>Entitled to Vote</u>	<u>Distributions</u>
Class 1A	Priority Non-Tax Claims	100%	No (deemed to accept)	A holder of an Allowed Priority Non-Tax Claim against FiberTower shall receive Cash in full on the later of (i) the Effective Date of the Plan or (ii) ten (10) days after the Bankruptcy Court enters an order allowing a Priority Non-Tax Claim.
Class	2016 Claims			

¹ The estimates of aggregate amounts of Claims in each class are set forth on pages [2829-3031](#) below.

<u>Class</u>	<u>Description</u>	<u>Estimated Recovery/Treatment</u>	<u>Entitled to Vote</u>	<u>Distributions</u>
1B		5.3% - 7.6% ²	Yes	On the Effective Date, a holder of an Allowed 2016 Claim shall receive <u>(i) its Pro Rata share of one hundred percent (100%) of the New FiberTower Common Stock_ and (ii) its Pro Rata share (together with the other Beneficiaries, but without duplication of the Allowed 2016 Guaranty Deficiency Claims) of the Litigation Trust Interests to the extent of its 2016 Deficiency Claim.</u>
Class 1C	Other Secured Claims	100%	No (deemed to accept)	Unless the holder of an Allowed Other Secured Claim against FiberTower has agreed or agrees to a different treatment, each such holder shall, at the Debtors' option, either: (i) be reinstated or otherwise rendered unimpaired in accordance with Section 1124 of the Bankruptcy Code, notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the holder of an Allowed Other Secured Claim against FiberTower to demand or receive payment of such Claim prior to its stated maturity from and after the occurrence of an event of default, (ii) be paid in the ordinary course of business in accordance with the course of practice between the Debtors

² Such estimated recovery range does not take into account an aggregate of \$33,750,000 that was paid by the Debtors and applied as payments of principal on the 2016 Claims from the Petition Date through the Effective Date. If such payments of principal are included, the estimated recovery range on account of 2016 Claims is approximately 30.9% - 33.2%.

<u>Class</u>	<u>Description</u>	<u>Estimated Recovery/Treatment</u>	<u>Entitled to Vote</u>	<u>Distributions</u>
				and such holder with respect to such Allowed Other Secured Claim against FiberTower, or (iii) receive the Collateral securing such Allowed Other Secured Claim against FiberTower.
Class 1D	2012 Claims	0%	No (deemed to reject)	On the Effective Date, the 2012 Indenture and all 2012 Notes shall be cancelled and extinguished, and the holders of 2012 Claims shall neither receive nor retain any property on account of such Claims under the Plan <u>each holder of an Allowed 2012 Claim against FiberTower Corporation shall be entitled to receive, in full satisfaction of such Claim, its Pro Rata share (together with the other Beneficiaries, but without duplication of the Allowed 2012 Guaranty Claims) of the Litigation Trust Interests.</u>
Class 1E	General Unsecured Claims	0%	No (deemed to reject)	On the Effective Date, each <u>holder of an Allowed General Unsecured Claim against FiberTower</u> shall be extinguished and holders of General Unsecured Claims against FiberTower shall neither receive nor retain any property on account of such Claims under <u>Corporation shall be entitled to receive, in full satisfaction of such Claim, its Pro Rata share (together with the Plan other Beneficiaries) of the Litigation Trust Interests.</u>
Class	Intercompany Claims	0%	No	On the Effective Date, each

<u>Class</u>	<u>Description</u>	<u>Estimated Recovery/Treatment</u>	<u>Entitled to Vote</u>	<u>Distributions</u>
1F			(deemed to reject)	Intercompany Claim against FiberTower shall be extinguished and holders of Intercompany Claims against FiberTower shall neither receive nor retain any property on account of such Claims under the Plan.
Class 1G	FiberTower Equity Interests	0%	No (deemed to reject)	On the Effective Date, all FiberTower Equity Interests shall be cancelled and extinguished, and holders of FiberTower Equity Interests shall neither receive nor retain any property on account of such FiberTower Equity Interests under the Plan.

The classification and treatment of Claims against, and Equity Interests in, the Subsidiary Debtors are as follows:³

<u>Class</u>	<u>Description</u>	<u>Estimated Recovery/Treatment</u>	<u>Entitled to Vote</u>	<u>Distributions</u>
Classes 2A - 4A	Priority Non-Tax Claims	100%	No (deemed to accept)	A holder of an Allowed Priority Non-Tax Claim against a Subsidiary Debtor shall receive Cash in full on the later of (i) the Effective Date of the Plan or (ii) ten (10) days after the Bankruptcy Court enters an order allowing a Priority Non-Tax Claim.
Classes 2B - 4B	2016 Guaranty Claims	5.3% - 7.6% ⁴	Yes	On the Effective Date, a holder of an Allowed 2016

³ The estimates of aggregate amounts of Claims in each class are set forth on pages ~~28-30~~ 29-31 below.

⁴ Such estimated recovery range does not take into account an aggregate of \$33,750,000 that was paid by the Debtors and applied as payments of principal on the 2016 Guaranty Claims from the Petition Date through the Effective Date. If such payments of principal are included, the estimated recovery range on account of 2016 Guaranty Claims is approximately 30.9% - 33.2%.

<u>Class</u>	<u>Description</u>	<u>Estimated Recovery/Treatment</u>	<u>Entitled to Vote</u>	<u>Distributions</u>
				<p>Guaranty Claim shall receive <u>(i) its Pro Rata share of one hundred percent (100%) of the New FiberTower Common Stock and (ii) its Pro Rata share (together with the other Beneficiaries, but without duplication of the Allowed 2016 Deficiency Claims) of the Litigation Trust Interests to the extent of its 2016 Guaranty Deficiency Claim.</u> On the Effective Date, Reorganized FiberTower shall receive one hundred percent (100%) of the New FiberTower Subsidiary Equity Interests in Reorganized FiberTower Network Services and Reorganized FiberTower Licensing, and Reorganized FiberTower Licensing shall receive one hundred percent (100%) of the New FiberTower Subsidiary Equity Interests in Reorganized FiberTower Spectrum.</p>
Classes 2C - 4C	Other Secured Claims	100%	No (deemed to accept)	<p>Unless the holder of an Allowed Other Secured Claim against a Subsidiary Debtor has agreed or agrees to a different treatment, each such holder shall, at the Debtors' option, either: (i) be reinstated or otherwise rendered unimpaired in accordance with Section 1124 of the Bankruptcy Code, notwithstanding any contractual provision or</p>

<u>Class</u>	<u>Description</u>	<u>Estimated Recovery/Treatment</u>	<u>Entitled to Vote</u>	<u>Distributions</u>
				applicable non-bankruptcy law that entitles the holder of an Allowed Other Secured Claim against a Subsidiary Debtor to demand or receive payment of such Claim prior to its stated maturity from and after the occurrence of an event of default, (ii) be paid in the ordinary course of business in accordance with the course of practice between the Debtors and such holder with respect to such Allowed Other Secured Claim against a Subsidiary Debtor, or (iii) receive the Collateral securing such Allowed Other Secured Claim against a Subsidiary Debtor.
Classes 2D - 4D	2012 Guaranty Claims	0%	No (deemed to reject)	On the Effective Date, the 2012 Indenture and all 2012 Notes shall be cancelled and extinguished, and the holder <u>each holder of an Allowed</u> 2012 Guaranty Claims shall neither receive nor retain any property on account of such Claims under <u>be entitled to receive, in full satisfaction of such Claim, its Pro Rata share (together with the other Beneficiaries, but without duplication of the Allowed 2012 Claims) of the Plan</u> <u>Litigation Trust Interests.</u>
Classes 2E - 4E	General Unsecured Claims	0%	No (deemed to reject)	On the Effective Date, each <u>holder of an Allowed</u> General Unsecured Claim against a Subsidiary Debtor shall be

<u>Class</u>	<u>Description</u>	<u>Estimated Recovery/Treatment</u>	<u>Entitled to Vote</u>	<u>Distributions</u>
				extinguished and holders of General Unsecured Claims against the Subsidiary Debtors shall neither receive nor retain any property on account of such Claims under the Plan <u>be entitled to receive, in full satisfaction of such Claim, its Pro Rata share (together with the other Beneficiaries) of the Litigation Trust Interests.</u>
Classes 2F - 4F	Intercompany Claims	0%	No (deemed to reject)	On the Effective Date, all Intercompany Claims against Subsidiary Debtors shall be extinguished, and holders of Intercompany Claims against Subsidiary Debtors shall neither receive nor retain any property on account of such Claims under the Plan.
Classes 2G - 4G	Equity Interests in Subsidiary Debtors	0%	No (deemed to reject)	On the Effective Date, all Other Equity Interests shall be cancelled and extinguished. On the Effective Date, Reorganized FiberTower shall receive one hundred percent (100%) of the New FiberTower Subsidiary Equity Interests in Reorganized FiberTower Network Services and Reorganized FiberTower Licensing, and Reorganized FiberTower Licensing shall receive one hundred percent (100%) of the New FiberTower Subsidiary Equity Interests in Reorganized FiberTower Spectrum.

The Debtors believe that the Plan is in the best interests of their respective creditors and equity interest holders. **THE DEBTORS RECOMMEND THAT YOU VOTE IN FAVOR OF THE PLAN.**

Pursuant to Section 1128(a) of the Bankruptcy Code, a hearing on confirmation of the Plan (the “Confirmation Hearing”) has been scheduled to commence on ~~[—], 2013~~ [January 15, 2014](#) at ~~[—] 1:30 p.m.~~, prevailing Central Time, before the Honorable D. Michael Lynn, United States Bankruptcy Judge, in the ~~United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division (the “Bankruptcy Court”), 501 W. Tenth Street, Fort Worth, TX 76102-3643.~~ At the Confirmation Hearing, the Bankruptcy Court will consider whether the Plan satisfies the requirements of the Bankruptcy Code. At that time, the Bankruptcy Court will also receive and consider a “ballot report,” tabulating the votes for acceptance or rejection of the Plan cast by those parties entitled to vote.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a chapter 11 plan. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed no later than 4:00 p.m., prevailing Central Time, on ~~[—], 2013~~ [January 8, 2014](#) (the “Confirmation Objection Deadline”), and simultaneously served on the following parties:

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U.S. Trustee:

**COLE, SCHOTZ, MEISEL, FORMAN
& LEONARD, P.A.**

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Debtors:

FIBERTOWER CORPORATION

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FiberTower Corporation
P.O. Box 31564
San Francisco, CA 94131
Telephone: (415) 659-3500

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. IF AN OBJECTION TO CONFIRMATION IS NOT TIMELY FILED AND SERVED, THE BANKRUPTCY COURT MAY NOT CONSIDER IT.

II. INTRODUCTION AND OVERVIEW OF CHAPTER 11

A. PURPOSES OF THIS DISCLOSURE STATEMENT

This Disclosure Statement has been prepared by the Debtors to provide information that the Bankruptcy Court has determined to be material and necessary to enable those Claim holders entitled to vote on the Plan to make an informed decision about whether to vote to accept or reject the Plan. Confirmation of a plan pursuant to chapter 11 of the Bankruptcy Code depends, in part, upon the receipt of a sufficient number of votes in favor of the Plan.

On ~~January 15~~, December 4, 2013, after notice and a hearing, the Bankruptcy Court entered an order (the "Disclosure Statement Approval Order"), pursuant to Section 1125 of the Bankruptcy

Code, approving this Disclosure Statement as containing “adequate information.” “Adequate information” is information of a kind, and in sufficient detail, to enable a hypothetical, reasonable investor, typical of the solicited classes of Claims against the Debtors, to make an informed decision about whether to accept or reject the Plan. A copy of the Disclosure Statement Approval Order is attached hereto as Exhibit B.

B. GENERAL INFORMATION CONCERNING CHAPTER 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code, pursuant to which a debtor attempts to reorganize its business for the benefit of itself, its creditors and equity interest holders.

The commencement of a chapter 11 case creates an estate, comprised of all legal and equitable interests of the debtor in property as of the date the petition is filed, wherever located and by whomever held. Sections 1101, 1107 and 1108 of the Bankruptcy Code provide that a debtor may continue to operate its business and remain in possession of its property as a “debtor in possession” unless the bankruptcy court orders the appointment of a trustee. The Debtors are operating as debtors in possession.

The filing of a chapter 11 petition also triggers the automatic stay provisions of the Bankruptcy Code. Section 362(a) of the Bankruptcy Code provides for, among other things, an automatic stay of all attempts to collect prepetition debts against the debtor or to otherwise interfere with the debtor’s property or business. Except as otherwise ordered by the bankruptcy court, the automatic stay remains in full force and effect until the time a plan of reorganization is confirmed.

The formulation of a plan is the principal purpose of a chapter 11 case. A chapter 11 plan sets forth the means for satisfying the claims against and equity interests in the debtor. Generally, unless a trustee is appointed, only the debtor may file a plan during the first one hundred twenty (120) days of a chapter 11 case (the “Exclusivity Period”). A debtor is generally then given sixty (60) additional days (the “Solicitation Period”) during which it may solicit acceptance of its plan. The Exclusivity Period and the Solicitation Period may be extended or reduced by the court upon a showing of “cause.”

C. GENERAL INFORMATION CONCERNING TREATMENT OF CLAIMS AND INTERESTS

A chapter 11 plan may provide for anything from a complex restructuring of a debtor’s business and its related obligations to a simple liquidation of the debtor’s assets. After a chapter 11 plan has been filed, certain holders of claims against or equity interests in a debtor are permitted to vote to accept or reject the plan.

Section 1123 of the Bankruptcy Code provides that a plan must classify the claims against and equity interests in a debtor. In compliance with Section 1123, the Plan divides Claims and Equity Interests into classes and sets forth the treatment for each class. In accordance with Section 1123(a) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims have not been classified in the Plan. A debtor is also required, under Section 1122 of the Bankruptcy Code, to classify claims against and equity interests in a debtor into

classes that contain claims and equity interests that are substantially similar to the other claims and equity interests in such class. The Debtors believe that the Plan has classified all Claims and Equity Interests in compliance with the provisions of Section 1122 of the Bankruptcy Code.

Pursuant to Sections 1122(a) and 1123(a)(1) of the Bankruptcy Code, Claims against and Equity Interests in the Debtors are classified as set forth previously on pages 28-30 below.

D. CLASSES IMPAIRED AND ENTITLED TO VOTE UNDER A PLAN

Only classes of “impaired” claims or equity interests may vote to accept or reject a plan. A class is “impaired” if the legal, equitable, or contractual rights relating to the claims or equity interests in that class are modified in any way by the plan. Modification for purposes of determining impairment, however, does not include curing defaults or reinstating maturity. Classes of claims or equity interests that are not “impaired” under a plan, and each member of such class, are conclusively deemed to have accepted the plan and are not entitled to vote. Similarly, classes of claims or equity interests that will neither receive nor retain any property under a plan are deemed not to have accepted the plan and are not entitled to vote. Accordingly, acceptances of a plan will only be solicited from holders of claims and/or equity interests in impaired classes that may receive distributions under the plan.

As set forth on pages 33-36, the holders of Claims in Classes 1B through 4B are impaired and entitled to vote to accept or reject the Plan. No other classes are entitled to vote to accept or reject the Plan.

E. VOTING

The holder of a Claim against the Debtors classified in Classes 1B through 4B whose Claim is impaired under the Plan and who will receive a distribution under the Plan is entitled to vote to accept or reject the Plan if: (i) the Claim has been scheduled by the Debtors and such Claim was not scheduled as disputed, contingent, or unliquidated; (ii) the Claim holder has filed a proof of claim on or before the Bar Date set by the Bankruptcy Court for such filings or any extension of such dates approved by the Bankruptcy Court, and no objection to such Claim is pending; or (iii) such Claim has previously been allowed pursuant to an order of the Bankruptcy Court. Any Claim with respect to which an objection is pending is not entitled to vote unless the Bankruptcy Court, upon application of the holder whose Claim is the subject of the objection, temporarily allows such Claim in an amount that the Bankruptcy Court deems proper for the purpose of voting on the Plan. A Ballot or Master Ballot, as applicable, casting a vote on the Plan may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such Ballot or Master Ballot was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

The allowance of any Claim for the purpose of voting on the Plan shall not constitute an allowance of the Claim for purposes of receiving any distributions pursuant to the Plan. Any references in the Plan or Disclosure Statement to any Claims or Equity Interests shall not constitute an admission of the existence, nature, extent or enforceability thereof.

All proofs of claim for pre-petition Claims asserted by creditors of the Debtors (not including Governmental Units) must have been filed with the Clerk of the Bankruptcy Court by

December 4, 2012; all proofs of claim for pre-petition Claims asserted by Governmental Units must have been filed with the Clerk of the Bankruptcy Court by **January 13, 2013** (the last date to file a claim is referred to as the “Bar Date”). IF A CLAIMANT ALREADY FILED A PROOF OF CLAIM WITH THE BANKRUPTCY COURT, OR IF THE CLAIM IN QUESTION WAS SCHEDULED BY THE DEBTORS AS NOT BEING CONTINGENT, UNLIQUIDATED, OR DISPUTED, A PROOF OF CLAIM NEED NOT HAVE BEEN FILED. The schedules for all of the Debtors were filed with the Bankruptcy Court on July 31, 2012 and are available for inspection on the Bankruptcy Court’s website at <http://www.txnb.uscourts.gov>, or the Tabulation Agent’s website at www.bmcgroup.com/fibertower.

As set forth in Section 1124 of the Bankruptcy Code, a class of claims or interests is “impaired” under a plan unless, with respect to such class, the plan: (1) leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or interest; or (2) notwithstanding any contractual provision or applicable law that entitles the holder of a claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default: (a) cures any such default that occurred before or after the commencement of the case, other than a default of a kind specified in Section 365(b)(2) of the Bankruptcy Code or of a kind that Section 365(b)(2) expressly does not require to be cured; (b) reinstates the maturity of such claim or interest as such maturity existed before such default; (c) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance on such contractual provision or such applicable law; (d) if the claim or interest arises from a failure to perform a non-monetary obligation (other than a default arising from failure to operate a nonresidential real property lease subject to Section 365(b)(1)(A)), compensates the holder (other than the debtor or an insider) for any actual pecuniary loss incurred by the holder as a result of such failure; and (e) does not otherwise alter the legal, equitable or contractual rights to which such claim or interest entitles the holder of such claim or interest.

As stated previously, under the Plan, holders of Claims in Classes 1B through 4B are impaired and entitled to vote on the Plan. No other holders of Claims or Equity Interests are entitled to vote on the Plan.

F. CONFIRMATION

1. Confirmation Requirements

There are two methods by which a plan may be confirmed: (i) the “acceptance” method, pursuant to which all impaired classes of claims and interests have voted in the requisite amounts to accept the plan and the plan otherwise complies with Section 1129(a) of the Bankruptcy Code; and (ii) the “cram-down” method under Section 1129(b) of the Bankruptcy Code, which is available even if classes of claims vote against the Plan.

2. Acceptance of the Plan

A plan is accepted by an impaired class of claims if the holders of at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the allowed claims in such class that vote on the plan vote to accept the plan. A plan is accepted by an impaired class of equity interests if holders of at least two-thirds (2/3) in amount of allowed equity interests in such class

actually voting vote to accept the plan. **BALLOTS OF HOLDERS OF IMPAIRED CLAIMS THAT ARE SIGNED AND RETURNED TO THE TABULATION AGENT, BUT THAT DO NOT EXPRESSLY INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN, WILL NOT BE COUNTED.**

In addition to this voting requirement, Section 1129(a)(7) of the Bankruptcy Code requires that a plan be accepted by each holder of a claim or equity interest in an impaired class entitled to vote or that the plan otherwise be found by the bankruptcy court to be in the best interests of each holder of a claim or equity interest in such class. *See* discussion of “Best Interests Test” below.

3. Confirmation Without Acceptance by All Impaired Classes

Under Section 1129(b) of the Bankruptcy Code, the Debtors have the right to seek confirmation of the Plan notwithstanding the rejection of the Plan by a class of Claims or Equity Interests. Any such determination would be based on consideration of the tabulation of votes, the Debtors’ fiduciary obligations and an analysis of other available alternatives. Because holders of Claims and Equity Interests in Classes 1D through 4D, 1E through 4E, 1F through 4F and 1G through 4G are deemed to reject the Plan, the Debtors intend to seek confirmation of the Plan over the deemed rejection of such Classes.

A plan may be confirmed notwithstanding its rejection by one or more classes of claims or equity interests if, in addition to satisfying the requirements of Section 1129(a) of the Bankruptcy Code (other than Section 1129(a)(8)), the plan (1) is “fair and equitable” with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan and (2) does not “discriminate unfairly.”

The requirement that a plan is “fair and equitable” under the Bankruptcy Code with respect to a dissenting class of claims or equity interests includes the following requirements:

- With respect to a dissenting class of secured claims, the plan provides, either:
 - o (a) that the holders of such claims retain the liens securing such claims (whether the property subject to such liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such claims); and (b) that each holder of a claim of such class receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the plan, of at least the value of such holder’s interest in the estate’s interest in such property; or
 - o for the sale, subject to Section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing such claims, free and clear of such liens, with such liens to attach to the proceeds of such sale, and the treatment of such liens on proceeds under clauses 1129(b)(2)(A)(i) or (iii) of the Bankruptcy Code; or
 - o for the realization by such holders of the indubitable equivalent of such claims.

- With respect to a class of unsecured claims:
 - o the plan provides that each holder of a claim of such class receives or retains on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or
 - o the holder of any claim or interest that is junior to the claims of such class will neither receive nor retain any property under the plan on account of such junior claim or interest.
- With respect to a class of interests:
 - o the plan provides that each holder of an interest of such class receive or retain on account of such interest property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; or
 - o the holder of any interest that is junior to the interests of such class will neither receive nor retain under the plan any property on account of such junior interest.

As described above, with respect to unsecured claims and interests, an aspect of the “fair and equitable” standard, known as the “absolute priority rule,” requires, among other things, that unless a dissenting unsecured class of claims or equity interests receives full compensation for its allowed claims or allowed interests, no holder of claims or interests in any junior class may receive or retain any property under the plan on account of such junior claims or interests.

The Debtors believe that the Plan is “fair and equitable” with respect to holders of Claims and Equity Interests in Classes 1D through 4D, 1E through 4E, 1F through 4F and 1G through 4G, because the holders of 2016 Claims and 2016 Guaranty Claims in Classes 1B through 4B are not being paid in full, and no Claim or Equity Interest junior to such 2016 Claims and 2016 Guaranty Claims will receive or retain any property under the Plan (other than the Litigation Trust Interests, which are unencumbered by the lien of the Holders of the 2016 Claims and 2016 Guaranty Claims, and the Debtors estimate will not result in any recovery).

The requirement that a plan not “discriminate unfairly” means, among other things, that a dissenting class must be treated substantially equally with respect to other classes of equal rank. The Debtors believe that the Plan does not “discriminate unfairly” because all Classes are being treated substantially equally with respect to other Classes of equal rank.

4. Best Interests Test

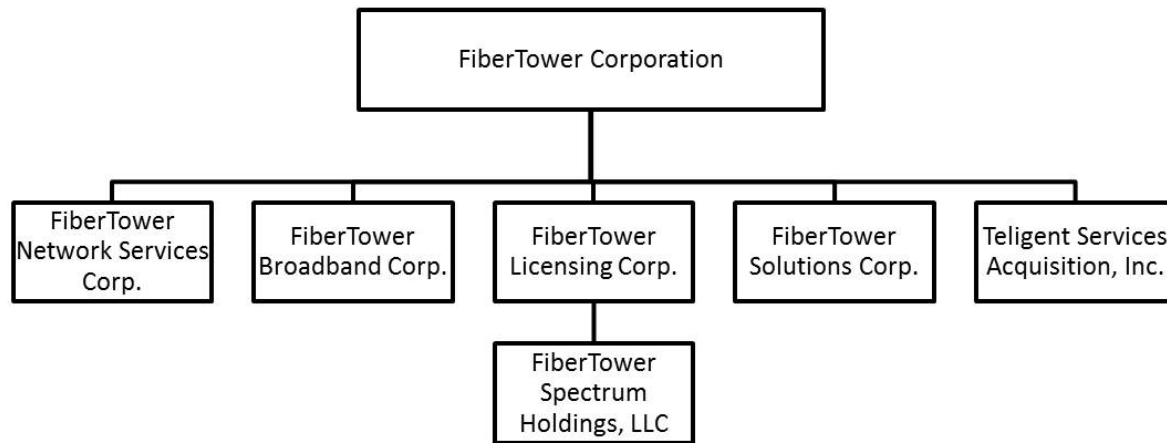
Notwithstanding acceptance of the Plan by each impaired Class, in order for the Plan to be confirmed, the Bankruptcy Court must determine that the Plan is in the “best interests” of each holder of a Claim in an impaired Class who has not voted to accept the Plan. Accordingly, if an impaired Class does not unanimously accept the Plan, the “best interests” test requires the Bankruptcy Court to find that the Plan provides for each holder of a Claim in such Class to

receive or retain on account of such Claim property of a value, as of the Effective Date of the Plan, that is not less than the amount each such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on such date. The Debtors believe that the “best interests” test is satisfied here because, under the Plan, creditors and equity interest holders will receive more than if the Debtors were liquidated under chapter 7. A liquidation analysis (the “Liquidation Analysis”), showing the range of returns to the Debtors’ Claim holders and Equity Interest holders in the event of a hypothetical liquidation of the Debtors, is attached hereto as Exhibit C and is described below in Article IX.

III. BACKGROUND AND EVENTS LEADING UP TO CHAPTER 11

A. FIBERTOWER CORPORATE GROUP

FiberTower is a Delaware corporation and the ultimate parent entity to six (6) entities, three of which are Debtors in these cases. FiberTower owns (i) one hundred percent (100%) of the equity in FiberTower Network Services, and (ii) one hundred percent (100%) of the equity in FiberTower Licensing, each of which is a Debtor in these cases.⁵ FiberTower Licensing owns 100% of the equity in FiberTower Spectrum. The following chart details the FiberTower corporate structure as of July 17, 2012 (the “Petition Date”), the date on which the Debtors commenced their chapter 11 cases, and as of the date hereof:



B. THE DEBTORS’ BUSINESS

The Debtors, as currently constituted, were formed on August 29, 2006, when First Avenue Networks, Inc. (“First Avenue”) completed its merger (the “Merger”) with FTNS. Thereafter, First Avenue, as the successor entity in the merger, changed its name to “FiberTower Corporation.” As a combined entity, the Debtors became a leading alternative provider of

⁵ FiberTower also owns one hundred percent (100%) of each of the following non-Debtor entities (i) FiberTower Solutions Corp., (ii) FiberTower Broadband Corp. and (iii) Teligent Services Acquisition, Inc. [As described herein, these non-Debtor subsidiaries have no assets and are non-operating entities.](#)

facilities-based backhaul services largely to wireless carriers. Backhaul is the transport of voice, video and data traffic from a wireless carrier's mobile base station, or cell site, to its mobile switching center, or MSC, or other exchange point where the traffic is then switched onto a wireline telecommunications network. The Debtors offered their customers these transport services based on a variety of protocols such as time division multiplexing ("TDM"), SONET and Ethernet. The Debtors provided these backhaul services nationally by utilizing their wireless spectrum assets and fiber relationships to construct and operate high-coverage, high-capacity hybrid microwave and fiber networks.

Between their relationships with fiber providers and the Spectrum Portfolio, the Debtors were able to provide wireless carriers a long-term solution for their increasing demand for backhaul capacity while giving them increased availability and reliability. Additionally, the Debtors had extensive relationships with fiber service providers which gave them access to over one thousand (1,000) mobile switching centers, or MSCs, and 125,000 fiber-based aggregation points.

As of the Petition Date, the Debtors provided service to approximately 5,600 billing customer locations at approximately 3,293 deployed sites in thirteen (13) markets throughout the U.S. The Debtors' biggest markets, as of the Petition Date, were located in Dallas/Fort Worth and Washington, D.C./Baltimore, with additional markets in Atlanta, Boston, Chicago, Cleveland, Denver, Detroit, Houston, New York/New Jersey, Pittsburgh, San Antonio/Austin/Waco and Florida. The Debtors had customer service agreements with major U.S. wireless carriers, including, but not limited to, AT&T, Verizon Wireless, T-Mobile, Sprint Nextel and MetroPCS. The Debtors also held separate service agreements with Verizon Business and Qwest Communications, as their fixed wireless partner on the General Services Administration Network contract to provide fixed wireless government-grade transport services. The service agreement with Verizon Business also allowed the Debtors to provide government-grade services for other Verizon Business-managed contracts.

As discussed in more detail below, the Debtors ceased operating their wireless backhaul business on April 30, 2013.

A significant asset of the Debtors was and is their ownership of a national spectrum portfolio (the "Spectrum Portfolio") of 24 GHz and 39 GHz wide-area spectrum licenses, including over 740 MHz in the top twenty (20) U.S. metropolitan areas and, in the aggregate, approximately 1.55 billion channel pops (calculated as the number of channels in a given area multiplied by the population, as measured in the 2000 census, covered by these channels). The Debtors believe that the Spectrum Portfolio represents one of the largest and most comprehensive collections of millimeter wave spectrum in the U.S. The Spectrum Portfolio extends over substantially all of the continental U.S., Alaska, Hawaii, Puerto Rico and the U.S. Virgin Islands, covering areas with a total population of over 300 million. The Debtors historically have leased their spectrum to various customers nationally, as the FCC has adopted regulations that permit the Debtors to lease all, or a portion, of their spectrum to third parties.

During the Debtors' chapter 11 cases, the Wireless Telecommunications Bureau of the Federal Communications Commission (the "Commission" or the "FCC") denied certain applications filed by the Debtors prior to the Petition Date, which resulted in the termination of

the majority of the 24 GHz and 39 GHz wide-area licenses in the Spectrum Portfolio. The Debtors appealed that determination to the full Commission, and have since sought reconsideration of the Commission's denial of that appeal. The Debtors also have secured an injunction from the Bankruptcy Court precluding the FCC from re-assigning the licenses until all administrative review and appellate remedies have been exhausted. These matters are discussed more fully below.

As described in more detail below, the Debtors continue to believe that wireless backhaul and other uses of the licenses in the Spectrum Portfolio have great prospects, and that, if the Plan is confirmed and the Debtors emerge from chapter 11, the Reorganized Debtors will be able to provide advanced and innovative services to customers using the FCC licenses in their Spectrum Portfolio and the Debtors' preeminent wireless backhaul experience. In particular, the Debtors believe that the Reorganized Debtors will be able to service large scale customer needs for wireless backhaul for the emerging small cell market.

Accordingly, even in the event of further litigation surrounding the licenses in the Debtors' Spectrum Portfolio which the FCC terminated, and/or the eventual affirmation by the FCC and/or a federal court of such termination, the Debtors propose to reorganize and emerge from their chapter 11 cases with a business plan focused around forty-nine (49) active FCC licenses (in thirty-five (35) markets) that have been renewed by the FCC.

C. PREPETITION CAPITAL STRUCTURE AND FINANCING ARRANGEMENTS

2012 Notes

On November 9, 2006, FiberTower issued \$402.5 million of 9% Senior Secured Convertible Notes due 2012 (the "2012 Notes"). The 2012 Notes were guaranteed, jointly and severally, on a senior basis by each of FiberTower's subsidiaries. Additionally, the 2012 Notes were secured, to the extent permitted by law, by a first priority pledge of substantially all of the assets of FiberTower and its subsidiaries and the stock of all of the subsidiary guarantors.

2016 Notes

On December 22, 2009, in order to restructure the balance sheet and reduce total debt outstanding, FiberTower redeemed \$266,791,438 in principal amount of the 2012 Notes, representing approximately 90.8% of the outstanding 2012 Notes (the "2009 Restructuring"). Each \$1,000 in principal amount of the 2012 Notes were redeemed for \$47.65 in cash, 114.616 shares of FiberTower's common stock, and \$425.46 in principal amount of 9% Senior Secured Notes due 2016 (the "2016 Notes"). In total, in the 2009 Restructuring, FiberTower distributed approximately \$12.7 million in cash and issued 30,578,567 shares of common stock and \$113,509,084 principal amount of the 2016 Notes. The 2016 Notes are guaranteed, jointly and severally, on a senior basis by each of FiberTower's subsidiaries.

The 2016 Notes rank *pari passu* in right of payment to the 2012 Notes. Pursuant to the 2009 Restructuring, however, the 2016 Notes are secured by a first priority pledge of substantially all of the assets of the Debtors and the stock of all of the Subsidiary Debtors, and

the 2012 Notes are secured by a second priority pledge on such assets. As a consequence, the 2016 Notes rank senior to the 2012 Notes.

General Unsecured Claims

The Debtors' estimated unsecured liabilities as of the Petition Date were approximately \$4,163,500, consisting of trade payables and other general unsecured pre-petition claims.

Equity Interests

FiberTower is authorized to issue 400 million shares of common stock, par value of \$0.001, of which approximately 48 million shares were outstanding as of the Petition Date. The common stock traded on NASDAQ until January 30, 2012. Currently the common stock trades "over the counter" under the symbol "FTWRQ." FiberTower is not authorized to issue any shares of preferred stock and no shares of FiberTower preferred stock are outstanding.

FiberTower owns one hundred percent (100%) of the equity interests in each of FiberTower Licensing and FiberTower Network Services. FiberTower Licensing owns one hundred percent (100%) of the equity interests in FiberTower Spectrum.

D. RESTRUCTURING INITIATIVES AND EVENTS LEADING UP TO BANKRUPTCY

As described above, the Debtors were formed on August 29, 2006, when First Avenue completed the Merger with FiberTower Network Services. Thereafter, First Avenue changed its name to "FiberTower Corporation." Following the Merger, the Debtors became a leading alternative provider of facilities-based backhaul services largely to wireless carriers. The Debtors provided these backhaul services nationally by utilizing their wireless spectrum assets and fiber relationships to construct and operate high-coverage, high-capacity hybrid microwave and fiber networks. In addition to the wireless backhaul business, a significant asset of the Debtors following the Merger was their ownership of the Spectrum Portfolio - - one of the largest and most comprehensive collections of FCC licenses for millimeter wave spectrum in the United States. The Spectrum Portfolio extended over substantially all of the continental U.S., covering areas with a total population of over 300 million.

Following the Merger, the Debtors invested substantial capital to expand their business, including: (i) deploying an additional 1,800 sites and increasing the customer base from five (5) to twenty (20); and (ii) increasing customer billing locations from approximately 1,110 to 5,580. During this same period, the Debtors also invested significant capital and management time seeking to develop equipment and market opportunities to fully realize the value of the Spectrum Portfolio.

From October 2008 until December 2009, the Debtors focused the resources of their business on reducing the total amount of debt outstanding and growing the business to reach positive Adjusted EBITDA. In connection with such initiatives and in order to restructure the balance sheet and reduce total debt outstanding, on December 22, 2009, the Debtors completed the 2009 Restructuring, whereby FiberTower redeemed approximately \$267 million in principal

amount of the 2012 Notes. In connection with the 2009 Restructuring, FiberTower also issued approximately \$114 million in original principal amount of the 2016 Notes.

In early 2011, the Debtors faced a series of significant negative revenue events. In February 2011, Clearwire Corporation (“Clearwire”) and AT&T delivered their first set of customer termination notices. Simultaneously, AT&T announced a proposed acquisition of T-Mobile. After taking into account Clearwire’s disconnects, AT&T and T-Mobile represented 63% of the Debtors’ revenue and, as such, the contemplated transaction raised significant concerns regarding potential future AT&T and T-Mobile business terminations and the impact of such on the Debtors’ financial condition. Consequently, the Debtors implemented tight cash management and forecast controls. At this time, expenditures were limited to on-going operations and capital expenditures were limited to projects with immediate paybacks. Given these serious financial pressures, the Debtors engaged Morgan Stanley & Co. LLC (“Morgan Stanley”) in February 2011 in order to evaluate and formulate strategic alternatives.

In March 2011, the Debtors continued to receive termination notices from AT&T and Clearwire. Because of the increasing pressure on earnings, the Debtors implemented lay-offs to reduce headcount and related payroll and other expenses. At the same time, Morgan Stanley was conducting a thorough marketing of the Debtors’ assets and actively engaging with a number of potential purchasers who were interested in various portions of the Debtors’ business.

As the Morgan Stanley sale process continued through the second quarter of 2011, it became apparent that the Debtors’ ability to raise debt was significantly impaired because of the increasing number of customer terminations and decreasing revenue and earnings. By July 2011, the Morgan Stanley process ended without success.

On November 15, 2011, the Debtors did not make a scheduled cash interest payment with respect to the 2012 Notes. In addition, because of their inability to quantify impairment charges, the Debtors were unable to timely file their SEC Form 10-Q for the quarter ended September 30, 2011. Shortly thereafter, the Debtors conducted significant layoffs in order to preserve the value of the business and, as discussed below, opened restructuring discussions with a group of holders of the 2016 Notes (the “Ad Hoc 2016 Committee”).

The Debtors nonetheless continued to develop and offer services in the 24GHz and 39GHz bands, remained able and willing to provide those services, and indeed provided those services where and when the market sought them in accordance with leading industry standards. Equipment was deployed in locations as diverse as Alaska, Iowa, Montana, New York City, Washington, DC, and the roof of Apple Computer’s corporate headquarters in Sunnyvale, CA, among others.

Among other things, during this period, in an effort to maximize the value of the Debtors’ enterprise, the Debtors:

(1) utilized Spectrum Bridge and Comsearch, the leading broker and coordinator, respectively, of millimeter wave spectrum in the United States, to offer the Debtors’ Spectrum Portfolio for lease;

(2) developed 24 GHz and 39 GHz equipment with selected manufacturers, including, among other things, for use in a “spectrum in a box” program, by which spectrum would be offered for lease in conjunction with the sale of the developed equipment; and

(3) provided 24 GHz and 39 GHz services throughout the United States through both commercial arrangements with leading mobile carriers and also through national-scale government contracts with Verizon and CenturyLink (formerly known as Qwest Communications).

1. Negotiations with Ad Hoc 2016 Committee and the FTI Sale Process

In December 2011, the Debtors opened discussions with the Ad Hoc 2016 Committee regarding potential strategic alternatives for the Debtors. In early January 2012, the Debtors also engaged FTI Consulting, Inc. (“FTI”) as their financial advisor to explore financial and strategic alternatives to maximize enterprise value. FTI commenced an asset sale process and contacted a number of strategic and financial parties. Although the Debtors ultimately received three (3) bids for all, or parts, of their assets, and the Debtors worked diligently to pursue these expressions of interest, it became apparent that this course would not maximize values for the Debtors’ constituents.

In March 2012, while FTI’s marketing process was in progress, members of the Ad Hoc 2016 Committee became “restricted,” which allowed the Debtors and their professionals to have in-depth discussions with the Ad Hoc 2016 Committee regarding the sales process and strategic plans that were being developed. In May 2012, the Debtors and FTI presented the Ad Hoc 2016 Committee with a plan to reorganize the Debtors around three (3) lines of business and the financial projections associated with such plan. Eventually, the Debtors and the Ad Hoc 2016 Committee determined that pursuit of a restructuring in this manner was preferential, a proposed restructuring plan was developed (the “Original Proposed Plan”), and the Debtors entered into a plan support agreement with holders of approximately 65% of the outstanding principal amount of the 2016 Notes.

Under the terms of the Original Proposed Plan, holders of 2016 Notes would have received, in full satisfaction of their claims, (i) one hundred percent (100%) of the equity in reorganized FiberTower (subject to dilution by a management incentive plan), and (ii) one hundred percent (100%) of the equity in the Subsidiary Debtors. All other Claims against, and Equity Interests in, the Debtors would have been extinguished.

The Debtors, however, did not pursue confirmation of the Original Proposed Plan, due to events that transpired relating to the Debtors’ Spectrum Portfolio during the course of the Debtors’ chapter 11 cases (as described in more detail below).

2. Pre-and Post-Petition Activities at the FCC

The Debtors’ spectrum development efforts from the Merger until October 2008 focused on working with network equipment makers to develop radios utilizing spectrum in the 24 GHz and 39 GHz bands. These radios included both point-to-multipoint options as well as higher capacity radios to meet the growing bandwidth needs of its customers. During this time, the

Debtors built network in their markets using the Spectrum Portfolio whenever technically and economically feasible.

In 2008, a substantial portion of the Debtors' Spectrum Portfolio was renewed by the FCC. The renewal, however, was conditioned upon the Debtors making what is referred to as a "substantial service" showing in their prescribed license areas by June 1, 2012. Under FCC rules, "substantial service" means service which is "sound, favorable and substantially above a level of mediocre service which just might minimally warrant renewal."

From October 2008 until December 2009, the Debtors focused the resources of the business on reducing the total amount of debt outstanding and growing the business to reach positive Adjusted EBITDA. These initiatives saw the Debtors reduce their aggregate debt significantly, and in December 2009 the Debtors successfully completed the 2009 Restructuring, which reduced the Debtors' aggregate debt even further.

As part of the 2009 Restructuring, the Debtors received a fairness opinion evaluating the proposed transaction. This analysis included an evaluation of how much value the Debtors could potentially realize if their Spectrum Portfolio was sold. The fairness opinion concluded that there were no relevant market transactions, and few identifiable buyers, and therefore allocated \$25 million to \$50 million in value to the Spectrum Portfolio. The analysis was consistent with the view of the Debtors' boards of directors and management that the Debtors would have to continue building a growing business utilizing the Spectrum Portfolio to fully achieve value.

In January 2010, the Debtors held the first meeting of FiberTower's board of directors following the 2009 Restructuring. At this board meeting, plans designed to build value for the business over the next twelve (12) months were presented. These plans included pursuing high capacity projects with large carrier customers to support their next generation network build-outs, evaluating potential acquisitions and beginning discussions with potential providers of new financing.

At the January 2010 board meeting, the Debtors' management team further discussed the Debtors' focus on using the Spectrum Portfolio wherever technically and economically feasible for the Debtors' high capacity projects, but did not recommend building out non-revenue producing network coverage for the sole purpose of meeting the FCC's "substantial service" standard. The Debtors' management and their board made such a decision on the grounds that (i) the Debtors' market and economic ecosystem was not yet mature enough to provide for widespread use of most of the 39 GHz and 24 GHz licenses in the Spectrum Portfolio, (ii) the industry and the public interest would benefit from continuing to develop market-based solutions, and (iii) the FCC valued the Debtors' building a profitable business within their existing markets that could continue to grow and expand over time into sustainable deployments in the 24GHz and 39GHz bands as they matured.

The FCC had issued prior decisions indicating that the FCC would work with companies actively spending capital to build out existing network (rather than building new network) to help them achieve their build-out requirements, as this was seen to be in the public interest. The Debtors occupied and diligently continued to grow an industry leading position in developing service offerings and trying to jump start an equipment ecosystem in the 24GHz and 39GHz

bands. In August 2010 Debtors requested an extension of time from the FCC to construct its 24 GHz licenses until June 1, 2012. The extension of time was granted by the FCC in October 2010.

In early 2011, the Debtors experienced several negative events (as discussed in detail above). These events occurred as the Debtors were attempting to close a new financing transaction, and immediately compelled the Debtors to reduce headcount and to eliminate all but maintenance related capital spending projects. If these actions had not been immediately taken, the Debtors internal cash projections showed the Debtors running out of cash in the middle of 2011.

From early 2011 until November 2011, the Debtors closely managed spending, and sought to engage the large wireless carriers on new network projects that would enable the Debtors to more fully utilize the Spectrum Portfolio. Given the limited cash resources and financing opportunities, the Debtors were not able to deploy capital on non-revenue producing assets solely related to the Spectrum Portfolio.

In April 2012, the Debtors filed applications with the FCC seeking either a waiver of the FCC's safe harbor construction rules or a 3-year extension to allow for market-based builds for the Debtors' wide-area licenses that remain subject to substantial service requirements. In addition, on and before June 1, 2012, the Debtors separately filed with the FCC on a license-by-license basis, substantial service showings for the almost seven hundred (700) wide-area licenses at issue in the April 2012 petition, contending in the alternative that Debtors' construction efforts with respect to the licenses had in fact met the FCC substantial service standard. The success of the Original Proposed Plan was dependent on the FCC granting the requested relief, and finding either that that the FCC's "substantial service" conditions for renewal of the Debtors' spectrum licenses in the 24 GHz and 39 GHz bands had been met, or granting an extension or a waiver of such conditions.

During August 2012, the Debtors became aware the FCC intended to terminate the Debtors' licenses imminently on the purported grounds that (i) the Debtors had not met the substantial service conditions placed on the renewal of their 24 GHz and 39 GHz licenses, and/or (ii) an extension or a waiver of those conditions was not warranted or necessary. As a consequence, in an attempt to preserve and maximize the value of their estates, the Debtors commenced Adversary Proceeding No. 12-4104 in the Bankruptcy Court on August 23, 2012, captioned *FiberTower Network Services Corp. v. Federal Communications Commission* (the "FCC Adversary Proceeding"). In the FCC Adversary Proceeding, the Debtors sought (i) declaratory and injunctive relief declaring that the automatic stay applied to the FCC and the Debtors' Spectrum Portfolio, and that and the police and regulatory power exception contained in Section 362(b)(4) of the Bankruptcy Code did not apply, and, (ii) in the alternative, an injunction, enjoining the FCC from actually cancelling the Debtors' licenses, pending entry of a final non-appellable order after administrative and judicial review.

On September 27, 2012, the Bankruptcy Court entered an order granting the Debtors' request for a preliminary injunction, enjoining the FCC from "[g]ranteeing, transferring, assigning or selling the [Debtors'] FCC Licenses to any entity other than Debtors or Debtors' assignee or designee" and "[t]aking any action with respect to the [Debtors'] FCC Licenses that would

impair or otherwise adversely alter [the] Debtors' rights before the Commission on or on appeal of any decision of the Commission to contest (a) cancellation or termination of the FCC Licenses; or (b) a determination that the FCC Licenses were terminated or cancelled prior to entry of this Order." On October 11, 2012, the Bankruptcy Court entered a Memorandum Opinion explaining its reasoning and rationale for entering the injunction.

On November 7, 2012, the FCC's Wireless Telecommunications Bureau issued its Memorandum Opinion and Order (the "FCC Opinion") stating that the Debtors had not met the substantial service construction requirements, denying the Debtors' requests for an extension or waiver of such requirements, and declaring that most of the Debtors' licenses terminated on June 1, 2012. In accordance with the Bankruptcy Court's injunction, however, the FCC recognized that it was precluded from re-assigning the licenses while the injunction is in effect. On December 7, 2012, the Debtors timely filed an Application for Review (the "Application for Review") of the FCC's November decision with the full Commission, and, on June 6, 2013, the Debtors filed a Petition for Reconsideration (the "Petition for Reconsideration") of a May 7, 2013 Commission order denying the Application for Review. The Debtors' Petition for Reconsideration remains pending at the FCC, and the Debtors are continuing to advocate before the FCC for reinstatement of the terminated licenses in order to build them in accordance with industry developments led by FiberTower.

E. EXECUTIVES

As of the Petition Date, the directors, officers and/or managers, as applicable, of each of the Debtors, were as follows:

FiberTower:

<u>Name</u>	<u>Title</u>
Kurt. J. Van Wagenen	Director, President, Chief Executive Officer
John K. Braniff	Director
Mark E. Holliday	Director
Steven D. Scheiwe	Director

Fibertower Network Services:

<u>Name</u>	<u>Title</u>
Kurt. J. Van Wagenen	Director, President, Chief Executive Officer

Fibertower Licensing:

<u>Name</u>	<u>Title</u>
Kurt. J. Van Wagenen	Director, President, Chief Executive Officer

Fibertower Spectrum:

<u>Name</u>	<u>Title</u>
Kurt. J. Van Wagenen	Director, President, Chief Executive Officer

During the Debtors' chapter 11 cases, Mr. Van Wagenen resigned. Thomas Scott, the Debtors' Chief Financial Officer from August 2006 until January 2012, and a consultant to the Debtors since January 2012, has been functioning as the Debtors' *de facto* chief executive officer since Mr. Van Wagenen's resignation. During the Debtors' chapter 11 cases, Ms. Ornella Napolitano was also appointed as an "executive officer" for each of the Debtors by the respective boards of directors and/or managers of the Debtors.

IV. THE BANKRUPTCY FILINGS

The Debtors' chapter 11 cases were commenced by the filing of voluntary chapter 11 petitions on July 17, 2012 (the "Petition Date"). The Debtors' chapter 11 cases are pending before the Bankruptcy Court, under Jointly Administered Case No. 12-44027-DML-11.

A. POST-FILING ACTIVITIES

1. Debtors' Employment of Professionals

The Debtors engaged the following professionals during their chapter 11 cases: (i) Andrews Kurth LLP ("AK") as primary counsel; (ii) FTI as financial advisor; (iii) Willkie Farr & Gallagher LLP, Hogan Lovells LLP and Latham & Watkins LLP as special FCC counsel;⁶ and (iv) BMC Group, Inc. as claims, noticing and balloting agent.

2. First Day Motions and Orders

On the Petition Date, the Debtors filed a number of customary motions ("First Day Motions") seeking the following administrative and procedural relief, all of which were approved by the Bankruptcy Court between July 24 and July 31, 2012: (i) an order directing joint administration of the Chapter 11 Cases; (ii) an order authorizing the filing of a consolidated list of creditors and 30 largest unsecured claims; (iii) an order directing parties to perform under the terms of their prepetition contracts and leases; (iv) an order authorizing the Debtors to pay prepetition compensation and reimbursement of expenses to employees; (v) an order authorizing continued use of existing cash management system; (vi) an order prohibiting the discontinuance of utility services; (vii) an order establishing notice procedures; and (viii) an interim order authorizing the use of cash collateral. A final cash collateral order (the "Final Cash Collateral Order") was entered on August 21, 2012. The Final Cash Collateral Order was subsequently amended by order of the Bankruptcy Court on each of January 17, 2013 and April 22, 2013.

3. Creditors' Committee

On July 27, 2012, the Office of the U.S. Trustee appointed an Official Committee of Unsecured Creditors (the "Committee"). The members of the Committee are SBA Sites, Inc., American Towers, LLC, FiberLight, LLC, AT&T Services, Inc. and Zayo Group, LLC. The Committee hired Otterbourg, Steindler Houston & Rosen, P.C. as counsel, Cole, Schotz, Meisel, Forman & Leonard, PC as local counsel, and Goldin Associates, LLC as financial advisor.

⁶ Hogan Lovells was "replaced" by Latham & Watkins LLP in January 2013.

4. FCC Injunction

As discussed earlier, the Debtors sought an injunction against the FCC, in August 2012, to preclude actual cancellation of certain of their licenses pending the exhaustion of all administrative and judicial remedies. The Bankruptcy Court entered an injunction on September 27, 2012, and issued an opinion explaining its reasoning on October 11, 2012. The injunction remains in effect.

5. Carrier Term Sheet

Following the November 7, 2012 decision by the FCC's Wireless Telecommunications Bureau, the Debtors determined that it would be in the best interests of their estates to wind down the Debtors' wireless backhaul business. On November 20, 2012, the Debtors and certain Participating Carriers⁷ entered into a binding term sheet (the "Carrier Term Sheet"), laying out the economic terms for an orderly migration of services from the Debtors' backhaul network, and a wind-down of the Debtors' wireless backhaul business. On November 28, 2012, the Bankruptcy Court entered an Order approving the Carrier Term Sheet [Docket No. 426] (the "Carrier Term Sheet Order"). Under the terms of the Carrier Term Sheet Order, the Participating Carriers would fund the Debtors' wireless backhaul operations until April 30, 2013 (or, if requested by any Participating Carrier, until July 31, 2013).

6. Asset Sales

After entering into the Carrier Term Sheet, the Debtors, in part, focused their attention towards additional opportunities to maximize creditor recoveries through, among other things, sales of certain of the Debtors' assets. During such period, the Debtors consummated several asset sales (to Verizon Wireless, Verizon Business and others).

7. Cessation of the Debtors' Wireless Backhaul Business

No Participating Carrier elected to extend the Carrier Term Sheet. As a consequence, on April 30, 2013, the Debtors ceased operating their wireless backhaul business.

8. Vivint Master Lease Agreement

On September 23, 2013, the Debtors entered into a Master Spectrum Leasing Agreement (the "Vivint Agreement") with Vivint Wireless, Inc. Vivint Wireless - an affiliate of Vivint, North America's leading home automation company with over 800,000 customers - is a next-generation wireless internet service provider that utilizes proprietary technology to deploy fixed wireless networks in residential and commercial areas. The terms of the Vivint ~~Agreement~~ Agreement allow Vivint Wireless to lease FiberTower owned spectrum on a point-to-point link or area-wide basis at a pre-determined price for a period of ten (10) years or the remaining life of the underlying license, whichever is shorter. The terms and conditions of the Vivint Agreement

⁷ The "Participating Carriers" are: (i) VZW; (ii) T-Mobile USA, Inc.; (iii) MetroPCS Wireless, Inc.; (iv) MetroPCS Texas, LLC; (v) Cricket Communications, Inc.; (vi) Sprint Spectrum, L.P.; (vii) Sprint Communications Company, L.P.; (viii) Nextel of California, Inc.; (ix) Nextel Communications of the Mid-Atlantic, Inc.; (x) Nextel of New York, Inc.; (xi) Nextel South Corp.; (xii) Nextel of Texas, Inc.; (xiii) Nextel West Corp.; (xiv) Nextel Partners, Inc.; (xv) AT&T Services, Inc.; and (xvi) Clear Wireless LLC.

are consistent with similar types of lease agreements the Debtors have previously entered into in the ordinary course of their business. The Vivint Agreement also allows Vivint Wireless to lease, in accordance with the terms of the Vivint Agreement, licenses currently pending pursuant to the Petition for Reconsideration. Vivint Wireless views FiberTower's capabilities and systems as an ideal solution for Vivint Wireless's communications needs. The small-cell technologies being developed by FiberTower will provide near-term access to the broadband capacity that will be critical to the success of Vivint Wireless's next-generation networks, and thus allow Vivint Wireless to meet the growing customer demand for higher speed internet connectivity.

9. Committee "Standing" Motion

On August 6, 2013, the Committee filed its *Motion of the Official Committee of Unsecured Creditors for Authority to Commence Certain Actions on Behalf of and for the Benefit of the Debtors' Estates* [Docket No. 875] (the "Standing Motion"). In the Standing Motion, the Committee seeks sought authority from the Court to commence, prosecute, and/or settle certain alleged claims and/or causes of action against the Debtors' current and former directors and officers for purported breaches of the fiduciary duty of care in connection with the termination of certain of the Debtors' FCC Licenses pursuant to the FCC Opinion. On August 30, 2013, the Debtors, the Ad Hoc 2016 Committee and the indenture trustee for the 2016 Notes each filed objections to the Standing Motion. On October 24, 2013, the Committee filed its reply in support of the Standing Motion. The objections to the Standing Motion asserted, among other things, that the holders of 2016 Claims had a lien on the Estate D&O Claims. The Committee objected to such lien argument in its reply.

On October 29, 2013, at the Disclosure Statement Hearing, among other things, the Court denied, without prejudice, the Standing Motion. The Court requested that the parties submit additional briefing with respect to whether the holders of 2016 Claims have a lien on the Estate D&O Claims. Following the Disclosure Statement Hearing, the Debtors, the Ad Hoc 2016 Committee and the Committee held discussions relating to such lien issue. As a result of such discussions, the Debtors agreed to amend the Plan to provide that the Estate D&O Claims (and any proceeds thereof) are being transferred to the Litigation Trust for the benefit of holders of Allowed 2016 Deficiency Claims, Allowed 2016 Guaranty Deficiency Claims, Allowed 2012 Claims, Allowed 2012 Guaranty Claims, and Allowed General Unsecured Claims.

B. **EXCLUSIVITY**

Pursuant to three (3) orders of the Bankruptcy Court, the Debtors had the exclusive right to file a chapter 11 plan of reorganization until September 16, 2013, and have the exclusive right to solicit acceptances thereof until November 15, 2013.

The Debtors originally filed their Plan on September 16, 2013. The Debtors filed their First Amended Plan on September 27, 2013. The Debtors filed their Second Amended Plan on December 4, 2013. A hearing on confirmation of the Plan is scheduled for ~~1:30~~ January 15, 2014 at ~~1:30~~ 1:30 p.m. prevailing Central Time.

C. BAR DATES

As previously set forth, the Bar Date for all creditors of the Debtors, except Governmental Units, was December 4, 2012. The Bar Date for Governmental Units was January 13, 2013. The Bar Date for creditors to file requests for payments of Administrative Expense Claims incurred prior to or on April 30, 2013 was May 31, 2013 (the "Administrative Claims Initial Bar Date").

Under Section 2.1 of the Plan, requests for payment of Administrative Expense Claims accruing prior to the Effective Date and after April 30, 2013 must be filed no later than forty-five (45) days after the Effective Date (the "Administrative Claims Subsequent Bar Date"). Professional Persons holding Fee Claims also must file final application for payment of fees and reimbursement of expenses no later than forty-five (45) days after the Effective Date.

D. CLAIMS AGAINST THE DEBTORS

1. Summary

The Debtors estimate the following Claims amounts against their respective estates:⁸

FiberTower:

2016 Claims:	approximately \$131,779,772 ⁹
2012 Claims:	approximately \$30,057,243
Other Secured Claims:	approximately \$64,000
Priority Tax Claims:	approximately \$0
Priority Non-Tax Claims:	approximately \$0
General Unsecured Claims:	approximately \$214,270 ¹⁰
Administrative Claims:	approximately \$1,008,793 - \$1,123,493

Subsidiary Debtors:

2016 Guaranty Claims:	approximately \$131,779,772 ¹¹
2012 Guaranty Claims:	approximately \$30,057,243
Other Secured Claims:	approximately \$80,000
Priority Tax Claims:	approximately \$0
Priority Non-Tax Claims:	approximately \$0
General Unsecured Claims:	approximately \$4,140,000 -
	\$11,958,400 <u>44,000,000</u>
Administrative Claims:	approximately \$1,129,840 - \$2,022,130

⁸ Such amounts include amounts asserted in proofs of claim filed in the Debtors' chapter 11 cases (which the Debtors are in the process of reviewing).

⁹ Such amount does not include any accrued and unpaid interest, fees, expenses and other charges accruing prior to the Petition Date. In addition, such amount does not take into account approximately \$33,750,000 applied as payment of principal from the Petition Date through the Effective Date.

¹⁰ Such amount does not include any unsecured deficiency claim relating to the 2016 Notes or the 2012 Notes.

¹¹ Such amount does not include any accrued and unpaid interest, fees, expenses and other charges accruing prior to the Petition Date. In addition, such amount does not take into account approximately \$33,750,000 applied as payment of principal from the Petition Date through the Effective Date.

The Debtors are in the process of reviewing filed proofs of claim and the Debtors' records to determine the validity of the foregoing estimated Claims amounts. The Debtors will continue to conduct a Claims review and analysis in the normal course.

2. Secured Claims

The Debtors estimate that the total amount of Allowed 2016 Claims and Allowed 2016 Guaranty Claims as of the Petition Date will be approximately ~~\$98,029,772~~. 131,779,722, less any amounts applied as payment of principal from the Petition Date through the Effective Date. The holders of Allowed 2016 Claims and Allowed 2016 Guaranty Claims will receive (i) one hundred percent (100%) of the common equity in Reorganized FiberTower, in the form of shares of New FiberTower Common Stock and (ii) their Pro Rata share (together with the other Beneficiaries but without duplication) of the Litigation Trust Interests. Reorganized FiberTower shall be issued one hundred percent (100%) of the New FiberTower Subsidiary Equity Interests in Reorganized FiberTower Network Services and Reorganized FiberTower Licensing, and Reorganized FiberTower Licensing shall be issued one hundred percent (100%) of the New FiberTower Subsidiary Equity Interests in Reorganized FiberTower Spectrum.

The Debtors estimate that the total amount of Allowed 2012 Claims and Allowed 2012 Guaranty Claims will be approximately \$30,057,043. The holders of Allowed 2012 Claims and Allowed 2012 Guaranty Claims, whose liens are junior to those of the holders of Allowed 2016 Claims and Allowed 2016 Guaranty Claims, will ~~not receive any distribution under the Plan~~ be entitled to receive, in full satisfaction of such claim, their Pro Rata share (together with the other Beneficiaries but without duplication) of the Litigation Trust Interests.

The Debtors estimate that the total amount of Allowed Other Secured Claims will be approximately \$144,000 (consisting of Allowed Other Secured Claims against FiberTower and against the Subsidiary Debtors of approximately \$64,000 and \$80,000, respectively). Holders of Allowed Other Secured Claims shall either, at the Debtors' option: (i) be reinstated or otherwise rendered unimpaired in accordance with section 1124 of the Bankruptcy Code; (ii) be paid in the ordinary course of business in accordance with the course of practice between the Debtors and the Holders of such Allowed Other Secured Claim; or (iii) receive the Collateral securing such Allowed Other Secured Claim against FiberTower Corporation.

3. Priority Tax Claims

The Debtors estimate that the total amount of Allowed Priority Tax Claims will be approximately \$0. Holders of Priority Tax Claims, if any, will be paid in full on the Effective Date of the Plan.

4. Priority Non-Tax Claims

The Debtors estimate that the total amount of Allowed Priority Non-Tax Claims will be approximately \$0. Holders of Priority Non-Tax Claims, if any, will be paid in full under the Plan.

5. General Unsecured Claims

The Debtors estimate that the total amount of Allowed General Unsecured Claims will be approximately \$4,354,270.00 - ~~\$12,172,670.00~~44,214,270.00 (consisting of General Unsecured Claims against FiberTower of approximately \$214,270 and General Unsecured Claims against the Subsidiary Debtors of approximately \$4,140,000 - ~~\$11,958,400~~44,000,000, respectively). Holders of Allowed General Unsecured Claims will ~~receive no distribution under the Plan~~be entitled to receive, in full satisfaction of such claim, their Pro Rata share (together with the other Beneficiaries) of the Litigation Trust Interests.

Notwithstanding the foregoing, however, certain of the Debtors' unsecured creditors may have delivered goods to the Debtors within twenty (20) days prior to the Petition Date and may be entitled to payment in full for such delivered goods pursuant to Section 503(b)(9) of the Bankruptcy Code. The Debtors do not anticipate that there will be a significant amount, if any, of Claims subject to administrative expense claim status under Section 503(b)(9).

6. Administrative Expense Claims

As stated above, the Debtors estimate that, as of the Confirmation Date, there will be approximately \$2,138,633 - \$3,145,623 in Administrative Expense Claims (consisting of Administrative Expense Claims against FiberTower of approximately \$1,008,793 - \$1,123,493 and Administrative Expense Claims against the Subsidiary Debtors of approximately \$1,129,840- \$2,022,130, respectively). These amounts are comprised of the following:

- Approximately \$1,154,840- \$2,161,830 for unpaid postpetition accounts payable, postpetition taxes and administrative claims filed during the Debtors' chapter 11 cases; and
- Approximately \$983,793 in estimated legal and advisory fees for all of the Debtors' professionals, the Committee's professionals, the Ad Hoc 2016 Committee's professionals and the indenture trustee for the 2016 Notes' professionals.

Under the Plan, Allowed Administrative Expense Claims will be paid in full on the Effective Date.

V. THE REORGANIZED DEBTORS' BUSINESS AND FINANCIAL PROJECTIONS

Upon and following the Effective Date of the Plan, the Reorganized Debtors intend to continue the development and utilization of their 24 GHz and 39 GHz Spectrum Portfolio by working with established telecommunication equipment providers to create products incorporating the spectrum for carrier and government customers, making its spectrum available for lease to other service providers and seeking to develop other alternative uses.

Specifically, the Debtors believe the 24 GHz and 39 GHz Spectrum Portfolio is ideally suited to provide backhaul networks supporting "small cell" networks that carriers have announced they will be building in 2014 and beyond. A small cell is a compact cellular base station that typically provides a fraction of the coverage and capacity of a traditional "macro"

cell tower. They are often used to fill localized outdoor coverage gaps, provide high-quality in-building coverage and increase network capacity at heavy usage locations. The small cell equipment is typically deployed on street light-posts, utility poles and the exterior/interior façade/roofs of buildings. The Debtors believe their Spectrum Portfolio is suitable due to various reasons, including (i) the breadth of the Spectrum Portfolio, (ii) an excess of large contiguous channels, (iii) no antenna size restrictions, (iv) no interference, (v) the ability for customer project managers to plan over wide-areas, and (vi) the propagation qualities, which allow for extensive spectrum re-use when compared to traditional microwave bands.

Currently, the Debtors own forty-nine (49) wide-area licenses across both the 24 GHz and 39 GHz bands, and are engaged in an appeals process with the FCC for an additional 691 licenses that the FCC cancelled in November 2012 based on their determination that the licenses did not meet the “substantial service” standard for renewal. The Debtors have presented various proposals to the FCC offering to build-out some or all of the 691 terminated licenses in the Spectrum Portfolio over the next twenty-four (24) to thirty-six (36) months in exchange for reinstating some or all of such licenses subject to further construction. These discussions are continuing. As a consequence, the financial projections contained in this Disclosure Statement have been prepared showing both the continued legal expense of the appeal process and business development activities required to develop and utilize the 49 wide-area licenses the Debtors own that are not subject to the FCC appeals process.

As a condition to confirmation of the Plan, the Bankruptcy Code requires, among other things, that the Bankruptcy Court find that confirmation is not likely to be followed by either a liquidation or the need for further financial reorganization unless such liquidation or further reorganization is called for by the Plan. In connection with the Plan, and for purposes of satisfying this feasibility standard, the Debtors’ management has developed the financial projections (the “Projections”) set forth below for the Reorganized Debtors.

The Debtors prepared the Projections in good faith, based upon estimates and assumptions made by the Debtors’ management. The estimates and assumptions in the Projections, while considered reasonable by the Debtors’ management, may not be realized and are inherently subject to uncertainties and contingencies. Such estimates and assumptions are also based on factors such as industry performance and general business, economic, competitive, regulatory, market and financial conditions, all of which are difficult to predict and generally beyond the Debtors’ control. The Debtors considered the non-debtor subsidiaries [of FiberTower Solutions Corp., FiberTower Broadband Corp. and Teligent Services Acquisition, Inc.](#) in all of these analyses. The non-debtor subsidiaries [are non-operating entities that](#) have no assets, and the only liabilities of the non-debtor subsidiaries are guarantee obligations with respect to the 2012 Notes and 2016 Notes. As a result, no representations can be made as to the accuracy of the Projections or the Reorganized Debtors’ ability to achieve the projected results. The Projections may, therefore, not be relied upon as a guarantee or other assurance of actual results that will occur.

The Debtors did not prepare the Projections with a view towards complying with the guidelines for prospective financial statements published by the American Institute of Certified Public Accountants, and the Debtors’ auditor has not examined the Projections, determined the reasonableness thereof, or expressed an opinion with respect thereto. Neither the Debtors nor the

Reorganized Debtors intend to, and they each disclaim any obligation to, (i) furnish any updated projections to holders of Allowed Claims or Equity Interests prior to the Effective Date or to any party after the Effective Date (except as may otherwise be required by any Bankruptcy Court orders or definitive documentation entered into by the Debtors under the Plan upon the Effective Date or thereafter) or (ii) otherwise make such updated information publicly available.

A. SUMMARY OF FINANCIAL PROJECTIONS AND SIGNIFICANT UNDERLYING ASSUMPTIONS

Set forth below is a summary of the Projections regarding revenues, expenses, EBITDA, capital expenditures and the financing needs of the Debtors and the Reorganized Debtors for the fiscal year ended December 31, 2013 (“FY2013”) and fiscal years ended December 31, 2014 (“FY2014”) and December 31, 2015 (“FY2015”) (the “Projection Period”). The Projections are based on a number of assumptions, including the expectation that the Company has ample liquidity to achieve these Projections, either through the generation of free cash flow, significant cash reserves or availability under third party financing.

1. Revenue

The Debtors are expected to generate revenue by leasing their 24 and 39 GHz Spectrum Portfolio through either point-to-point spectrum leases or area-wide spectrum leases. During the Projection Period, the Debtors projected to lease increasing amounts of the 49 spectrum licenses that the Debtors own that are not subject to the pending FCC appeal.

2. Operating Expenses/Professional fees/taxes

The Debtors’ expenses predominantly relate to corporate overhead, and professional fees supporting the appeal process on-going with the FCC. The taxes relate to paying final administrative expenses specifically related to property taxes for the Company’s prior business.

3. Balance Sheet

The Debtors’ opening cash balance of \$2.0 million is the Debtors’ estimate of the remaining cash on-hand as of October 31, 2013. The Spectrum Portfolio value was estimated by evaluating certain recent spectrum transactions and considering the potential income derived from the spectrum leasing business.

B. FINANCIAL PROJECTIONS**FiberTower 3-Year Business Plan:
Consolidated Income Statement**

<i>NewCo Income Statement (\$000's)</i>				
<i>(\$000's)</i>	Total 2013 Forecast	Total 2014 Forecast	Total 2015 Forecast	Total 2013-2015
Revenue	\$ -	\$ 635	\$ 1,805	\$ 2,441
Operating expense	234	660	659	1,553
Professional fees	868	-	-	868
Taxes	394	235	-	629
Operating profit/(loss)	<u>\$ (1,496)</u>	<u>\$ (259)</u>	<u>\$ 1,147</u>	<u>\$ (609)</u>

**FiberTower 3-Year Business Plan:
Consolidated Balance Sheet**

<i>NewCo - Balance Sheet (\$000's)</i>			
	Total 2013 Forecast	Total 2014 Forecast	Total 2015 Forecast
Assets:			
Cash	\$ 1,069	\$ 809	\$ 1,956
FCC Licenses	6,000	6,000	6,000
Other Assets	-	-	-
Total Assets	<u>\$ 7,069</u>	<u>\$ 6,809</u>	<u>\$ 7,956</u>
Liabilities	-	-	-
Equity:			
Investment from Creditors	1,979	1,979	1,979
Retained earnings (losses)	5,090	4,830	5,977
Total liabilities + equity	<u>\$ 7,069</u>	<u>\$ 6,809</u>	<u>\$ 7,956</u>

VI. THE PLAN

As stated earlier, the Plan contemplates a reorganization of the Debtors and a restructuring of their various financial obligations. Set forth below is the treatment of each class of Claims and Equity Interests and the consideration to be paid to each member of each class under the Plan. The treatment and payment of Administrative Expense Claims are also discussed.

A. CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN

1. Treatment of Claims Against and Equity Interests in FiberTower (Debtor 1).

- Class 1A – Priority Non-Tax Claims. Except to the extent that a Holder of an Allowed Priority Non-Tax Claim against FiberTower agrees to a less favorable treatment, each such holder shall receive, in full satisfaction of such Claim, payment in full in Cash on the later of (A) the Effective Date or (B) ten (10) days after entry of an order by the Bankruptcy Court allowing such Priority Non-Tax Claim. Class 1A is unimpaired by the Plan. Each holder of an Allowed Priority Non-Tax Claim against FiberTower is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.
- Class 1B – 2016 Claims. On the Effective Date, except to the extent that a Holder of an Allowed 2016 Claim agrees to less favorable treatment, each Holder of an Allowed 2016 Claim shall be entitled to receive, in full satisfaction of such Claim, (i) its Pro Rata share of one hundred percent (100%) of the New FiberTower Common Stock and (ii) its Pro Rata share (together with the other Beneficiaries, but without duplication of the Allowed 2016 Guaranty Deficiency Claims) of the Litigation Trust Interests to the extent of its 2016 Deficiency Claim. The 2016 Claims shall be Allowed-~~Corporation~~ in the aggregate amount of \$131,779,772.00 plus accrued and unpaid interest, fees, expenses and other charges accruing prior to the Petition Date, less any amounts applied as payment of principal from the Petition Date through the Effective Date. The 2016 Deficiency Claims shall be Allowed in the aggregate amount of \$89,529,772. Class 1B is impaired by the Plan. Each holder of an Allowed 2016 Claim is entitled to vote to accept or reject the Plan.
- Class 1C – Other Secured Claims. On the Effective Date, except to the extent that a Holder of an Allowed Other Secured Claim against FiberTower agrees to less favorable treatment, each holder of an Allowed Other Secured Claim against FiberTower shall, at the Debtors' option (after consultation with the Consenting Noteholders): (i) be reinstated or otherwise rendered unimpaired in accordance with Section 1124 of the Bankruptcy Code, notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the Holder of an Allowed Other Secured Claim against FiberTower to demand or receive payment of such Claim prior to its stated maturity from and after the occurrence of an event of default; (ii) be paid in the ordinary course of business in accordance with the course of practice between the Debtors and such Holder with respect to such Allowed Other Secured Claim against FiberTower; or (iii) receive the Collateral securing such Allowed Other Secured Claim against FiberTower. Class 1C is unimpaired by the Plan. Each Holder of an Allowed Other Secured Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

- Class 1D – 2012 Claims. On the Effective Date, ~~all 2012 Claims against FiberTower shall be discharged and extinguished. Holders of 2012 Claims against FiberTower shall neither receive nor retain any property under the Plan on account of such Claims~~except to the extent that a Holder of an Allowed 2012 Claim agrees to less favorable treatment, each Holder of an Allowed 2012 Claim against FiberTower Corporation shall be entitled to receive, in full satisfaction of such Claim, its Pro Rata share (together with the other Beneficiaries, but without duplication of the Allowed 2012 Guaranty Claims) of the Litigation Trust Interests. Class 1D is impaired by the Plan. Each Holder of an Allowed 2012 Claim ~~against FiberTower is conclusively presumed~~is deemed to have rejected the Plan and is therefore not entitled to vote to accept or reject the Plan.
- Class 1E – General Unsecured Claims. On the Effective Date, ~~each~~except to the extent that a Holder of an Allowed General Unsecured Claim against FiberTower Corporation agrees to less favorable treatment, each holder of an Allowed General Unsecured Claim against FiberTower ~~shall be discharged and extinguished. Holders of General Unsecured Claims against FiberTower shall neither receive nor retain any property under the Plan on account of such Claims~~Corporation shall be entitled to receive, in full satisfaction of such Claim, its Pro Rata share (together with the other Beneficiaries) of the Litigation Trust Interests. Class 1E is impaired by the Plan. Each Holder of an Allowed General Unsecured Claim against FiberTower ~~is conclusively presumed~~Corporation is deemed to have rejected the Plan- and is therefore not entitled to vote to accept or reject the Plan.
- Class 1F – Intercompany Claims. On the Effective Date, each Intercompany Claim against FiberTower shall be extinguished and all Holders of Intercompany Claims against FiberTower shall neither receive nor retain any property under the Plan on account of such Claims. Class 1F is impaired by the Plan. Each Holder of an Allowed Intercompany Claim against FiberTower is conclusively presumed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.
- Class 1G – FiberTower Equity Interests. On the Effective Date, all FiberTower Equity Interests shall be cancelled and extinguished. Holders of such FiberTower Equity Interests shall not receive nor retain any property under the Plan on account of such FiberTower Equity Interests. Class 1G is impaired by the Plan. Each Holder of a FiberTower Equity Interest is conclusively presumed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

2. Treatment of Claims Against and Equity Interests in the Subsidiary Debtors (Debtors 2 through 4).

- Classes 2A through 4A – Priority Non-Tax Claims. Except to the extent that a Holder of an Allowed Priority Non-Tax Claim against a Subsidiary Debtor

agrees to a less favorable treatment, each such Holder shall receive, in full satisfaction of such Claim, payment in full in Cash on the later of (A) the Effective Date or (B) ten (10) days after entry of an order by the Bankruptcy Court allowing such Priority Non-Tax Claim against a Subsidiary Debtor. Classes 2A through 4A are unimpaired by the Plan. Each Holder of an Allowed Priority Non-Tax Claim against a Subsidiary Debtor is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

- Class 2B through 4B – 2016 Guaranty Claims. On the Effective Date, except to the extent that a Holder of an Allowed 2016 Guaranty Claim agrees to less favorable treatment, each Holder of an Allowed 2016 Guaranty Claim shall be entitled to receive, in full satisfaction of such Claim, (i) its Pro Rata share of one hundred percent (100%) of the New FiberTower Common Stock and (ii) its Pro Rata share (together with the other Beneficiaries, but without duplication of the Allowed 2016 Deficiency Claim) of the Litigation Trust Interests to the extent of its 2016 Guaranty Deficiency Claim. Reorganized FiberTower shall own one hundred percent (100%) of the New FiberTower Subsidiary Equity Interests in Reorganized FiberTower Network Services and Reorganized FiberTower Licensing, and Reorganized FiberTower Licensing shall own one hundred percent (100%) of the New FiberTower Subsidiary Equity Interests in Reorganized FiberTower Spectrum. The 2016 Guaranty Claims shall be Allowed in the aggregate amount of \$131,779,772.00 plus accrued and unpaid interest, fees, expenses and other charges accruing prior to the Petition Date, less any amounts applied as payment of principal from the Petition Date through the Effective Date. The 2016 Guaranty Deficiency Claims shall be Allowed in the aggregate amount of \$89,529,772. Classes 2B through 4B are impaired by the Plan. Each Holder of an Allowed 2016 Guaranty Claim is entitled to vote to accept or reject the Plan.
- Classes 2C through 4C – Other Secured Claims. On the Effective Date, except to the extent that a holder of an Allowed Other Secured Claim against a Subsidiary Debtor agrees to less favorable treatment, each Holder of an Allowed Other Secured Claim against a Subsidiary Debtor shall, at the Debtors' option: (i) be reinstated or otherwise rendered unimpaired in accordance with Section 1124 of the Bankruptcy Code, notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the Holder of an Allowed Other Secured Claim against a Subsidiary Debtor to demand or receive payment of such Claim prior to its stated maturity from and after the occurrence of an event of default; (ii) be paid in the ordinary course of business in accordance with the course of practice between the Debtors and such holder with respect to such Allowed Other Secured Claim against a Subsidiary Debtor; or (iii) receive the Collateral securing such Allowed Other Secured Claim against a Subsidiary Debtor. Classes 2C through 4C are unimpaired by the Plan. Each Holder of an Allowed Other Secured Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

- Class 2D through 4D - 2012 Guaranty Claims. On the Effective Date, ~~all 2012 Guaranty Claims shall be discharged and extinguished. Holders of 2012 Guaranty Claims shall neither receive nor retain any property under the Plan on account of such Claims~~ except to the extent that a Holder of an Allowed 2012 Guaranty Claim agrees to less favorable treatment, each Holder of an Allowed 2012 Guaranty Claim shall be entitled to receive, in full satisfaction of such Claim, its Pro Rata share (together with the other Beneficiaries, but without duplication of the Allowed 2012 Claims) of the Litigation Trust Interests. Classes 2D through 4D are impaired by the Plan. Each Holder of an Allowed 2012 Guaranty Claim is ~~conclusively presumed~~ deemed to have rejected the Plan and is therefore not entitled to vote to accept or reject the Plan.
- Class 2E through 4E – General Unsecured Claims. On the Effective Date, ~~each~~ except to the extent that a Holder of an Allowed General Unsecured Claim against the Subsidiary Debtors agrees to less favorable treatment, each holder of an Allowed General Unsecured Claim against a Subsidiary Debtor shall be discharged and extinguished. Holders of General Unsecured Claims against a Subsidiary Debtor shall neither receive nor retain any property under the Plan on account of such Claims. the Subsidiary Debtors shall be entitled to receive, in full satisfaction of such Claim, its Pro Rata share (together with the other Beneficiaries) of the Litigation Trust Interests. Classes 2E through 4E are impaired by the Plan. Each Holder of an Allowed General Unsecured Claim against a Subsidiary Debtor is ~~conclusively presumed~~ deemed to have rejected the Plan and is therefore not entitled to vote to accept or reject the Plan.
- Classes 2F through 4F – Intercompany Claims. On the Effective Date, each Intercompany Claim against a Subsidiary Debtor shall be extinguished and all Holders of Intercompany Claims against the Subsidiary Debtors shall neither receive nor retain any property under the Plan on account of such Claims. Classes 2F through 4F are impaired by the Plan. Each Holder of an Allowed Intercompany Claim against a Subsidiary Debtor is conclusively presumed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.
- Class 2G through 4G – Other Equity Interests. On the Effective Date, all Other Equity Interests shall be cancelled and extinguished. On and after the Effective Date, Reorganized FiberTower shall own one hundred percent (100%) of the New FiberTower Subsidiary Equity Interests in Reorganized FiberTower Network Services and Reorganized FiberTower Licensing, and Reorganized FiberTower Licensing shall own one hundred percent (100%) of the New FiberTower Subsidiary Equity Interests in Reorganized FiberTower Spectrum. Classes 2G through 4G are impaired by the Plan. Each Holder of an Other Equity Interest is conclusively presumed to have rejected the Plan pursuant to section 1126(g) and is therefore not entitled to vote to accept or reject the Plan.

B. ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS

The Bankruptcy Code requires that all Administrative Expense Claims against the Debtors' estates be paid in full in cash on the Effective Date of the Plan, unless the holder of such a Claim agrees to a different treatment. Administrative Expense Claims and Priority Tax Claims are not classified under the Plan. Except to the extent the holder of an Administrative Expense Claim has agreed to a different treatment, each such holder shall receive Cash in full payment of the Allowed amount of such Claim on the later of (i) the Effective Date or (ii) ten (10) days after a Bankruptcy Court order allowing such Administrative Expense Claim has been entered on the Bankruptcy Court's docket. Except to the extent that a holder of a Priority Tax Claim has agreed to a different treatment, each holder of an Allowed Priority Tax Claim shall receive, (i) Cash in full payment of the Allowed amount of such Claim, or (ii) regular installment payments of Cash (a) having a total value, as of the Effective Date, equal to the Allowed amount of the Claim, (b) over a period ending not later than five (5) years after the Petition Date, and (c) in a manner not less favorable than the most favored non-priority Allowed General Unsecured Claim provided for by the Plan (other than Cash payments made to a class of creditors under Section 1122(b) of the Bankruptcy Code).

To the extent interest is required to be paid on any Priority Tax Claim, the rate of such interest shall be the rate determined under applicable nonbankruptcy law, as set forth in Section 511 of the Bankruptcy Code. To the extent the holder of an Allowed Priority Tax Claim has a Lien on the Debtors' property, such Lien shall remain in place until such Allowed Priority Tax Claim has been paid in full. On and after the Effective Date, the Debtors will pay all *ad valorem* property taxes as they become due, in the ordinary course of business.

As previously described, the Administrative Claims Initial Bar Date for Administrative Expense Claims incurred prior to or on April 30, 2013 was May 31, 2013 (other than (i) all Fee Claims; (ii) all claims for fees payable to the Clerk of the United States Bankruptcy Court for the Northern District of Texas; (iii) all U.S. Trustee Fees; (iv) all Administrative Expense Claims that arise on or after May 1, 2013; (v) any claim by a governmental unit for a tax or penalty described in section 503(b)(1)(B) and (C) of the Bankruptcy Code (as provided for in section 503(b)(1)(D) of the Bankruptcy Code); and (vi) any Cash Collateral Order Claims.

Pursuant to Section 2.1 of the Plan, holders of Administrative Expense Claims (other than Fee Claims, Cash Collateral Order Claims and U.S. Trustee Fees) which were not required to be filed prior to the Administrative Expense Claim Initial Bar Date, including, for the avoidance of doubt: (i) all claims for fees payable to the Clerk of the United States Bankruptcy Court for the Northern District of Texas; (ii) all Administrative Expense Claims that arise on or after May 1, 2013; and (iii) any claim by a governmental unit for a tax or penalty described in section 503(b)(1)(B) and (C) of the Bankruptcy Code (as provided for in section 503(b)(1)(D) of the Bankruptcy Code), must file with the Bankruptcy Court a request for payment of such Claims no later than the Administrative Claims Subsequent Bar Date (which date is the date that is forty-five (45) days after the Effective Date), unless an earlier date has been set by separate order of the Bankruptcy Court. Pursuant to Section 2.2 of the Plan, Professional Persons holding Fee Claims that have not been the subject of a final fee application and accompanying Bankruptcy Court order shall file a final application for payment of fees and reimbursement of expenses no later than the date that is forty-five (45) days after the Effective Date.

C. IMPLEMENTATION OF THE PLAN

1. Reorganization of the Debtors

On the Effective Date, (i) all Equity Interests and Other Equity Interests in the Debtors shall be cancelled and terminated, (ii) one hundred percent (100%) of the shares of New FiberTower Common Stock shall be issued *pro rata* to the Holders of Allowed 2016 Claims, (iii) one hundred percent (100%) of the New FiberTower Subsidiary Equity Interests in Reorganized FiberTower Network Services shall be issued to Reorganized FiberTower, (iv) one hundred percent (100%) of the New FiberTower Subsidiary Equity Interests in Reorganized FiberTower Licensing shall be issued to Reorganized FiberTower and (v) one hundred percent (100%) of the New FiberTower Subsidiary Equity Interests in Reorganized FiberTower Spectrum shall be issued to Reorganized FiberTower Licensing.

2. New Stockholders Agreement

On the Effective Date, Reorganized FiberTower and all of the holders of New FiberTower Common Stock then outstanding shall be deemed to be parties to the New Stockholders Agreement, substantially in the form contained in the Plan Supplement, without the need for execution by any such holder other than Reorganized FiberTower. The New Stockholders Agreement shall be binding on all parties receiving, and all holders of, New FiberTower Common Stock regardless of whether such parties execute the New Stockholders Agreement.

3. Reorganized Debtors' Directors and Officers and Governing Documents

On the Effective Date, the initial boards of directors of each of the Reorganized Debtors shall consist of those individuals identified in a filing to be made with the Bankruptcy Court on or before the date of the Confirmation Hearing. The New Board of Reorganized FiberTower will consist of three (3) members to be designated by the Ad Hoc 2016 Committee.

The compensation arrangement for any insider of the Debtors that shall become an officer of a Reorganized Debtor will be disclosed in the Plan Supplement.

The New FiberTower Governing Documents shall be adopted as may be required in order to be consistent with the provisions of this Plan and the Bankruptcy Code. The New FiberTower Governing Documents shall, as applicable and among other things, (a) authorize the issuance of New FiberTower Common Stock in amounts not less than the amounts necessary to permit the distributions thereof required or contemplated by the Plan, and (b) provide, pursuant to Section 1123(a)(6) of the Bankruptcy Code, for a provision prohibiting the issuance of nonvoting equity securities. Forms of the New FiberTower Governing Documents will be contained in the Plan Supplement.

4. General Corporate Action

Upon the Effective Date, all actions contemplated by the Plan shall be deemed authorized and approved in all respects, including, without limitation, (i) selection of the directors and

officers of the Reorganized Debtors, (ii) the issuance of the New FiberTower Common Stock and the New FiberTower Subsidiary Equity Interests, and (iii) all other actions contemplated by the Plan (whether to occur before, on or after the Effective Date). All matters provided for in the Plan involving the corporate structure of the Debtors and the Reorganized Debtors, and any corporate action required by the Debtors and/or the Reorganized Debtors in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by any holders of Equity Interests, the New FiberTower Common Stock or the New FiberTower Subsidiary Equity Interests, or the managing members, directors or officers of the Debtors or the Reorganized Debtors. On or (as applicable) prior to the Effective Date, the appropriate officers of the Debtors and the Reorganized Debtors shall be authorized and directed to issue, execute and deliver the agreements, documents, securities, and instruments contemplated by the Plan (or necessary or desirable to effect the transactions contemplated by the Plan) in the name of and on behalf of the Reorganized Debtors. Such authorizations and approvals shall be effective notwithstanding any requirements under non-bankruptcy law.

5. Litigation Trust

On the Effective Date, the Reorganized Debtors, on their own behalf and on behalf of the Beneficiaries, shall execute the Litigation Trust Agreement and shall take all other steps necessary to establish the Litigation Trust in accordance with and pursuant to the terms of the Litigation Trust Agreement. The Litigation Trustee and the Litigation Trust shall be subject to oversight by the Trust Advisory Board as provided in the Litigation Trust Agreement. In the exercise of its oversight responsibilities, the Trust Advisory Board shall consider the impact on the Reorganized Debtors' interests in the pending appeal (and any future appeals) of the FCC Opinion in connection with pursuing the Estate D&O Claims.

The Litigation Trust shall be established for the sole purpose of liquidating the Litigation Trust Assets, in accordance with Treasury Regulation Section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business.

The Reorganized Debtors shall transfer the Litigation Trust Assets to the Litigation Trust. Such transfers shall be exempt from any stamp, real estate transfer, mortgage reporting, sales, use or other similar tax. Upon delivery of the Litigation Trust Assets to the Litigation Trust, the Reorganized Debtors shall be released from all liability with respect to the delivery of such distributions. Any recoveries on account of the Litigation Trust Assets shall be distributed to holders of the Litigation Trust Interests in accordance with the Plan and the Litigation Trust Agreement. To the extent that any Litigation Trust Assets cannot be transferred to the Litigation Trust because of a restriction on transferability under applicable non-bankruptcy law that is not superseded or preempted by section 1123 of the Bankruptcy Code or any other provision of the Bankruptcy Code, such Litigation Trust Assets shall be deemed to have been retained by the Reorganized Debtors and the Litigation Trustee shall be deemed to have been designated as a representative of Reorganized Debtors pursuant to section 1123(b)(3)(B) of the Bankruptcy Code to enforce and pursue such Litigation Trust Assets on behalf of the Reorganized Debtors. Notwithstanding the foregoing, all proceeds of such Litigation Trust Assets shall be transferred to the Litigation Trust to be distributed to holders of the Litigation Trust Interests consistent with the terms of the Plan and the Litigation Trust Agreement.

For U.S. federal income tax purposes, the Reorganized Debtors, the Litigation Trustee and the Beneficiaries will treat the transfer of assets to the Litigation Trust as a transfer by the Debtors of the Litigation Trust Assets to the Beneficiaries, followed by a transfer of such Litigation Trust Assets by the Beneficiaries to the Litigation Trust. Accordingly, for U.S. federal income tax purposes, the Litigation Trust shall be treated as one or more grantor trusts, and the Beneficiaries receiving Litigation Trust Interests shall be treated as the grantors and deemed owners of the Litigation Trust.

The Litigation Trustee or its designee shall be the Disbursing Agent for holders of Litigation Trust Interests and, from and after the Effective Date, the Reorganized Debtors shall provide the Litigation Trustee with such information as may be reasonably requested by the Litigation Trustee regarding the claims register for purposes of making distributions on account of Litigation Trust Interests. The Litigation Trustee shall make all distributions on account of Allowed 2016 Deficiency Claims and 2016 Guaranty Deficiency Claims at the direction and with the consent of the 2016 Agent, who shall direct the Disbursing Agent to deliver such distributions to the Holders of 2016 Deficiency Claims and 2016 Guaranty Deficiency Claims in accordance with the provisions of this Plan and the terms of the 2016 Indenture. Any distribution made by the Litigation Trustee for the Holders of 2016 Deficiency Claims and 2016 Guaranty Deficiency Claims shall be held for the benefit of the 2016 Agent and remain subject to any charging lien held by the 2016 Agent.

In connection with the transfer of the Litigation Trust Assets, any attorney-client privilege, work-product privilege or other privilege or immunity attaching to any documents or communications (whether written or oral) shall be transferred to the Litigation Trust and shall vest in the Litigation Trustee and its representatives. The Confirmation Order shall provide that the Litigation Trustee's receipt of transferred privileges shall be without waiver in recognition of the joint and/or successorship interest in prosecuting claims on behalf of Debtors' Estates.

To the extent the Litigation Trust Interests are deemed to be "securities," the issuance of such Litigation Trust Interests under the Plan is exempt, pursuant to section 1145 of the Bankruptcy Code, from registration under the Securities Act of 1933, as amended, and any applicable state and local laws mandating the registration of securities. See Section X, "Securities Law Matters."

6. ~~5.~~ Continued Separate Existence

Subject to the transactions contemplated by the Plan, and except as provided in the Plan, the Reorganized Debtors shall continue to exist after the Effective Date as separate legal entities, with all the powers afforded to them under applicable law in the jurisdiction in which they are organized and pursuant to the organizational documents in effect with respect to them prior to the Effective Date, except to the extent such organizational documents are amended by, or are to be amended pursuant to, the Plan or otherwise, without prejudice to any right to terminate such existence (whether by merger or otherwise) under applicable law after the Effective Date.

D. DESCRIPTION OF NEW FIBERTOWER COMMON STOCK AND NEW FIBERTOWER SUBSIDIARY EQUITY INTERESTS

The Plan provides for the issuance of one (1) class of New FiberTower Common Stock. As set forth herein and in the Plan, one hundred percent (100%) of the New FiberTower Common Stock will be issued *pro rata* to the holders of Allowed 2016 Claims and Allowed 2016 Guaranty Claims.

The Plan also provides for the issuance of New FiberTower Subsidiary Equity Interests. As set forth herein and in the Plan, one hundred percent (100%) of the New FiberTower Subsidiary Equity Interests in Reorganized FiberTower Network Services and Reorganized

FiberTower Licensing shall be issued to Reorganized FiberTower and one hundred percent (100%) of the New FiberTower Subsidiary Equity Interests in Reorganized FiberTower Spectrum shall be issued to Reorganized FiberTower Licensing.

The New FiberTower Common Stock will be subject to the New Stockholders Agreement, which will (i) govern the holders of New FiberTower Common Stock, and (ii) be filed with the Bankruptcy Court as part of the Plan Supplement.

VII. ADDITIONAL PROVISIONS AND EFFECT OF THE PLAN

A. LEGAL EFFECT OF THE PLAN

1. Discharge of the Debtors

Except as otherwise expressly provided in the Plan or in the Confirmation Order, upon the Effective Date, and in consideration of the distributions to be made under the Plan, each Holder (as well as any trustees or agents on behalf of each holder) of a Claim or Equity Interest and any affiliate of such Holder shall be deemed to have forever waived, released and discharged the Debtors, to the fullest extent permitted under Section 1141 or any other applicable provisions of the Bankruptcy Code, of and from any and all Claims, Equity Interests, rights and liabilities that arose prior to the Effective Date, regardless of whether or not (i) a proof of Claim or Equity Interest has been filed, (ii) such Claim or Equity Interest was Allowed, (iii) the holder of such Claim or Equity Interest has voted to accept or reject the Plan, or (iv) any property shall have been distributed or retained pursuant to the Plan on account of such Claims or Equity Interests, and the Debtors and their Estates shall be deemed discharged and released from any such Claims or Equity Interests. Upon the Effective Date, all such Persons shall be forever precluded and enjoined, pursuant to Section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or terminated Equity Interest in the Debtors.

2. Exculpations

None of the Released Parties (each solely in their capacity as such), shall have or incur any liability to any holder of any Claim or Interest or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or agents acting in such capacity, or affiliates, or any of their successors or assigns, for any act or omission in connection with, or arising out of the Debtors' restructuring, including without limitation, the negotiation, implementation and execution of the Plan, the Chapter 11 Cases, the Disclosure Statement, the solicitation of votes for and the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, including, without limitation, all documents ancillary thereto, all decisions, actions, inactions and alleged negligence or misconduct relating thereto and all prepetition activities leading to the promulgation and confirmation of the Plan except for willful misconduct, gross negligence, fraud or criminal acts, each as determined by a Final Order of the Bankruptcy Court.

3. Releases

a. By the Debtors

Except as otherwise provided in the Plan or the Confirmation Order, as of the Effective Date, the Debtors and Reorganized Debtors, in their individual capacities and as debtor in possession, shall be deemed to forever release, waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities (other than the rights of the Debtors or Reorganized Debtors to enforce the Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder) against the Released Parties, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, their affiliates and former affiliates, the Reorganized Debtors, the Chapter 11 Cases, or the Plan or this Disclosure Statement, and that could have been asserted by or on behalf of the Debtors or their Estates or Reorganized Debtors, whether directly, indirectly, derivatively or in any representative or any other capacity, other than claims or liabilities arising out of or relating to any act or omission of a Released Party to the extent such act or omission is determined by a Final Order to have constituted willful misconduct, gross negligence, fraud or a criminal act; *provided, however*, that Section 11.4(a) of the Plan shall not provide for a release of ~~any~~the Estate D&O Claims, any claims or Causes of Action arising under chapter 5 of the Bankruptcy Code or any claims or Causes of Action set forth on Schedule 11.4(a) of the Plan.

b. By Third Parties

Except as otherwise provided in the Plan or the Confirmation Order, on the Effective Date: (i) each of the Released Parties; and (ii) to the fullest extent permissible under applicable law, as such law may be extended or interpreted subsequent to the Effective Date, all holders of Claims and Interests, in consideration for the obligations of the Debtors and Reorganized Debtors under the Plan, the New FiberTower Common Stock, and other contracts, instruments, releases, agreements or documents executed and delivered in connection with the Plan, and each entity (other than the Debtors or the Reorganized Debtors) that has held, holds or may hold a Claim or Equity Interest, as applicable, will be deemed to have consented to the Plan for all purposes and the restructuring embodied herein and deemed to forever release, waive and discharge all claims, demands, debts, rights, Causes of Action or liabilities (other than the right to enforce the obligations of any party under the Plan and the contracts, instruments, releases, agreements and documents delivered under or in connection with the Plan) against the Released Parties, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, their affiliates and former affiliates, the Reorganized Debtors, the Reorganization Cases, or the Plan or this Disclosure Statement, other than claims or liabilities arising out of or relating to any act or omission of a Released Party to the extent such act or omission is determined by a Final Order to have constituted willful misconduct, gross negligence, fraud or a criminal act.

The Committee and the 2012 Agent have objected to the scope and breadth of the releases provided for in the Plan. The Debtors anticipate that the issues relating to the releases provided for in the Plan will be addressed in connection with confirmation of the Plan.

4. Injunction and Stay

Except as otherwise provided in this Plan or the Confirmation Order, as of the Confirmation Date, but subject to the occurrence of the Effective Date, all Persons who have held, hold or may hold Claims against or Interests in the Debtors or the Estates are, with respect to any such Claims or Interests, permanently enjoined after the Confirmation Date from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Debtors, the Reorganized Debtors, the Estates or any of their property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons or any property of any such transferee or successor; (ii) enforcing, levying, attaching (including, without limitation, any pre-judgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order against the Debtors, the Reorganized Debtors, or the Estates or any of their property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons, or any property of any such transferee or successor; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtors, the Reorganized Debtors, or the Estates or any of their property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of this Plan to the full extent permitted by applicable law; and (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of this Plan; provided, however, that nothing contained herein shall preclude such Persons from exercising their rights, or obtaining benefits, pursuant to and consistent with the terms of this Plan.

5. Indemnification Obligations

Notwithstanding anything to the contrary in the Plan, subject to the occurrence of the Effective Date, and solely to the extent of applicable insurance proceeds, the obligations of the Debtors as provided in the Debtors' respective certificates of formation, certificates of incorporation, bylaws, limited liability company agreements or other organizational documents, applicable law or other applicable agreement as of the Petition Date to indemnify, defend, reimburse, exculpate, advance fees and expenses to, or limit the liability of members, managers, directors, or officers who were members, managers, directors or officers of the Debtors at any time prior to the Effective Date, respectively, against any claims or causes of action whether direct or derivative, liquidated or unliquidated, fixed or contingent, disputed or undisputed, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, shall survive confirmation of the Plan, remain unaffected thereby after the Effective Date and not be discharged, irrespective of whether such indemnification, defense, advancement, reimbursement, exculpation, or limitation is owed in connection with an event occurring before or after the Petition Date. Any Claim based on the Debtors' indemnification obligations shall not be a

Disputed Claim or subject to any objection in either case by reason of section 502(e)(1)(B) of the Bankruptcy Code.

6. Preservation of Claims and Compromise of Controversies

Except as otherwise provided in the Plan, including Sections 11.2, 11.3 and 11.4 thereof, as of and after the Effective Date, pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code, any Cause of Action accruing to the Debtors, including, but not limited to Causes of Action that may exist against any party listed in the Debtors' statements of financial affairs and/or schedules of assets and liabilities, are reserved for and shall become assets of the Reorganized Debtors, and the Reorganized Debtors shall have the authority, without approval of the Bankruptcy Court, to commence, prosecute, enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all Causes of Action, whether in law or in equity, whether known or unknown for the benefit of the Debtors or the Estates (including, for the avoidance of doubt, all of the Debtors' interests in the pending appeal, and any future appeals, of the FCC Opinion). The failure to explicitly list any Causes of Action or other potential or existing claims of the Debtors or the Estates is not intended to limit the rights of the Reorganized Debtors to pursue any Causes of Action and claims not so identified. The Debtors shall file a non-exhaustive list of Causes of Action at least fifteen (15) Business Days before the Confirmation Hearing; provided, however, that notwithstanding any otherwise applicable principle of law or equity, including any principles of judicial estoppel, res judicata, collateral estoppel, issue preclusion, or any similar doctrine, the failure to list, disclose, describe, identify, analyze, or refer to any Cause of Action, or potential Cause of Action, in the Plan, the Disclosure Statement, or any other document filed with Bankruptcy Court shall in no manner waive, eliminate, modify, release, or alter the Debtors', the Estates', or the Reorganized Debtors' right to commence, prosecute, defend against, settle, and realize upon any Cause of Action that the Debtors and the Estates have or may have as of the Confirmation Date. Notwithstanding the foregoing, the following shall be reserved for the Litigation Trust and become Litigation Trust Assets: (i) any claims or Causes of Action arising under chapter 5 of the Bankruptcy Code or the proceeds thereof, and (ii) the Estate D&O Claims or the proceeds thereof. The Litigation Trustee is authorized to pursue such retained Claims, rights or Causes of Action, suits, or proceedings as appropriate, in accordance with the terms of the Litigation Trust Agreement.

In consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan constitute a good faith compromise and settlement of all Claims and controversies resolved under the Plan, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of such compromise and settlement under Bankruptcy Rule 9019.

Except as otherwise provided in the Plan or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, in accordance with Section 1123(b) of the Bankruptcy Code, the Reorganized Debtors shall retain and may, without the need for any further Bankruptcy Court approval, enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all Causes of Action, whether in law or in equity, whether known or unknown, that the Debtors or their Estates may hold against any Person or entity. The Reorganized Debtors may pursue such retained Claims, rights or causes of action, suits, or proceedings as appropriate, in accordance with the best interests of the Reorganized Debtors.

7. Vesting of Assets

Upon the Effective Date, pursuant to Sections 1141(b) and (c) of the Bankruptcy Code, all property of the Debtors' Estates shall vest in the Reorganized Debtors, as set forth in the Plan, free and clear of all Claims, Liens, encumbrances, charges and other interests, except as otherwise provided in the Plan.

B. CONDITIONS PRECEDENT TO CONFIRMATION AND THE EFFECTIVE DATE

1. Conditions to Confirmation

Confirmation of the Plan shall not occur until each of the following conditions precedent have been satisfied or waived:

(a) the Confirmation Order shall be in form and substance acceptable to the Debtors and the Ad Hoc 2016 Committee; and

(b) the Plan and Plan Supplement, including any amendments, modifications, or supplements thereto shall be in form and substance acceptable to the Debtors and the Ad Hoc 2016 Committee.

2. Conditions to Effective Date

The Effective Date of the Plan shall not occur until each of the following conditions precedent have been satisfied or waived:

(a) the Confirmation Order shall not have been stayed pending appeal;

(b) all material actions and all material agreements, instruments or other documents necessary to implement the terms and provisions of the Plan shall have been executed and delivered by the parties thereto, including, but not limited to, the New FiberTower Governing Documents ~~and~~ the New Stockholders Agreement, and the Litigation Trust Agreement, and, in each case, all conditions to their effectiveness shall have been satisfied or waived as provided therein;

(c) the Debtors shall have received all authorizations, consents, regulatory approvals, rulings, no-action letters, opinions or documents necessary to implement the Plan and that are required by law, regulation or order of the transactions contemplated by the Plan;

(d) the Debtors shall have obtained approval from the FCC with respect to the transfer from FiberTower Spectrum to Reorganized FT Spectrum Holdings of the licenses that were not terminated by the FCC pursuant to the FCC Opinion;

(e) the New FiberTower Common Stock shall have been issued to Holders of Allowed 2016 Claims and Allowed 2016 Guaranty Claims;

(f) the New FiberTower Subsidiary Equity Interests shall have been issued to, (i) Reorganized FiberTower (with respect to the New FiberTower Subsidiary Equity Interests in Reorganized FiberTower Network Services and Reorganized FiberTower Licensing), and (ii) Reorganized FiberTower Licensing (with respect to the New FiberTower Subsidiary Equity Interests in Reorganized FiberTower Spectrum); and

(g) the reasonable 2016 Agent Fees and Expenses and the Ad Hoc 2016 Committee Fees and Expenses shall have been paid in full in Cash.

3. Waiver of Conditions to Effective Date

Any of the foregoing conditions (with the exception of entry of the Confirmation Order, and conditions B(2)(d) and B(2)(g) immediately above) may be waived only by the Debtors and the Ad Hoc 2016 Committee without notice to or order of the Bankruptcy Court. The failure to satisfy or waive any condition may be asserted by the Debtors and/or the Ad Hoc 2016 Committee regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtors). The failure of the Debtors and/or the Ad Hoc 2016 Committee to exercise any of the foregoing rights shall not be deemed a waiver of any other rights and each such right will be deemed an on-going right that may be asserted at any time.

4. Effect of Failure of Conditions; Reservation of Rights

If the foregoing conditions have not been satisfied or waived in the manner provided in Section 10.2 of the Plan, then: (i) the Confirmation Order shall be of no further force or effect; (ii) no distributions under the Plan shall be made; (iii) the Debtors and all holders of Claims against and Equity Interests in the Debtors shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred; (iv) all of the Debtors' obligations with respect to the Claims and Equity Interests shall remain unaffected by the Plan; (v) nothing contained in the Plan shall be deemed to constitute a waiver or release of any Claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors; and (vi) the Plan shall be deemed withdrawn. Upon such occurrence, the Debtors shall file a written notification with the Bankruptcy Court and serve it upon counsel to Ad Hoc 2016 Committee, counsel to the 2016 Agent, counsel to the Committee and the Office of the United States Trustee.

The Plan shall have no force or effect unless and until the occurrence of the Confirmation Date. Prior to the Confirmation Date, none of the filing of the Plan, any statement or provision contained in the Plan, or action taken by the Debtors with respect to the Plan shall be, or shall be deemed to be, an admission or waiver of any rights of any Debtors or any other party with respect to any Claims or Equity Interests or any other matter.

C. MODIFICATION OR REVOCATION OF THE PLAN; SEVERABILITY

Subject to section 1127 of the Bankruptcy Code and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code, the Debtors (with the consent of the Ad Hoc

2016 Committee) may alter, amend, or modify the Plan or any exhibits thereto under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date. The Debtors shall provide parties-in-interest with notice of such amendments or modifications as may be required by the Bankruptcy Rules or order of the Bankruptcy Court. A Holder of a Claim or Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified, or clarified, if the proposed alteration, amendment, modification, or clarification does not materially and adversely change the treatment of the Claim or Interest of such Holder.

After the Confirmation Date and prior to substantial consummation (as defined in section 1101(2) of the Bankruptcy Code) of the Plan, the Debtors (with the consent of the Ad Hoc 2016 Committee) may, under section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement approved with respect to the Plan, or the Confirmation Order, and such matters as may be necessary to carry out the purpose and effect of the Plan so long as such proceedings do not adversely affect the treatment of Holders of Claims against or Interests in the Debtors under the Plan; *provided, however*, that, to the extent required, prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or an order of the Bankruptcy Court. A Holder of a Claim or Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified or clarified, if the proposed alteration, amendment, modification or clarification does not materially and adversely change the treatment of the Claim or Interest of such Holder. In the event of any dispute as to whether such proposed alteration, amendment, modification, or clarification materially and adversely changes the treatment of the Claim or Interest of any such Holder, the Debtors, shall bear the burden of demonstrating that such proposed alteration, amendment, modification, or clarification does not materially adversely change the treatment of the Claim or Interest of such Holder.

If the Bankruptcy Court determines that any provision of the Plan is unenforceable either on its face or as applied to any Claim or Equity Interest, the Debtors, in their sole discretion, may modify the Plan in accordance with Section 13.4 of the Plan so that such provision shall not be applicable to the holder of any Claim or Equity Interest. Any such determination of unenforceability shall not (i) limit or affect the enforceability and operative effect of any other provisions of the Plan; or (ii) require the resolicitation of any acceptance or rejection of the Plan unless otherwise ordered by the Bankruptcy Court.

D. DISSOLUTION OF STATUTORY COMMITTEES AND CESSATION OF FEE AND EXPENSE PAYMENTS

The Committee shall be dissolved on the ~~Confirmation Date~~Effective Date: *provided, however, the Committee shall exist, and its professionals retained, after the Effective Date with respect to applications filed pursuant to sections 330 and 331 of the Bankruptcy Code.* Neither the Debtors nor the Reorganized Debtors shall be responsible for paying any fees or expenses incurred by the Committee after the ~~Confirmation~~Effective Date. On and after the Effective Date, neither the Debtors nor the Reorganized Debtors shall be responsible for paying any fees or expenses of the advisors to (i) the Ad Hoc 2016 Committee or (ii) the 2016 Agent, except as may otherwise be provided in any then-applicable and effective agreements.

E. RETENTION OF BANKRUPTCY COURT JURISDICTION

Following the Confirmation Date, the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, or related to, the Debtors' chapter 11 cases and the Plan pursuant to, and for the purposes of, Sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(a) To hear and determine pending applications for the assumption, assignment or rejection of executory contracts or unexpired leases and the allowance of Claims resulting therefrom;

(b) To determine any and all adversary proceedings, applications, and contested matters in the Chapter 11 Cases and grant or deny any application involving the Debtors that may be pending on the Effective Date or that are retained and preserved by the Reorganized Debtors or the Litigation Trust under Sections ~~6.66.7~~ and 11.9 of the Plan;

(c) To ensure that distributions to holders of Allowed Claims are effected as provided in the Plan;

(d) To hear and determine any timely objections to Administrative Expense Claims or to proofs of claim and equity interests, including any objections to the classification of any Claim or Equity Interest, and to allow or disallow any Disputed Claim or Disputed Equity Interest, in whole or in part;

(e) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;

(f) To take any action and issue such orders as may be necessary to construe, enforce, implement execute and consummate the Plan or maintain the integrity of the Plan following consummation;

(g) To consider any amendments to or modifications of the Plan, or to cure any defect or omission, or to reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;

(h) To hear and determine all requests for payment of Fee Claims;

(i) To enforce all orders previously entered by the Bankruptcy Court;

(j) To enter and enforce any order for the sale of property pursuant to sections 363, 1123 or 1146(a) of the Bankruptcy Code

(k) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, the Litigation Trust Agreement, the documents that are ancillary to and aid in effectuating the Plan, or any agreement, instrument, or other document governing or relating to any of the foregoing; *provided, however*, that any dispute arising under or in connection with

any document included in the Plan Supplement shall be determined in accordance with the governing law set forth in such document;

(l) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including the expedited determination of taxes under section 505(b) of the Bankruptcy Code);

(m) To hear and determine all disputes involving the existence, scope, and nature of the discharges granted under Section 11.2 of the Plan;

(n) To hear and determine all disputes involving or in any manner implicating the exculpation provisions granted under Section 11.3 of the Plan;

(o) To hear and determine all disputes involving or in any manner implicating the release provisions granted under Section 11.4 of the Plan;

(p) To issue injunctions and effect any other actions that may be necessary or desirable to restrain interference by any entity with the consummation or implementation of the Plan;

(q) To enforce the discharge, exculpation or release provisions set forth in this Plan;

(r) To hear any other matter not inconsistent with the Bankruptcy Code; and

(s) To enter a final decree(s) closing the Chapter 11 Cases.

F. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

1. Assumption of Contracts and Leases

Except as otherwise provided herein or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, none of the executory contracts and unexpired leases to which the Debtors are a party shall be assumed under the Plan; *provided, however*, that the Debtors reserve the right, at any time prior to the Confirmation Date, to seek to reject or assume any executory contract or unexpired lease to which any Debtor is party.

2. Payments Related to Assumption of Contracts and Leases

Any monetary amounts by which any executory contract and unexpired lease to be assumed under the Plan are in default shall be satisfied, under Section 365(b)(1) of the Bankruptcy Code, by the Debtors upon assumption thereof. If there is a dispute regarding (i) the nature or amount of any Cure; (ii) the ability of the Debtors or any assignee to provide “adequate assurance of future performance” (within the meaning of Section 365 of the Bankruptcy Code) under the contract or lease to be assumed; or (iii) any other matter pertaining to assumption, Cure shall occur following the entry of a Final Order of the Bankruptcy Court resolving the dispute and approving the assumption or assumption and assignment, as the case may be.

3. Rejection of Contracts and Leases and Rejection Claims

Except as otherwise provided in the Plan, or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, as of the Effective Date, each Debtor shall be deemed to have rejected each executory contract and unexpired lease to which it is a party, unless such contract or lease (i) was previously assumed, assumed and assigned or rejected by the Debtors, (ii) previously expired or terminated pursuant to its own terms, (iii) is the subject of a motion to assume, assume and assign, or reject filed by the Debtors on or before the Confirmation Date, or (iv) is set forth in Schedule 9.1(a) to the Plan as an executory contract or unexpired lease to be assumed. The Confirmation Order shall constitute an order of the Bankruptcy Court under sections 365 and 1123(b) of the Bankruptcy Code approving the contract and lease assumptions or rejections described above, as of the Effective Date.

Except to the extent that different treatment has been agreed to by the nondebtor party or parties to an executory contract or unexpired lease to be assumed pursuant to Section 9.1(a) hereof, the Debtors shall, pursuant to the provisions of section 1123(a)(5)(G) and 1123(b)(2) of the Bankruptcy Code and consistent with the requirements of section 365 of the Bankruptcy Code, no later than the Voting Deadline, file and serve a schedule with the Bankruptcy Court listing the cure amounts of all executory contracts or unexpired leases to be assumed. Any party that fails to object to the applicable Cure amount within ten (10) calendar days after the filing of such schedule, shall be forever barred, estopped and enjoined from disputing the Cure amount and/or from asserting any Claim against the applicable Debtor arising under section 365(b)(1) of the Bankruptcy Code except as set forth in the schedule of Cure amounts. If there are any timely objections filed, the Cure payments, if any, required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving such dispute. The Debtors shall retain their right to reject or assume any executory contracts or unexpired leases that are subject to a dispute, including contracts or leases that are subject to a dispute concerning amounts necessary to Cure any defaults, until the entry of a Final Order resolving such dispute.

Each executory contract and unexpired lease that is assumed, if any, and relates to the use, ability to acquire, or occupancy of real property shall include (i) all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affect such executory contract or unexpired lease and (ii) all executory contracts or unexpired leases appurtenant to the premises, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, usufructs, reciprocal easement agreements, vaults, tunnel or bridge agreements or franchises, and any other interests in real estate or rights in rem related to such premises, unless any of the foregoing agreements has been rejected pursuant to an order of the Bankruptcy Court.

All Claims arising out of the rejection of executory contracts and unexpired leases (if any) must be served upon the applicable Debtor and its counsel within thirty (30) days after the earlier of (i) the date of entry of an order of the Bankruptcy Court approving such rejection or (ii) the Effective Date; *provided, however*, that any such Claim arising out of the rejection of an executory contract or unexpired lease that is filed after the Effective Date shall be served on the Reorganized Debtors. Any Claims arising from the rejection of an executory contract or

unexpired lease not timely filed as set forth in this paragraph shall not be treated as a creditor with respect to such Claim and shall be forever barred from assertion against the Debtors or the Reorganized Debtors. Any Claims arising from the rejection of an executory contract or an unexpired lease shall be treated as a General Unsecured Claim.

G. DISTRIBUTIONS UNDER THE PLAN

1. Date and Manner of Distributions

Unless otherwise provided in the Plan, any distributions and deliveries to be made under the Plan shall be made on the Effective Date or as soon as practicable thereafter. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act shall be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

2. Sources of Cash for Plan Distributions.

Except as otherwise provided in the Plan or in the Confirmation Order, all Cash required for the payments to be made under the Plan shall be obtained from the Debtors' and the Reorganized Debtors' operations and Cash on hand; *provided, however*, that nothing in the Plan shall be deemed to limit or prohibit the Reorganized Debtors from entering into one or more post-Effective Date credit facilities to fund additional payments or liquidity requirements of the Reorganized Debtors.

3. Disbursing Agent

All distributions under the Plan shall be made by the applicable Disbursing Agent. The Disbursing Agent shall make all distributions on account of Allowed 2016 Claims and 2016 Guaranty Claims at the direction and with the consent of the 2016 Agent, who shall direct the Disbursing Agent to deliver such distributions to the Holders of 2016 Claims and 2016 Guaranty Claims in accordance with the provisions of this Plan and the terms of the 2016 Indenture. Any distribution made by the Disbursing Agent for the Holders of 2016 Claims and 2016 Guaranty Claims shall be held for the benefit of the 2016 Agent and remain subject to any charging lien held by the 2016 Agent. The Disbursing Agent shall not be required to give any bond, surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

4. Means of Payment

All money distributions made pursuant to the Plan shall be in Cash unless stated otherwise.

5. Record Date for Distributions

At the close of business on the Effective Date, the transfer ledgers or registers for the Debtors' existing Equity Interests and all indebtedness under the 2016 Indenture and the 2012 Indenture shall be closed, and there shall be no further changes in the record holders of such

indebtedness. The Reorganized Debtors and/or the Disbursing Agent shall have no obligation to recognize any transfer of any of the foregoing occurring after the Effective Date, and shall be entitled instead to recognize for all purposes hereunder, including to effect distributions hereunder, only those record holders stated on the transfer ledgers or registers maintained by the Reorganized Debtors and the Disbursing Agent as of the close of business on the Effective Date.

6. Recipients of Distributions

All distributions to Holders of Allowed Claims under the Plan (except to holders of Allowed 2016 Claims and 2016 Guaranty Claims) shall be made to the Holder of the Claim as of the Effective Date. Changes as to the Holder of a Claim after the Effective Date shall only be valid and recognized for distribution if notice of such change is filed with the Bankruptcy Court, in accordance with Bankruptcy Rule 3001 (if applicable) and served upon the Reorganized Debtors and their counsel. Distributions on account of Allowed 2016 Claims and 2016 Guaranty Claims shall be made by the Disbursing Agent at the direction and with the consent of the 2016 Agent, who shall be responsible for directing the appropriate distributions in accordance with the 2016 Agent's books and records and pursuant to the terms of the 2016 Indenture. In connection therewith, the 2016 Agent shall neither have nor assume any liability for directing distributions greater than that provided for in the 2016 Indenture. The Disbursing Agent shall not have or incur any liability for making any distributions to any Holder of 2016 Claims and 2016 Guaranty Claims.

7. Delivery of Distributions

Subject to Bankruptcy Rule 9010, all distributions under the Plan (other than distributions made to Holders of Allowed 2016 Claims and 2016 Guaranty Claims) shall be made at the address of each ~~h~~Holder of an Allowed Claim ~~or Allowed Equity Interest~~ as set forth in the books and records of the Debtors, unless the applicable Debtor, Reorganized Debtor, or Litigation Trustee has been notified in writing of a change of address, including, without limitation, by the filing of a proof of claim ~~or interest~~ by such holder that contains an address for such holder different from the address on file with the Debtors for such holder. If any distribution to the ~~h~~Holder of an Allowed Claim ~~or Allowed Equity Interest~~ is returned as undeliverable, no distribution to such holder shall be made unless and until the Debtor or Reorganized Debtors ~~are~~ is notified of such holder's then-current address, at which time all missed distributions shall be made to such holder without interest; provided, however, that such distributions shall be deemed unclaimed property under ~~S~~section 347(b) of the Bankruptcy Code at the expiration of the later of (a) one hundred eighty (180) days after the Effective Date; or (b) one hundred eighty (180) days after the date of the undeliverable distribution. After such date, all unclaimed property or interest in property shall revert to the Reorganized Debtors, and the Claim ~~or Equity Interest~~ of any ~~h~~Holder with respect to such property or interest in property shall be discharged and forever barred, notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary.

8. Time Bar to Payments

Checks issued by the Disbursing Agent in respect of Allowed Claims shall be null and void if not negotiated within three (3) months after the date of issuance thereof. Requests for

reissuance of any check shall be made directly to the Disbursing Agent by the holder of the Allowed Claim with respect to whom such check was originally issued. Any Claim in respect of such voided check shall be made on or before the first anniversary of the Effective Date. After such date, all Claims in respect of void checks shall be discharged and forever barred.

9. Fractional Distributions

No fractional shares of New FiberTower Common Stock or New FiberTower Subsidiary Equity Interests shall be distributed and no Cash shall be distributed in lieu of such fractional shares. When any distribution pursuant to the Plan on account of an Allowed Claim would otherwise result in the issuance of a number of shares of New FiberTower Common Stock or New FiberTower Subsidiary Equity Interests that is not a whole number, the actual distribution of New FiberTower Common Stock or New FiberTower Subsidiary Equity Interests shall be rounded as follows: (a) fractions of one-half (1/2) or greater shall be rounded to the next higher whole number; and (b) fractions of less than one-half (1/2) shall be rounded to the next lower whole number with no further payment therefor. The total number of authorized shares of New FiberTower Common Stock and New FiberTower Subsidiary Equity Interests to be distributed hereunder shall be adjusted as necessary to account for the foregoing rounding.

10. Cancellation of Agreements and Release of Liens

On and as of the Effective Date, except to the extent otherwise provided in the Plan, the 2016 Indenture, the 2012 Indenture and any other instrument or document directly or indirectly evidencing or creating any indebtedness or obligation of or ownership interest, equity or profits interest in the Debtors or any warrants, options or other securities exercisable or exchangeable for, or convertible into, debt, equity, ownership or profits interest in the Debtors giving rise to any Claim or Interest, and any options, or other securities exercisable or exchangeable for, or convertible into Interests or equity of the Debtors, shall be deemed cancelled, and the obligations of the Debtors thereunder shall be deemed satisfied in full and discharged; provided, however, that the 2016 Indenture shall continue in effect to the extent (including any charging lien held by the 2016 Agent) and for so long as necessary to allow the Holders of 2016 Claims and 2016 Guaranty Claims to receive distributions under the Plan.

Except as otherwise provided in the Plan, upon the occurrence of the Effective Date, any Lien securing a Secured Claim including, without limitation, the 2016 Claims, the 2016 Guaranty Claims, the 2012 Claims, the 2012 Guaranty Claims and the Other Secured Claims, shall be deemed released, and the holder of such Secured Claim shall be authorized and directed to release any Collateral or other property of the Debtors (including any cash Collateral) held by such holder and to take such actions as may be requested by the Reorganized Debtors to evidence the release of such Lien, including the execution, delivery and filing or recording of such releases as may be requested by the Reorganized Debtors. As of the Effective Date, the Reorganized Debtors shall be authorized to file on behalf of holders of Secured Claims form UCC-3s or such other forms as may be necessary to implement the provisions of this Section.

11. No Postpetition Interest

Unless otherwise specifically provided for in the Plan or in the Confirmation Order, or required by applicable bankruptcy law, postpetition interest shall not accrue or be paid on any Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim.

12. Withholding and Reporting Requirements

In connection with the Plan and all instruments issued in connection therewith and distributed thereunder, any party issuing any instrument or making any such distribution under the Plan shall comply with all applicable withholding and reporting requirements imposed by any federal, state or local taxing authority, and all distributions under the Plan shall be subject to any such withholding or reporting requirements. Notwithstanding the above, each holder of an Allowed Claim that is entitled to receive a distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any applicable tax obligations, including income, withholding and other tax obligations, on account of such distribution. Any party issuing any instrument or making any distribution under the Plan to any holder of any Allowed Claim has the right, but not the obligation, to not issue such instrument or make a distribution until such holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations.

13. Setoffs and Recoupment

The Debtors may, but shall not be required to, setoff against or recoup from any Claim any claims of any nature whatsoever that any of the Debtors may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by any of the Debtors or the Reorganized Debtors of any such claim they may have against such claimant.

H. DISPUTED CLAIMS

1. Objections to Claims

Except insofar as a Claim is Allowed under the Plan or pursuant to Final Order of the Bankruptcy Court, the Debtors, the Reorganized Debtors, [the Litigation Trustee](#) or any other party in interest shall be entitled to object to Claims. Any objections to Claims shall be served and filed (i) on or before the ~~ninetieth (90)~~ [one hundred eightieth \(180\)](#)th day following the later of (x) the Effective Date and (y) the date that a proof of Claim is filed or amended or a Claim is otherwise asserted or amended in writing by or on behalf of a holder of such Claim, or (ii) such later date as ordered by the Bankruptcy Court. Any Claim as to which an objection is timely filed shall be a Disputed Claim.

2. No Distributions Pending Allowance

If the Debtors, [the Reorganized Debtors](#), or [the Litigation Trustee](#) object to any Claim, no payment or distribution provided under the Plan shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim.

3. Distributions After Allowance

To the extent that a Disputed Claim ultimately becomes an Allowed Claim distributions (if any) shall be made to the holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent shall provide to the holder of such Claim the distribution (if any) to which such holder is entitled under the Plan as of the Effective Date, without any interest to be paid on account of such Claim unless required under applicable bankruptcy law.

4. Disallowance of Late Filed Claims and Equity Interests

Unless otherwise provided in a Final Order of the Bankruptcy Court, any Claim or Equity Interest for which a proof of claim or interest, as applicable, is filed after the applicable Bar Date shall be deemed disallowed. The holder of a Claim or Equity Interest that is disallowed pursuant to Section 8.4 of the Plan shall not receive any distribution on account of such Claim or Equity Interest, as applicable, and neither the Debtors, the Reorganized Debtors nor the Disbursing Agent shall need to take any affirmative action for such Claim or Equity Interest to be deemed disallowed.

I. MISCELLANEOUS

1. Exemption from Transfer Taxes

Pursuant to Section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of notes or equity securities under or in connection with the Plan, the creation of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including any merger agreements or agreements of consolidation, deeds, bills of sale, or assignments executed in connection with any of the transactions contemplated under the Plan shall not be subject to any stamp, real estate transfer, mortgage recording or other similar tax. All sale transactions consummated by the Debtors and approved by the Bankruptcy Court on and after the Petition Date through and including the Effective Date, including the transfers effectuated under the Plan, the sale by the Debtors of owned property pursuant to Section 363(b) of the Bankruptcy Code, and the assumption, assignment, and sale by the Debtors of unexpired leases of non-residential real property pursuant to Section 365(a) of the Bankruptcy Code, shall be deemed to have been made under, in furtherance of, or in connection with the Plan, and thus, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

2. Payment of Statutory Fees

All fees payable under Section 1930, chapter 123, title 28, United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on the Effective Date.

3. Ordinary Course Transactions

From and after the Confirmation Date, and subject to any FCC approval that may be required, the Reorganized Debtors are authorized to and may enter into all transactions including, but not limited to, the retention of professionals, and pay any fees and expenses incurred thereby and in connection therewith, in the ordinary course of business, without the need for Bankruptcy Court approval.

4. Binding Effect

Except as otherwise provided in Section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against, or Equity Interest in, the Debtors and such holder's respective successors and assigns, whether or not the Claim or Equity Interest of such holder is impaired under the Plan and whether or not such holder has accepted the Plan.

5. Severability

If the Bankruptcy Court determines that any provision of the Plan is unenforceable either on its face or as applied to any Claim or Equity Interest, the Debtors may modify the Plan in accordance with Section 13.5 of the Plan so that such provision shall not be applicable to the holder of any Claim or Equity Interest. Any such determination of unenforceability shall not: (i) limit or affect the enforceability and operative effect of any other provisions of the Plan; or (ii) require the resolicitation of any acceptance or rejection of the Plan unless otherwise ordered by the Bankruptcy Court.

6. Governing Law

Except to the extent that the Bankruptcy Code or other federal law is applicable, including but not limited to the Communications Act, and the written rules, regulations and policies promulgated by the FCC, or to the extent an exhibit to the Plan or a document contained in the Plan Supplement provides otherwise (in which case the governing law specified therein shall be applicable to such exhibit or document), the rights, duties and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with the laws of the State of New York without giving effect to the principles of conflict of laws that would require application of the laws of another jurisdiction.

7. Compliance with the Communications Act

Notwithstanding anything in the Plan to the contrary, the Reorganized Debtors shall comply with the Communications Act, and the written rules, regulations and orders promulgated thereunder by the FCC. No transfer of control to the Reorganized Debtors of any federal license issued by the FCC shall take place prior to the issuance of FCC regulatory approval for such transfer of control pursuant to applicable FCC regulations. The FCC's rights and powers to take any action pursuant to its regulatory authority over the transfer of control to THE Reorganized Debtors, including, but not limited to, imposing any regulatory conditions on such transfer, are fully preserved and nothing herein shall proscribe or constrain the FCC's exercise of such power or authority to the extent provided by law.

VIII. CERTAIN RISK FACTORS AND BEST INTERESTS TEST

A. RISKS TO CONFIRMATION AND EFFECTIVENESS

1. Lack of Protections Afforded by Sarbanes-Oxley

The New FiberTower Common Stock will not be registered under the Securities Exchange Act of 1934, as amended (the “1934 Act”), and Reorganized FiberTower will not be subject to the provisions of the Sarbanes-Oxley Act of 2002, as amended. Consequently, persons receiving the New FiberTower Common Stock will not have the benefit of the disclosure requirements of the 1934 Act or the corporate governance requirements of the Sarbanes-Oxley Act.

2. Restrictions on Transfer; Control

The New FiberTower Common Stock to be distributed pursuant to the Plan will be subject to transfer restrictions and will not initially be listed on any nationally recognized market or exchange. Accordingly, such interests may be relatively illiquid and are only suitable for investors who can hold their investment for an undetermined period of time and can afford the entire loss of their investment. No assurance can be given that a holder of such interests will be able to sell such interests in the future or as to the price at which any sale may occur.

Moreover, any transfer of the New FiberTower Common Stock or New FiberTower Subsidiary Equity Interests would require prior FCC approval. No transfer may be made if such transfer does not comply with the federal Communications Act or FCC Rules, including, for example, foreign ownership attribution that, individually or when aggregated with the total foreign ownership attributed to the Debtors, would exceed the limitations set forth in section 310(b) of the Communications Act.

3. FCC Approval of Spectrum Portfolio Transfer

No transfer of control to the Reorganized Debtors of any license issued by the FCC (including those in the Spectrum Portfolio) may take place prior to the issuance of FCC regulatory approval for such transfer of control pursuant to applicable FCC regulations. The continued validity of the forty-nine (49) wide-area licenses in the 24 GHz and/or 39 GHz bands that are not subject to the Application for Review and Petition for Reconsideration pending before the FCC depends, among other things, on compliance with a variety of FCC rules. Under FCC rules, a license may be terminated if there is a permanent discontinuance of service. FCC staff has informally indicated that it has some questions about whether the facilities authorized by those licenses have been “permanently discontinued,” and it has asked for additional information concerning the licenses. For nine (9) of the licenses, the Commission is reviewing substantial service showings filed by FiberTower and has asked for additional information concerning those showings. There can be no assurance that the FCC will grant such consent to some or all of Debtors’ FCC licenses on a timely basis, or that the FCC will not impose additional regulatory conditions in connection with such a transfer.

4. Pending FCC Litigation

As discussed earlier, a majority of the 24 GHz and 39 GHz licenses in the Spectrum Portfolio were terminated by the FCC for failure to meet the FCC's "substantial service" construction standard on a timely basis. Although the Debtors have continued to pursue appeal and reconsideration proceedings before the FCC seeking reinstatement of such licenses, there can be no assurance that such proceedings will be successfully resolved. In the event that the FCC affirms the status of the terminated licenses, Debtors would need to pursue a further appeal in federal court with highly uncertain prospects for success, or move forward to develop the subset of licenses in the Spectrum Portfolio that remain in full force and effect.

IX. LIQUIDATION ANALYSIS AND FEASIBILITY

A. BEST INTERESTS TEST; LIQUIDATION ANALYSIS

Section 1129(a)(7)(A) of the Bankruptcy Code provides that each holder of a claim or interest in an impaired class must vote to accept the Plan or otherwise receive or retain property of a value that is not less than the amount such holder would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code.

If the Plan is not confirmed, the Debtors' chapter 11 cases may be converted to cases under Chapter 7 of the Bankruptcy Code, in which case a trustee would be elected or appointed to liquidate the Debtors' assets and distribute the proceeds to creditors. In that instance, the value received from the liquidation of the Debtors' assets would be distributed pursuant to the terms of the Bankruptcy Code and applicable Bankruptcy Court orders.

The Debtors believe that liquidation under Chapter 7 would result in less value being distributed to creditors than the distributions provided for under the Plan. A Chapter 7 trustee would likely hire lawyers, accountants and potentially other professionals, all of whose fees, as well as the trustee's fees, would be Chapter 7 administrative expenses, payable before any other debtor constituent. Other effects of a conversion include (i) additional expenses and Claims, some of which would be entitled to priority, which would arise from the rejection of executory contracts in connection with a cessation of the Debtors' operations and (ii) a failure to realize the going concern value of the Debtors' assets.

Attached hereto as Exhibit C is the Liquidation Analysis that has been prepared by the Debtors' management using the assumptions set forth therein. The Liquidation Analysis illustrates that the holders of Claims and Equity Interests in impaired classes under the Plan would receive less value than the distributions proposed under the Plan if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code.

B. FEASIBILITY

Section 1129(a)(11) of the Bankruptcy Code requires that a debtor demonstrate that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization (unless such is proposed in the Plan). For purposes of determining whether the Plan meets this requirement, the Debtors have analyzed their ability to meet their obligations under the Plan. Based on the Projections discussed in Article V above, the Debtors believe that

they will be able to make all payments required by and pursuant to the Plan, and that confirmation of the Plan is not likely to be followed by liquidation or the need for further reorganization.

X. SECURITIES LAW MATTERS

A. INITIAL ISSUANCE OF NEW FIBERTOWER COMMON STOCK

Reorganized FiberTower will issue New FiberTower Common Stock under the Plan. Section 1145(a)(1) of the Bankruptcy Code exempts from registration under the Securities Act and state and local securities and blue sky laws (the “Blue Sky Laws”), the offer and sale of a debtor’s securities under a chapter 11 plan if such securities are offered or sold to recipients holding a claim against, an interest in, or an administrative expense claim against, such debtor and the securities are issued in exchange for such a claim against or interest in the debtor or are issued principally in such an exchange and partly for cash or property. The Debtors believe that the initial issuance of the New FiberTower Common Stock pursuant to the Plan will be exempt from the registration requirements of the Securities Act and the Blue Sky Laws under the exemption provided by Section 1145(a)(1) of the Bankruptcy Code. As a result, the offer and sale of the New FiberTower Common Stock by Reorganized FiberTower will not be registered with the Securities and Exchange Commission (the “Commission”) under the Securities Act or registered or qualified with any state or local securities commission, agency or department under any Blue Sky Law.

If for any reason New FiberTower Common Stock is issued other than in accordance with the Plan or otherwise are offered or sold in a transaction or transactions not qualifying for the exemption under Section 1145(a)(1) of the Bankruptcy Code, Reorganized FiberTower will issue the New FiberTower Common Stock in reliance on the exemption from the registration requirements contained in Section 4(2) of the Securities Act for transactions not involving any public offering and in Regulation D promulgated under that Section of the Securities Act. Regulation D provides a safe harbor exemption from the registration requirements of the Securities Act for offers and sales of securities that meet certain conditions specified in Regulation D and which are therefore deemed not to involve a public offering of the securities. By virtue of the provisions of Section 18 of the Securities Act, offers and sales of New FiberTower Common Stock by Reorganized FiberTower in compliance with certain rules in Regulation D would not require registration under the Blue Sky Laws.

B. RESALES OF NEW FIBERTOWER COMMON STOCK

Any resale of New FiberTower Common Stock by a Person receiving shares of New FiberTower Common Stock pursuant to the Plan must be made either pursuant to an effective registration statement under the Securities Act or pursuant to an available exemption from the registration requirements of the Securities Act. In addition, holders of the shares of New FiberTower Common Stock must make any resale in compliance with all applicable Blue Sky Laws.

Section 1145(c) of the Bankruptcy Code provides that an offer and sale of securities exempt from registration under Section 1145(a)(1) of the Bankruptcy Code is deemed to be a

public offering. As a consequence, the New FiberTower Common Stock issued in such an exempt offer may be freely traded by the holders of those shares in reliance on the exemption from the registration requirement provided by Section 4(1) of the Securities Act unless the holder of the shares is (i) an “underwriter” as defined in Section 1145(b) of the Bankruptcy Code (“1145 Underwriters”) or (ii) a dealer (as defined in the Securities Act). In addition, such shares will not be considered “restricted securities” as that term is defined in Rule 144 promulgated under the Securities Act (“Rule 144”). Holders of New FiberTower Common Stock who are dealers, but who are not otherwise 1145 Underwriters, may resell their shares pursuant to the exemption from the registration requirements contained in Section 4(4) of the Act except if the transaction is to take place (i) prior to the expiration of forty (40) days after the first date upon which the New FiberTower Common Stock was first bona fide offered pursuant to the Plan in a manner that qualifies for the exemption of Section 1145(a)(1) of the Bankruptcy Code or (ii) within certain periods after the filing of a registration statement under the Securities Act by Reorganized FiberTower.

Section 1145(b) of the Bankruptcy Code defines “underwriter” for purposes of the Securities Act as an entity that, except with respect to ordinary trading transactions of an entity that is not an issuer, (a) purchases a claim against, interest in, or claim for an administrative expense in the case concerning the debtor, if such purchase is made with a view to distribution of any security received or to be received in exchange for such a claim or interest, (b) offers to sell securities offered or sold under a plan for the holders of such securities, (c) offers to buy securities offered or sold under a plan from the holders of such securities, if the offer to buy is (i) with a view to distribution of such securities and (ii) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan, or (d) is an issuer, as defined in Section 2(a)(11) of the Securities Act with respect to such securities.

In determining whether a person is an issuer as described in clause (d) of the immediately preceding paragraph, the term “issuer” includes not only the person who issues or proposes to issue the securities but also any person directly or indirectly controlling or controlled by that issuer and any person under direct or indirect common control with that issuer. The reference to “issuer” in Section 2(a)(11) of the Securities Act is intended to include “controlling persons” of the actual issuer of the securities. Rule 405 under the Securities Act defines “control” to mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise. Accordingly, an officer or director of Reorganized FiberTower may be deemed to be a “controlling person” of Reorganized FiberTower, particularly if that officer or director owns or has the right to direct the voting of a significant percentage of the outstanding New FiberTower Common Stock. The proceedings of a Congressional committee considering the enactment of an amendment to Section 1145 of the Bankruptcy Code suggest that any creditor of a debtor that owns 10% or more of a class of securities of a reorganized debtor may also be presumed to be a “controlling person” of the reorganized debtor, and, as a result, such creditor could be an 1145 Underwriter. Holders of New FiberTower Common Stock who are deemed to be “affiliates” (as defined in Rule 144 under the Securities Act) of Reorganized FiberTower, will be deemed to be 1145 Underwriters.

Section 1145(c) of the Bankruptcy Code provides that an entity that is not an 1145 Underwriter is not otherwise an underwriter under Section 2(a)(11) of the Securities Act with respect to any security offered or sold to such entity in the manner specified in Section 1145(a)(1) of the Bankruptcy Code.

Any holder of New FiberTower Common Stock who is an 1145 Underwriter may not resell its shares unless the resale is made pursuant to an effective registration statement under the Securities Act or an exemption from the registration requirement of the Securities Act. In the past, the staff of the Commission has taken the position that holders of securities acquired in a transaction exempt under Section 1145(a) of the Bankruptcy Code who are both “affiliates” of the issuer (*i.e.*, persons who control, are controlled by or who are under common control with, the issuer) and 1145 Underwriters may sell such securities in accordance with the requirements of Rule 144, except the requirement to hold the securities for a certain period. For holders of securities acquired in such a transaction that are not affiliates but are 1145 Underwriters, the staff of the Commission has previously taken the position that such Persons could resell their securities subject to certain volume limitations in Rule 144 so long as there is (i) no concerted action by those holders in connection with the sale or by distributors on behalf of one of more such holders, (ii) no use of informational documents in connection with the resale other than the Bankruptcy Code disclosure statement and (iii) no payment of special compensation to brokers or dealers in connection with the sale designed as a special incentive to resell the securities. Rule 144 was significantly amended in early 2008, and the staff of the Commission may take a different position regarding the ability of persons who are 1145 Underwriters to resell shares acquired in a transaction exempt under Section 1145(a) of the Bankruptcy Code.

Persons who are affiliates of Reorganized FiberTower, but do not qualify as 1145 Underwriters may resell their New FiberTower Common Stock in accordance with the provisions of Rule 144 relating to the sale of unrestricted securities by affiliates of the issuer. Any affiliate of Reorganized FiberTower should note the provisions of Section 1145(b) that include controlling persons of an issuer within the definition of an 1145 Underwriter.

Various exemptions from any applicable registration requirements of applicable Blue Sky Laws may be available to a holder of New FiberTower Common Stock for the resale of such interests. The registration requirements, however, of the various Blue Sky Laws, and the nature of the exemptions available from such registration requirements, vary widely from state to state.

The federal securities law relating to resales of securities acquired in a transaction exempt from registration under Section 1145(a) of the Bankruptcy Code are complex and the availability of any exemption from the registration requirements of the Securities Act for the resale of such securities is highly dependent on the circumstances of the holder of those securities and of its acquisition of those securities. Recipients of New FiberTower Common Stock issued under the Plan are advised to consult with their own legal advisors as to their status as an 1145 Underwriter or a “dealer” and the availability of any exemption from the registration requirements of the Securities Act and under each applicable Blue Sky Law for any proposed resales of New FiberTower Common Stock and as to any applicable requirements or conditions to such availability.

If, for any reason, the New FiberTower Common Stock were not to be issued in a transaction exempt from registration under the Securities Act by virtue of Section 1145(a)(1) of the Bankruptcy Code, the shares of New FiberTower Common Stock would be “restricted securities” as defined in Rule 144 under the Securities Act. As a consequence, any resale of New FiberTower Common Stock acquired in such circumstances by any holder would have to be made pursuant to an effective registration statement under the Securities Act or pursuant to an available exemption from the registration requirement of the Securities Act. In such instances, the holders could make resales in accordance with the terms of Rule 144. So long as Reorganized FiberTower is not subject to the reporting requirements of Section 13 or 15(d) of the 1934 Act, holders of New FiberTower Common Stock who are not affiliates of Reorganized FiberTower and have not been so during the ninety (90) days immediately prior to the sale of their shares could sell their shares without restriction after holding them for an uninterrupted period of one (1) year. Holders of shares who are affiliates of Reorganized FiberTower or who have been such within the ninety (90) days immediately prior to their sale may sell their shares in accordance with the volume limitations and public availability of information, manner of sale and notice requirements of Rule 144 after holding their shares for an uninterrupted period of one year.

C. REORGANIZED FIBERTOWER WILL NOT FILE REPORTS WITH THE COMMISSION

Immediately after the issuance of the New FiberTower Common Stock, Reorganized FiberTower will not be obligated to file periodic or current reports with the Commission under the 1934 Act. As a result, information of the type included in Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as in proxy solicitation materials, filed under the Exchange Act will not be publicly available as to Reorganized FiberTower. Reorganized FiberTower is expected to be obligated to file such reports only if and when Reorganized FiberTower has filed a registration statement with the Commission and such registration statement has been declared effective.

D. LEGEND

The certificates representing the New FiberTower Common Stock issued to persons who are “underwriters” or “dealers” as described above or representing shares determined to be “restricted securities” as described above will bear a legend substantially in the form below:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS AND NEITHER THESE SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT OR SUCH LAWS OR AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR SUCH LAWS.

XI. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

THE FOLLOWING DISCUSSION SUMMARIZES CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE IMPLEMENTATION OF THE PLAN TO THE DEBTORS, REORGANIZED FIBERTOWER AND TO THE HOLDERS OF CERTAIN ALLOWED CLAIMS. THIS SUMMARY IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND IS BASED ON THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "TAX CODE"), THE TREASURY REGULATIONS PROMULGATED THEREUNDER (THE "REGULATIONS"), JUDICIAL AUTHORITY, AND CURRENT ADMINISTRATIVE RULINGS AND PRACTICE, ALL AS IN EFFECT AS OF THE DATE HEREOF AND ALL OF WHICH ARE SUBJECT TO CHANGE, POSSIBLY WITH RETROACTIVE EFFECT, THAT COULD ADVERSELY AFFECT REORGANIZED FIBERTOWER OR HOLDERS OF ALLOWED CLAIMS. THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND ARE SUBJECT TO SIGNIFICANT UNCERTAINTIES.

THIS SUMMARY DOES NOT ADDRESS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A HOLDER OF AN ALLOWED CLAIM OR INTEREST IN LIGHT ITS PARTICULAR CIRCUMSTANCES OR THAT MAY BE RELEVANT TO CERTAIN TYPES OF HOLDERS THAT ARE SUBJECT TO SPECIAL TREATMENT UNDER THE TAX CODE (INCLUDING FOREIGN HOLDERS, RELATED PERSONS, HOLDERS LIABLE FOR ALTERNATIVE MINIMUM TAX, HOLDERS WHOSE FUNCTIONAL CURRENCY IS NOT THE U.S. DOLLAR, HOLDERS OF ALLOWED CLAIMS WHO ARE THEMSELVES IN BANKRUPTCY, REGULATED INVESTMENT COMPANIES, FINANCIAL INSTITUTIONS, BROKER-DEALERS, INSURANCE COMPANIES, PASS-THROUGH ENTITIES SUCH AS PARTNERSHIPS, HOLDERS THROUGH PASS-THROUGH ENTITIES, AND TAX-EXEMPT ORGANIZATIONS) AND ALSO DOES NOT DISCUSS STATE, LOCAL, OR FOREIGN TAX ISSUES OR UNITED STATES TAXES OTHER THAN FEDERAL INCOME TAX. THE FOLLOWING SUMMARY DOES NOT ADDRESS THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS WHOSE CLAIMS ARE UNIMPAIRED UNDER THE PLAN. THE TAX TREATMENT OF A PARTNER WILL GENERALLY DEPEND UPON THE STATUS OF THE PARTNER AND THE ACTIVITIES OF THE PARTNERSHIP. HOLDERS OF ALLOWED CLAIMS AND PARTNERS IN A PARTNERSHIP THAT HOLDS ALLOWED CLAIMS (INCLUDING OWNERS OF AN ENTITY TREATED AS A PARTNERSHIP FOR FEDERAL INCOME TAX PURPOSES) SHOULD CONSULT THEIR OWN TAX ADVISOR AS TO THE TAX EFFECT OF SUCH HOLDINGS AND AS TO WHETHER THE RELEVANT FACTS OR THEIR PARTICULAR CIRCUMSTANCES WOULD CAUSE THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF SUCH HOLDINGS TO BE DIFFERENT THAN THOSE DESCRIBED BELOW.

THE FOLLOWING DISCUSSION ASSUMES THE PLAN WILL BE IMPLEMENTED AS DESCRIBED HEREIN. IT DOES NOT ADDRESS THE TAX CONSEQUENCES THAT WILL RESULT IF THE PLAN IS NOT CARRIED OUT OR IS CARRIED OUT DIFFERENTLY. IT IS FURTHER ASSUMED THAT THE VARIOUS DEBT AND OTHER ARRANGEMENTS TO WHICH THE DEBTORS ARE PARTIES WILL BE RESPECTED FOR U.S. FEDERAL INCOME TAX PURPOSES IN ACCORDANCE WITH THEIR FORM

AND THAT THE EXISTING CONSOLIDATED GROUP OF WHICH FIBERTOWER IS THE PARENT WILL REMAIN IN EXISTENCE WITH NO CHANGE IN THE OWNERSHIP OF THE STOCK OF THE MEMBERS OF SUCH GROUP BY THE MEMBERS THAT CURRENTLY OWN SUCH STOCK. EVENTS SUBSEQUENT TO THE DATE OF THIS DISCLOSURE STATEMENT, SUCH AS CHANGES OF FACT OR LAW, INCLUDING NEW LEGISLATION, REGULATIONS, OR JUDICIAL DECISIONS, COULD AFFECT THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREUNDER.

CERTAIN OF THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE SUBJECT TO SIGNIFICANT UNCERTAINTIES. THIS SUMMARY OF THE U.S. FEDERAL INCOME TAX CONSEQUENCES IS NOT BINDING ON THE INTERNAL REVENUE SERVICE (“IRS”). NO IRS RULING OR OPINION OF COUNSEL HAS BEEN OR WILL BE SOUGHT REGARDING ANY TAX ASPECT OF THE PLAN. COMPLEX U.S. FEDERAL INCOME TAX LAWS APPLY TO CORPORATIONS ENGAGED IN BANKRUPTCY PROCEEDINGS. THE FOLLOWING SUMMARY DOES NOT DISCUSS ALL TAX LAWS AND ISSUES RELEVANT TO THE DEBTORS AND HOLDERS OF ALLOWED CLAIMS AGAINST AND INTERESTS IN THE DEBTORS. THIS DISCUSSION IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND PROFESSIONAL TAX ADVICE BASED ON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER. HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE UNITED STATES INTERNAL REVENUE SERVICE, YOU ARE HEREBY NOTIFIED THAT ANY DISCUSSION OF TAX MATTERS SET FORTH IN THIS DISCLOSURE STATEMENT WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN AND WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY PROSPECTIVE INVESTOR, FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER FEDERAL STATE, OR LOCAL TAX LAW. EACH PROSPECTIVE INVESTOR SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. U.S. FEDERAL INCOME TAX CONSEQUENCES TO THE REORGANIZED DEBTORS

As of the Petition Date, the Debtors had net operating loss carryforwards, built-in losses (“BILs”) and certain other tax attributes (referred to below in the aggregate as “NOLs”) that, to the extent not used, eliminated or restricted, would be available to offset table income in future years. However, most of the Debtors’ NOLs are already severely restricted and the Debtors expect their NOLs to be substantially reduced and their remaining NOLs to be further restricted as a result of the implementation of the Plan. The Reorganized Debtors have not determined whether any, and if so how much, NOLs will be available to offset taxable income after the Effective Date.

1. Cancellation of Debt Income

The Debtors will realize cancellation of debt (“COD”) income as a result of the discharge of certain Allowed Claims and the exchange of Allowed 2016 Claims for New FiberTower Common Stock under the Plan. The amount of COD is equal to the amount by which the debt exceeds any consideration (including New FiberTower Common Stock) received by the creditors. The amount of COD income with respect to Allowed 2016 Claims will therefore depend on the value of the New FiberTower Common Stock.

COD income of a debtor in a bankruptcy proceeding is not included in taxable income. Instead, the COD income reduces the Debtors’ NOLs and other tax attributes, generally in the following order: (a) NOLs; (b) general business credits; (c) minimum tax credits; (d) capital losses; (e) asset basis (but not below liabilities remaining after the discharge); (f) passive activity losses and credits; and (g) foreign tax credits. Alternatively, a debtor may elect to apply COD income to reduce the tax basis of its (and under certain circumstances) its subsidiaries’ depreciable assets before reducing its NOLs and other tax attributes in the above order. The reduction of NOLs occurs after offsetting NOLs against taxable income for the year in which the Effective Date occurs. NOLs are therefore available to offset taxable income resulting from implementation of the Plan before NOLs are reduced by COD income.

2. The Section 382 Limitation

An “ownership change” under Section 382 of the Tax Code will result from issuance of New FiberTower Common Stock pursuant to the Plan. As a result of an ownership change, the ability of an NOL corporation to use pre-ownership change NOLs and other tax attributes to offset taxable income in a subsequent year (and in the post-ownership change portion of the ownership change year) generally will be limited to an amount (the “Section 382 Limitation”) equal to the value of the NOL corporation’s stock multiplied by the long-term tax-exempt rate published monthly by the IRS, subject to a number of possible adjustments. One such adjustment is that stock value is generally reduced by capital contributions, including COD, within two years before the ownership change or pursuant to a plan to increase the Section 382 Limitation.

If the Section 382 Limitation exceeds taxable income in a post-ownership change year, the unused portion of the Limitation is carried forward and can be used in subsequent years. If the NOL corporation has a net unrealized built-in loss (i.e., if the aggregate tax basis of its assets plus its economically accrued but unrecognized tax deductions exceed the fair market value of its assets plus its economically accrued but unrecognized income by more than a threshold amount (equal to the lesser of \$10 million or 15% of asset value), then the Section 382 Limitation will apply to tax losses and deductions recognized during the 5 years following the ownership change, to the extent such losses were built-in, or such deductions were economically accrued, at the time of the ownership change. Moreover, the Section 382 Limitation will be zero if the NOL corporation does not maintain continuity of business enterprise for two years following the ownership change. Continuity of business enterprise exists if the NOL corporation continues its existing business or continues to use a significant portion of its existing assets in a business.

More favorable rules apply to an ownership change pursuant to a bankruptcy plan of reorganization. There are two separate regimes, one or both of which will be more favorable than the generally applicable Section 382 rule, described above. Under one such regime, called the “Section 382(1)(5) Exception,” the Section 382 Limitation would not apply (though Section 382 Limitations from prior ownership changes would continue to apply). Instead, NOLs would be reduced by interest deducted on debt converted into stock in the reorganization, during the three full calendar years prior to the year of the ownership change and the pre-ownership portion of the ownership change year. The Section 382(1)(5) Exception applies only if qualified creditors acquire 50% of the New FiberTower Common Stock in exchange for their Claims. In that case, the Section 382(1)(5) Exception would apply unless an election were made to apply the second bankruptcy regime, called the Section 382(1)(6) Exception. The Section 382(1)(6) Exception is available by election (or by default if the Section 382(1)(5) 50% test is not satisfied). Under the Section 382(1)(6) Exception, the Section 382 Limitation would apply, but would be computed including the increase in the value of FiberTower’s equity resulting from cancellation of creditors’ claims pursuant to the bankruptcy. FiberTower has not determined whether it will qualify for the Section 382(1)(5) Exception and, if it does, whether it will elect for Section (1)(6) to instead apply.

The Section 382(1)(5) and (1)(6) Exceptions are available only for an ownership change pursuant to a bankruptcy reorganization and therefore will not apply if an ownership change results from changes in the ownership of FiberTower stock prior to the Effective Date.

3. Alternative Minimum Tax

The use of NOLs is further limited for alternative minimum tax (“AMT”) purposes. In general, AMT is imposed at a 20% rate on a corporation’s alternative minimum taxable income (“AMTI”) to the extent that such amount exceeds the corporation’s regular federal income tax. In computing AMT, certain tax deductions and allowances are limited or disallowed. The adjustment most relevant here is that, for AMT purposes, no more than 90% of a corporation’s AMTI may be offset by NOLs (as computed for AMT purposes, “AMT NOLs”). Thus, a corporation must pay federal income tax at an effective rate of at least two percent (2%) on its pre-NOL AMTI (*i.e.*, 10% of AMTI that cannot be offset by AMT NOLs multiplied by 20% AMT tax rate), even if NOLs reduce its regular taxable to zero. The Debtors will therefore be subject to AMT if they have regular taxable income following the Effective Date and more than 90% of their AMTI is reduced by AMT NOLs.

B. U.S. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF ALLOWED CLAIMS IN CLASSES 1B THROUGH 4B

Pursuant to the Plan, holders of Allowed 2016 Claims and 2016 Guaranty Claims will receive a Pro Rata share of the New FiberTower Common Stock in exchange for their Claims. The exchange of Allowed 2016 Claims and 2016 Guaranty Claims for New FiberTower Common Stock will be tax-deferred if the Allowed 2016 Claims and 2016 Guaranty Claims constitute securities for U.S. federal income tax purposes, except as described below in the discussion of market discount and accrued interest. Whether a debt constitutes a security is a question of fact. Indebtedness having a term of ten years or more ordinarily is treated as a security and indebtedness having a term of five years or less ordinarily is not treated as a

security. It is uncertain whether indebtedness, such as the Allowed 2016 Claims and 2016 Guaranty Claims, having a term of between five and ten years, will be treated as a security for U.S. federal income tax purposes. FiberTower believes that, under the facts and circumstances, it is more likely than not that the 2016 Notes constitute securities for U.S. federal income tax purposes.

If the Allowed 2016 Claims and 2016 Guaranty Claims are securities and the exchange of Allowed 2016 Claims and 2016 Guaranty Claims for New FiberTower Common Stock is therefore a tax-deferred exchange, no gain or loss will be recognized on the exchange, except to the extent the holder has accrued market discount that it did not previously take into account in respect of the Claim and except for New FiberTower Common Stock received in exchange for Claims attributable to accrued interest not previously taken into account by the holder. A holder's tax basis in New FiberTower Common Stock received in a tax-deferred exchange (and not as accrued interest or market discount) will be the same as the holder's tax basis in the Claims, and the holding period of such New FiberTower Common Stock would include the period during which the holder held the Claims.

If the Allowed 2016 Claims and 2016 Guaranty Claims are not securities and the exchange is therefore a taxable transaction, holders of Allowed 2016 Claims and 2016 Guaranty Claims will realize and recognize gain or loss on the exchange equal to the difference between the fair market value of the New FiberTower Common Stock received in exchange for the Claims (other than Claims for accrued interest) and the holder's tax basis in the Claims (other than Claims for accrued interest). Subject to the market discount and accrued interest rules described below, such gain or loss generally would be capital gain or loss and would be long-term if the Claim were held for more than a year at the time of disposition and otherwise would be short-term capital gain. Long-term capital gains are generally taxed to non-corporate holders at preferential tax rates. The deductibility of capital losses is subject to limitations. A holder's tax basis in the New FiberTower Common Stock received in a taxable exchange will be equal to the fair market value of such Stock. The holding period of such New FiberTower Common Stock will begin the day after the Effective Date.

C. ACCRUED INTEREST

To the extent a holder receives amounts attributable to accrued but unpaid interest on its Claim that was not previously included in taxable income by the holder, such amounts will be taxed to the holder as interest income. Conversely, a holder may be entitled to a deductible loss to the extent no payment is received of accrued interest that was previously included income by the holder.

D. MARKET DISCOUNT

If the holder of a Claim purchased the Claim for an amount less than its stated redemption price at maturity, the difference is treated as "market discount" for U.S. federal income tax purposes. Under the market discount rules, the holder of the Claim is required to treat as ordinary income any payments of principal on, or gain from a sale, exchange, retirement or other disposition of, the Claim to the extent of the market discount that accrued while the

holder held the Claim. Market discount is treated as having accrued ratably over such holding period unless the holder elected economic accrual of the market discount.

Gain realized by a holder of an Allowed 2016 Claim upon receipt of New FiberTower Common Stock in exchange for the Claim may be treated as ordinary income (instead of capital gain) to the extent of market discount that accrued, but was not previously taken into account, during the period the Claim was held by the holder. Such market discount will be taxable as ordinary income even if the exchange of Claims for New FiberTower Common Stock is otherwise a non-taxable tax deferred exchange.

E. OWNERSHIP AND DISPOSITION OF NEW FIBERTOWER COMMON STOCK

Future distributions to holders of New FiberTower Common Stock will be taxed as dividends to the extent paid out of current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Distributions in excess of earnings and profits will reduce the holders' tax basis in the New FiberTower Common Stock and, to the extent in excess of such basis, will be taxed, in the manner described below, as gain from a sale or exchange of the New FiberTower Common Stock. Subject to applicable requirements and limitations, dividends received by non-corporate holders may be eligible for reduced rates of tax on qualified dividends and dividends received by corporate holders may be entitled to a "dividends received" deduction.

Gain or loss will be recognized on a taxable sale, exchange or other disposition of New FiberTower Common Stock equal to the difference between the amount realized and the holder's tax basis in the New FiberTower Common Stock. Such gain or loss generally will be a capital gain or loss and will be long-term if the Stock was held for more than a year at the time of disposition and otherwise will be short-term. However, such gain will be ordinary income (i) to the extent the holder took a Tax Code Section 166(a) or (b) bad debt deduction with respect to the Claim, (ii) to the extent the holder recognized a net ordinary loss deduction upon satisfaction of the Claim, and (iii) to the extent of amounts the holder would have accrued if the Claim had been satisfied in full, but did not include in income because the holder used the cash method of accounting.

F. WITHHOLDING AND INFORMATION REPORTING

Information reporting generally applies to payments and distributions under the Plan. Information reporting is not required for payments and distributions to corporations and other exempt Holders. Holders may be subject to backup withholding at applicable rates, unless the holder (i) is a corporation or other person exempt from backup withholding and, when required, demonstrates this or (ii) is a United States Person and provides a correct taxpayer identification number ("TIN") on IRS Form W-9 (or a substitute) and provides the other information and makes the representations required by such form and complies with the other requirements of the backup withholding rules. A holder may become subject to backup withholding if, among other things, the holder (i) fails to properly report interest and dividends for U.S. federal income tax purposes or (ii) in certain circumstances, fails to certify, under penalty of perjury, that it has furnished a correct TIN. A holder that does not provide a correct TIN also may be subject to penalties. Backup withholding is not an additional tax. The U.S. federal income tax liability of a person subject to backup withholding is reduced by the amount of tax withheld as backup

withholding. If backup withholding results in an overpayment of U.S. federal income tax, the holder may obtain a refund of the overpayment by properly and timely filing a claim for refund with the IRS.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL OF THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES. HOLDERS OF ALLOWED CLAIMS AND ALLOWED EQUITY INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES OF THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS AND ANY CHANGE IN APPLICABLE TAX LAW.

XII. CONCLUSION AND RECOMMENDATION

For all of the reasons set forth in this Disclosure Statement, the Debtors believe that confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Debtors urge all holders of Claims and Equity Interests entitled to vote to **ACCEPT** the Plan, and to duly complete and return their Ballots or Master Ballots, as applicable, in accordance with the instructions on the Ballots and/or Master Ballots. The Voting Deadline is 4:00 p.m. prevailing Central Time on ~~January 7, 2013~~ January 8, 2014. To be counted, your Ballot or Master Ballot, as applicable, must be fully completed, executed and actually received by the Tabulation Agent by the Voting Deadline.

Dated: ~~October 28~~, December 4, 2013
Fort Worth, Texas

**FIBERTOWER NETWORK SERVICES,
CORP.**

By: /s/ Thomas Scott
Name: Thomas Scott

FIBERTOWER CORPORATION

By: /s/ Thomas Scott
Name: Thomas Scott

FIBERTOWER LICENSING, CORP.

By: /s/ Thomas Scott
Name: Thomas Scott

FIBERTOWER SPECTRUM HOLDINGS, LLC

By: /s/ Thomas Scott
Name: Thomas Scott

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Counsel to the Debtors

EXHIBIT A

DEBTORS' ~~FIRST~~SECOND AMENDED JOINT CHAPTER 11 PLAN

EXHIBIT B

DISCLOSURE STATEMENT APPROVAL ORDER

EXHIBIT C

LIQUIDATION ANALYSIS

Introduction

Section 1129(a)(7) of the Bankruptcy Code¹² requires that each holder of an impaired Allowed Claim or interest either (i) accepts the Plan or (ii) receives or retains under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date of the Plan. To demonstrate that the Plan satisfies this standard, the Debtors, in consultation with their advisors, have prepared the Liquidation Analysis under a hypothetical liquidation under Chapter 7 (a “Liquidation”) that (a) estimates the realizable value of the Debtors if they were liquidated under Chapter 7 (the “Liquidating Debtors”), and (b) estimates the distribution to creditors resulting from the Liquidation.

The Liquidation Analysis is based on a number of estimates and assumptions that are inherently subject to significant economic, competitive and operational uncertainties and contingencies that are beyond the control of the trustee under Chapter 7. The Debtors considered the non-debtor subsidiaries [of FiberTower Solutions Corp., FiberTower Broadband Corp., and Teligent Services Acquisition, Inc.](#) in all of these analyses. The non-debtor subsidiaries [are non-operating entities that](#) have no assets, and the only liabilities of the non-debtor subsidiaries are guarantee obligations with respect to the 2012 Notes and 2016 Notes. Further, the actual amounts of claims against the Liquidating Debtors’ estates could vary materially from the estimates set forth in the Liquidation Analysis, depending on, among other things, the Claims asserted during the liquidation proceedings under Chapter 7. Accordingly, while the information contained in the Liquidation Analysis is necessarily presented with numerical specificity, the Debtors cannot assure you that the values assumed would be realized or the claims levels assumed would not change if the Liquidating Debtors were in fact liquidated, nor can assurance be made that the Bankruptcy Court would accept this analysis or concur with these assumptions in making its determination under Section 1129(a) of the Bankruptcy Code.

The following provides a general summary of the assumptions used in the Liquidation Analysis. In addition, the Notes to the Liquidation Analysis discuss more specific assumptions, and the Liquidation Analysis should be read in conjunction with the Notes.

General Assumptions

The Liquidation Analysis assumes the conversion of the Debtors’ Chapter 11 Cases to Chapter 7 liquidation cases on October 31, 2013 (the “Conversion Date”). On the Conversion Date, it is assumed that the Bankruptcy Court would appoint one Chapter 7 trustee (the “Trustee”) to oversee the liquidation of the Estates. The liquidation is assumed to take approximately two (2) months or until the end of 2013 (the “Liquidation Period”). The following general assumptions were used in the development of this liquidation analysis:

¹² Capitalized terms used and not defined herein shall have the meanings ascribed to them in the Disclosure Statement or the Plan, as applicable.

- The Liquidation Analysis assumes a October 31, 2013 balance sheet for estimating liquidation values.
- The liquidation would commence under the direction of a Court-appointed trustee and continue for approximately two (2) months, or until the end of 2013, during which time all of the Liquidating Debtors' remaining assets would either be sold or conveyed to the Liquidating Debtors' respective lien holders, and the cash proceeds, net of liquidation-related costs, would then be distributed to creditors. The liquidation period will allow for the sale of assets and dissolution of the Liquidating Debtors. The Debtors ceased wireless backhaul field operations on April 30, 2013. There will, however, be on-going activities related to final liquidation and dissolution, selling the Liquidating Debtors' spectrum licenses, and the pursuit of any causes of action on behalf of the Liquidating Debtors. Although some assets might be liquidated within two (2) months, other assets may be more difficult to sell, thus requiring a liquidation period of longer than two (2) months. Asset liquidation values were assessed for the general class of asset by estimating the percentage recoveries that the Trustee could achieve through their disposition.
- Liquidation proceeds would be distributed in accordance with Sections 726 and 1129(b) of the Bankruptcy Code.

All other costs associated with the Liquidation Analysis are included in "Costs Associated with Liquidation" (See Note K). These costs include those related to trustee fees, legal fees and other professional fees as applicable to the Liquidating Debtors.

The table below provides a summary of the liquidation analysis as completed by the Debtors.

(\$'s in thousands)	Note	Projected	Estimated	
		Book Value	as of	Liquidation Value
<u>Debtors' Assets</u>	<u>A</u>	<u>10/31/2013</u>	<u>Low</u>	<u>High</u>
Cash and Cash Equivalents	B	\$ 4,249	4,249	4,249
Restricted Cash & Investments	C	120	120	120
Accounts Receivable	D	-	-	-
Deferred Debt Issuance Costs	E	-	-	-
Prepaid Expenses	F	1,063	130	173
Property & Equipment, Net	G	-	-	-
Intangible Assets	E	-	-	-
Spectrum Assets	H	106,630	1,000	2,000
Deposits	I	243	84	88
Other Assets	J	-	-	-
Gross Estimated Liquidation Proceeds Available for Distribution		\$ 112,305	\$ 5,583	\$ 6,629
<u>Costs Associated with Liquidation:</u>	K			
Overhead Costs			\$ (628)	\$ (628)
Severance			-	-
Chapter 7 Trustee Fees			(75)	(190)
Chapter 7 Professional Fees			(898)	(898)
Admin Claims			(100)	(150)
Total Liquidation Costs			(1,701)	(1,866)
Net Estimated Liquidation Proceeds Available for Distribution			\$ 3,881	\$ 4,764
<u>Distribution Summary</u>			Estimated Allowable Claims	
<u>Pre-Petition Claims</u>				
2016 Senior Notes	L	\$ 131,780	\$ 3,881	\$ 4,764
Hypothetical Recovery to Holders of 2016 Secured Notes			3%	4%
Proceeds Available After Distributions on Account of 2016 Secured Note Claims			\$ -	\$ -
2012 Notes	M	\$ 30,057	\$ -	\$ -
Hypothetical Recovery to Holders of Secured Claims				
Proceeds Available After Distributions on Account of 2012 Secured Notes				
<u>Unsecured Claims</u>				
General Unsecured Claims	N	\$ 44,000	\$ -	\$ -
Hypothetical Recovery to Holders of General Unsecured Claims				
Proceeds Available After Distributions on Account of General Unsecured Claims				
2016 Senior Notes - hypothetical recovery			\$ 3,881	\$ 4,764
2016 Senior Notes - cash distributions			\$ 34,092	\$ 34,092
Total hypothetical recovery			\$ 37,974	\$ 38,856
Hypothetical Recovery to Holders of 2016 Secured Notes including distributions			29%	29%

Footnotes to Liquidation Analysis

A summary of the assumptions used by the Debtor's management in preparing the liquidation analysis is set forth below.

Note A – Balance sheet Date

The book values used in this Liquidation Analysis are based on the Debtors' projected amounts as of October 31, 2013.

Note B - Cash and Cash Equivalents

The Liquidation Analysis assumes that operations during the Liquidation Period would not generate additional cash available for distribution, except for the net proceeds from the disposition of certain assets. Cash and cash equivalents are based upon the projected cash balance as of October 31, 2013. The Debtors maintain no short term securities which will require valuation or sale.

Note C – Restricted Cash & Investments

The balance in this account represents a \$120,000 Certificate of Deposit held by US Bank as collateral for company credit cards which will be returned to the Company upon termination of the credit account.

Note D - Accounts Receivable

The Liquidation Analysis assumes 100% of the Debtors' accounts receivable will be collected prior to the projected balance sheet date of October 31, 2013.

Note E - Deferred Debt Issuance Costs and Intangible Asset

As deferred debt issuance costs are capitalized expenses associated with past debt issuances that are now impaired, the Liquidation Analysis assumes that there is no value for this asset. The intangible asset is the Customer Relationships Intangible and the Liquidation Analysis assumes no value for this asset since all sales agreements with customers will have been terminated as of the Liquidation Date.

Note F - Prepaid Expenses

These amounts consist of site rent deposits, insurance payments, maintenance charges, fiber service providers' nonrecurring charges, and other vendor deposits and advance payments primarily to professional services firms. Expected recovery is based on potential refunds from these vendors.

Note G – Property and Equipment

Property, plant and equipment, includes owned switching and radio equipment, and leasehold improvements. Equipment and radio equipment installed at cell tower sites is not factored into the recovery as the Debtors have abandoned this equipment given the cost of recovery would have exceeded any salvage value. There is no recovery of leasehold improvements to leased properties because such improvements will revert to the lessor upon the discontinuation of the leases. Equipment located at the Debtors' warehouses will have *de minimis* estimated recovery value.

Note H – Spectrum Assets

Assumes a sale of the 49 spectrum licenses owned by the Debtors (that are not subject to the pending FCC appeal) for \$1 million to \$2 million.

Note I – Deposits

Deposits are held by landlords, utility companies and professional services firms. The Liquidation Analysis assumes no recovery of the deposits.

Note J – Other Assets

Other assets are entirely the long-term portion of non-recurring engineering costs paid to fiber providers that are being amortized. The expected recovery from these assets is assumed to be zero because the engineering work was specific to the Debtors' requirements and it cannot be utilized by a potential buyer.

Note K - Costs Associated with Liquidation

Chapter 7 trustee fees include those fees associated with the appointment of a Chapter 7 trustee in accordance with Section 326 of the Bankruptcy Code. Trustee fees are estimated based on the requirements of the Bankruptcy Code and historical experience in other similar cases and are estimated at \$75,000.

Other necessary liquidation/wind-down costs are estimated to include property taxes, mail, supplies, telephone and contractor time to wind-down the business over a two month period.

Fees for professionals (legal and accounting) are necessary to assist the Liquidating Debtors and the trustee under Chapter 7 with the liquidation.

Administrative claims consist of tax and other priority claims required to be paid as part of this liquidation.

Note L – 2016 Notes

For purposes of the Liquidation Analysis, the Debtors have assumed that the 2016 Notes have Senior Claims consisting of approximately \$131.8 million as of the Petition Date.

Note M – 2012 Notes

For purposes of the Liquidation Analysis, the Debtors have assumed that the 2012 Notes have a claim consisting of approximately \$30.1 million as of the Petition Date.

Note N – General Unsecured Claims

For purposes of the Liquidation Analysis, the Debtors have assumed that unsecured claims will consist of the high-end of the range of estimated General Unsecured Claims as defined in the Plan. It should be noted that the Liquidation Analysis does not attempt to estimate potential additional General Unsecured Claims that could arise as a result of the rejection of remaining executory contracts or the failure of the Debtors to perform under existing contracts. Additionally, potential litigation claims have not been included. General Unsecured Claims are assumed to be paid on a pro rata basis from the net liquidation proceeds available, if any, after distributions on account of all other Claims. In light of the fact that no net liquidation proceeds are available to be distributed to holders of General Unsecured Claims, no estimate is given.

Note O – Cash Distributions to Creditors

The Liquidation Analysis assumes cash distributions to the holders of 2016 Notes of approximately \$34 million, excluding any proceeds derived from the liquidation of non-cash assets. The \$34 million represents a combination of actual and projected distributions. The breakdown of the distributions is outlined in the following table:

Month	Status	Amount
December 2012	Paid	\$ 2,250,000
January 2013	Paid	\$ 12,000,000
March 2013	Paid	\$ 2,300,000
April 2013	Paid	\$ 5,500,000
May 2013	Paid	\$ 3,000,000
June 2013	Paid	\$ -
July 2013	Paid	\$ 8,700,000
	Total cash distributions	\$ 33,750,000

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