

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-33117

GLOBALSTAR, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

41-2116508

(I.R.S. Employer Identification No.)

461 South Milpitas Blvd.

Milpitas, California 95035

(Address of principal executive offices and zip code)

(408) 933-4000

Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No .

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of November 8, 2007, there were 82,671,224 shares of \$0.0001 par value Common Stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GLOBALSTAR, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Revenue:				
Service revenue	\$ 21,263	\$ 27,649	\$ 58,713	\$ 69,851
Subscriber equipment sales	4,425	11,046	15,966	37,585
Total revenue	<u>25,688</u>	<u>38,695</u>	<u>74,679</u>	<u>107,436</u>
Operating expenses:				
Cost of services (exclusive of depreciation and amortization shown separately below)	7,307	6,695	20,428	20,583
Cost of subscriber equipment sales	3,390	10,902	11,398	36,671
Marketing, general, and administrative	12,069	10,543	34,185	31,234
Depreciation and amortization	3,264	1,726	8,225	4,424
Impairment of assets	—	—	17,255	—
Total operating expenses	<u>26,030</u>	<u>29,866</u>	<u>91,491</u>	<u>92,912</u>
Operating income (loss)	<u>(342)</u>	<u>8,829</u>	<u>(16,812)</u>	<u>14,524</u>
Other income (expense):				
Interest income	734	80	2,253	446
Interest expense	(341)	(148)	(1,037)	(256)
Interest rate derivative loss	(2,297)	(2,919)	(751)	(2,919)
Other	3,827	(84)	4,874	(1,844)
Total other income (expense)	<u>1,923</u>	<u>(3,071)</u>	<u>5,339</u>	<u>(4,573)</u>
Income (loss) before income taxes	1,581	5,758	(11,473)	9,951
Income tax expense (benefit)	929	3,057	118	(14,402)
Net income (loss)	<u>\$ 652</u>	<u>\$ 2,701</u>	<u>\$ (11,591)</u>	<u>\$ 24,353</u>
Earnings (loss) per common share:				
Basic	\$ 0.01	\$ 0.04	\$ (0.15)	\$ 0.39
Diluted	\$ 0.01	\$ 0.04	\$ (0.15)	\$ 0.39
Weighted-average shares outstanding:				
Basic	78,000,148	62,875,494	75,613,583	62,267,130
Diluted	79,043,868	63,205,206	75,613,583	62,596,842

See accompanying notes to unaudited interim consolidated financial statements.

GLOBALSTAR, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)
(Unaudited)

	September 30, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 36,339	\$ 43,698
Accounts receivable, net of allowance of \$3,197 (2007) and \$3,609 (2006)	14,998	19,543
Inventory	46,288	33,754
Advances for inventory	10,747	15,550
Deferred tax assets	2,330	1,495
Prepaid expenses and other current assets	3,061	2,512
Total current assets	<u>113,763</u>	<u>116,552</u>
Property and equipment:		
Spare satellites and launch costs	88,234	87,813
Second-generation satellites	120,277	26,328
Globalstar System, net	41,345	15,576
Other property and equipment, net	8,642	7,005
	<u>258,498</u>	<u>136,722</u>
Other assets:		
Restricted cash	58,281	52,581
Deferred tax assets	19,291	18,763
Other assets, net	8,061	7,083
Total assets	<u>\$ 457,894</u>	<u>\$ 331,701</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable, current portion	\$ 263	\$ 285
Accounts payable	3,027	11,468
Accrued expenses	15,879	17,224
Payables to affiliates	5,678	6,019
Deferred revenue	21,301	24,720
Total current liabilities	<u>46,148</u>	<u>59,716</u>
Notes payable, net of current portion	167	417
Employee benefit obligations, net of current portion	2,123	2,079
Long term tax payable	499	—
Other non-current liabilities	4,715	3,843
Total non-current liabilities	<u>7,504</u>	<u>6,339</u>
Redeemable common stock; 259,845 and 347,451 shares issued and outstanding at September 30, 2007 and December 31, 2006, respectively	3,700	4,949
Shareholders' equity:		
Preferred Stock, \$0.0001 par value; 100,000,000 shares authorized, issued and outstanding — none	—	—
Common stock, \$0.0001 par value; 800,000,000 shares authorized, 82,412,127 shares issued and outstanding at September 30, 2007 and 72,544,543 shares issued and outstanding at December 31, 2006	8	7
Additional paid-in capital	387,004	238,919
Accumulated other comprehensive income (loss)	2,815	(1,166)
Retained earnings	10,715	22,937
Total shareholders' equity	<u>400,542</u>	<u>260,697</u>
Total liabilities and shareholders' equity	<u>\$ 457,894</u>	<u>\$ 331,701</u>

See accompanying notes to unaudited interim consolidated financial statements.

GLOBALSTAR, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended	
	September 30, 2007	September 30, 2006
Cash flows from operating activities:		
Net income (loss)	\$ (11,591)	\$ 24,353
Adjustments to reconcile net income to net cash from operating activities:		
Deferred income taxes	(510)	(17,372)
Depreciation and amortization	8,225	4,424
Interest rate derivative (gain)	751	2,919
Stock-based compensation expense	5,409	—
Loss (gain) on disposal of fixed assets	(137)	1

Provision for bad debts	425	898
Interest income on restricted cash	(1,557)	—
Contribution of services	315	108
Impairment of assets	17,255	—
Amortization of deferred financing costs	332	—
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable	5,132	(1,776)
Inventory	(25,447)	(11,171)
Advances for inventory	6,607	(5,816)
Prepaid expenses and other current assets	(429)	585
Other assets	327	(545)
Accounts payable	(8,549)	2,081
Payables to affiliates	128	5,281
Accrued expenses and employee benefit obligations	(4,036)	3,814
Other non-current liabilities	(109)	—
Deferred revenue	(4,152)	5,044
Net cash from operating activities	<u>(11,611)</u>	<u>12,828</u>
Cash flows from investing activities:		
Spare and second-generation satellites and launch costs	(125,850)	(56,163)
Property and equipment additions	(2,702)	(3,795)
Proceeds from sale of property and equipment	263	—
Payment for intangible assets	(214)	—
Payment for business acquisition	—	(191)
Net cash from investing activities	<u>(128,503)</u>	<u>(60,149)</u>
Cash flows from financing activities:		
Borrowings under revolving credit facility	—	23,302
Payment of principal on notes payable	(273)	(22)
Proceeds from Thermo under the irrevocable standby stock purchase agreement	140,255	15,000
Proceeds from subscription receivable	—	13,000
Deferred financing cost payments	(1,533)	(6,355)
Net cash from financing activities	<u>138,449</u>	<u>44,925</u>
Effect of exchange rate changes on cash	<u>(5,694)</u>	<u>(164)</u>
Net increase (decrease) in cash and cash equivalents	<u>(7,359)</u>	<u>(2,560)</u>
Cash and cash equivalents, beginning of period	43,698	20,270
Cash and cash equivalents, end of period	<u>\$ 36,339</u>	<u>\$ 17,710</u>
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ 2,301	\$ 1,023
Income taxes	\$ 84	\$ 105
Supplemental disclosure of non-cash financing and investing activities:		
Conversion of redeemable common stock to common stock	\$ 1,249	\$ —
Accrued launch costs and second-generation satellites costs	\$ 347	\$ 7,443
Distribution payable to member	\$ —	\$ 686
Issuance of redeemable common stock in conjunction with acquisition	\$ —	\$ 5,198
Capitalization of interest for spare and second-generation satellites and launch costs	\$ —	\$ 920

See accompanying notes to unaudited interim consolidated financial statements.

GLOBALSTAR, INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note 1: The Company and Summary of Significant Accounting Policies

Nature of Operations

Globalstar, Inc. (“Globalstar” or the “Company”) was formed as a Delaware limited liability company in November 2003, and was converted into a Delaware corporation on March 17, 2006.

Globalstar is a leading provider of mobile voice and data communications services via satellite. Globalstar’s network, originally owned by Globalstar, L.P. (“Old Globalstar”), was designed, built and launched in the late 1990s by a technology partnership led by Loral Space and Communications (“Loral”) and QUALCOMM Incorporated (“QUALCOMM”). On February 15, 2002, Old Globalstar and three of its subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code. In 2004, Thermo Capital Partners L.L.C. (“Thermo”) became Globalstar’s principal owner, and Globalstar completed the acquisition of the business and assets of Old Globalstar.

Globalstar offers satellite services to commercial and recreational users in more than 120 countries around the world. The Company’s voice and data products include mobile and fixed satellite telephones, Simplex and duplex satellite data modems and flexible service packages. Many land based and maritime industries benefit from Globalstar with increased productivity from remote areas beyond cellular and landline service. Globalstar’s customers include those in the following industries: oil and gas, government, mining, forestry, commercial fishing, utilities, military, transportation, heavy construction, emergency preparedness, and business continuity, as well as individual recreational users.

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information. These unaudited interim consolidated financial statements include the accounts of Globalstar and its majority owned or otherwise controlled subsidiaries. All significant intercompany transactions and balances have been eliminated in the consolidation. In the opinion of management, such information includes all adjustments, consisting of normal recurring adjustments, that are necessary for a fair presentation of the Company’s consolidated financial position, results of operations, and cash flows for the periods presented. The results of operations for the three and nine months ended September 30, 2007 are not necessarily indicative of the results that may be expected for the full year or any future period. Globalstar’s results of operations are subject to seasonal usage changes. The months of April through October are typically peak months for service revenues and equipment sales. Government customers in North America tend to use Globalstar’s services during summer months, often in support of relief activities after events such as hurricanes, forest fires and other natural disasters.

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company evaluates its estimates on an ongoing basis, including those related to revenue recognition, allowance for doubtful accounts, inventory valuation, deferred tax assets, property and equipment, warranty obligations and contingencies and litigation. Actual results could differ from these estimates.

These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2006. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted. The consolidated balance sheet as of December 31, 2006 was derived from the Company’s audited consolidated financial statements for the year ended December 31, 2006, but does not include all disclosures required by GAAP.

Globalstar operates in one segment, providing voice and data communication services via satellite. As a result, all segment-related financial information required by Statement of Financial Accounting Standards (“SFAS”) No. 131, “Disclosures About Segments of an Enterprise and Related Information,” or SFAS 131, is included in the consolidated financial statements.

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Other income (expense) includes foreign exchange transaction gains of \$3.8 million and \$4.9 million for the three and nine months ended September 30, 2007, respectively, and losses of \$0.1 million and \$1.8 million for the three and nine months ended September 30, 2006, respectively.

Impairment of assets

During the three and nine months ended September 30, 2007, the Company recognized \$0 and \$17.3 million, respectively, impairment charge on its inventory representing a write-down on its first-generation phone and accessory inventory. This charge was recognized after assessment of the Company’s inventory quantities and its recent and projected equipment sales. There was no such charge in the same period in 2006.

Property and Equipment

The Globalstar System includes costs for the design, manufacture, test, and launch of a constellation of low earth orbit satellites, including satellites put into service which were previously recorded as spare satellites and held as ground spares until the Company launched four satellites each in May and October 2007; as each of these satellites are put into service, the Company will incorporate the costs related to the satellite into the Globalstar System and depreciate the costs for each particular satellite over an estimated life of eight years from its “In-Service Date.”

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Recent Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board (“FASB”) issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes— an Interpretation of FASB Statement No. 109” (“FIN 48”), which clarifies the accounting for uncertainty in income tax positions. This Interpretation requires that the Company recognize in its financial statements the impact of a tax position if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The provisions of FIN 48 were effective for the Company on January 1, 2007, with the cumulative effect of the change in accounting principle, if any, recorded as an adjustment to opening retained earnings. The Company adopted the provisions of FIN 48 on January 1, 2007. See Note 9 for the impact of the adoption on the Company’s financial statements.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“SFAS 157”), which clarifies the definition of fair value, establishes guidelines for measuring fair value, and expands disclosures regarding fair value measurements. SFAS 157 does not require any new fair value measurements and eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS 157 will be effective for the Company on January 1, 2008. The Company is currently evaluating the impact of adopting SFAS 157 on its financial position, cash flows, and results of operations.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115” (“SFAS 159”). SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS 159 does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of adopting SFAS 159 on its financial position, cash flows, and results of operations.

Note 2: Basic and Diluted Earnings Per Share

The Company applies the provisions of Statement of Financial Accounting Standard No. 128, "Earnings Per Share" ("SFAS 128"), which requires companies to present basic and diluted earnings per share. Basic earnings per share is computed based on the weighted-average number of common shares outstanding during the period. Common Stock equivalents are included in the calculation of diluted earnings per share only when the effect of their inclusion would be dilutive.

The following table sets forth the computations of basic and diluted earnings per share (in thousands, except share and per share data):

	Three Months Ended September 30, 2007			Nine Months Ended September 30, 2007		
	Income (Numerator)	Weighted Average Shares Outstanding (Denominator)	Per-Share Amount	Income (Numerator)	Weighted Average Shares Outstanding (Denominator)	Per-Share Amount
Basic earnings (loss) per common share						
Net income (loss)	\$ 652	78,000,148	\$ 0.01	\$ (11,591)	75,613,583	\$ (0.15)
Effect of Dilutive Securities						
Stock Options to Director		87,604			—	
GAT acquisition		535,880			—	
Unvested restricted stock		420,236			—	
Diluted earnings (loss) per common share	\$ 652	79,043,868	\$ 0.01	\$ (11,591)	75,613,583	\$ (0.15)

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Unvested restricted stock of 218,415 and 1,560,696 shares of Common Stock, respectively, were excluded from the computation of diluted shares outstanding for both the three and nine months ended September 30, 2007 as their inclusion would have been anti-dilutive.

	Three Months Ended September 30, 2006			Nine Months Ended September 30, 2006		
	Income (Numerator)	Weighted Average Shares Outstanding (Denominator)	Per-Share Amount	Income (Numerator)	Weighted Average Shares Outstanding (Denominator)	Per-Share Amount
Basic earnings per common share						
Net income	\$ 2,701	62,875,494	\$ 0.04	\$ 24,353	62,267,130	\$ 0.39
Effect of Dilutive Securities						
Stock options to director	—	100,206		—	100,206	
GAT acquisition	—	229,506		—	229,506	
Diluted earnings per common share	\$ 2,701	63,205,206	\$ 0.04	\$ 24,353	62,596,842	\$ 0.39

Note 3: Globalstar Americas Telecommunications, LTD

Effective January 1, 2006, the Company consummated an agreement dated December 30, 2005 to purchase all of the issued and outstanding stock of Globalstar Americas Holding Limited ("GAH"), Globalstar Americas Telecommunications Limited ("GAT"), and Astral Technologies Investment Limited ("Astral"), collectively, the "GA Companies." The GA Companies owned assets, contract rights, and licenses necessary and sufficient to operate a satellite communications business in Panama, Nicaragua, Honduras, El Salvador, Guatemala, and Belize (collectively, the "Territory"). The Company believes the purchase of the GA Companies will further enhance Globalstar's presence and coverage in Central America and consolidation efforts. The stipulated purchase price for the GA Companies is \$5,250,500 payable substantially 100% in Globalstar Common Stock. Additionally, the Company had a \$1.0 million receivable from GA Companies as of the acquisition date that was treated as a component to the total purchase price. At the time of closing of the purchase of the GA Companies, the selling stockholders received 91,986 membership units, which subsequently were converted into the same number of shares of Common Stock of the Company as a result of the Company's conversion from a limited liability company to a corporation.

Under the terms of the acquisition agreement, the Company was obligated either to redeem the original stock issued to the selling stockholders in January 2006 for \$5.2 million in cash or to pay the selling stockholders, in cash or in stock, the difference between \$5.2 million and the market value of that stock multiplied by the 5-day average closing price of the Company stock for the period ending November 22, 2006. In accordance with a supplemental agreement dated December 21, 2006 with certain selling stockholders, the Company elected to make payment in Common Stock and issued 259,845 shares of additional Common Stock to certain selling stockholders. Under this supplemental agreement this stock was valued at approximately \$3.7 million. However, it was not registered and therefore was not marketable. Accordingly, this supplemental agreement also provided that, in order to compensate the selling stockholders for the inability to sell these shares, every month the Company will pay interest on \$3.7 million at the monthly New York prime rate until these shares become marketable, but not later than December 31, 2007. During the three and nine months ended September 30, 2007, the related interest expense incurred was approximately \$75,000 and \$228,000, respectively.

The Company has the right to register, before December 22, 2007, the 259,845 shares of Common Stock delivered in December 2006. If it does so and the Company has met in full its obligation to pay interest on \$3.7 million, the interest obligation ceases as of the date this registration statement becomes effective. The Company also has the right to register additional shares of sufficient value on the effective date of the registration statement to pay the interest obligation in Common Stock. In addition, if the per share market value of the Company's Common Stock on December 22, 2007 multiplied by 259,845 is less than \$3.7 million minus the sum of interest payments made on the \$3.7 million on or before December 28, 2007, the Company will be required to pay the shortfall to these selling stockholders. However, if the Company shall have also registered sufficient additional stock to pay the interest obligation and distributes it to the selling stockholders, they are obligated to accept the tender, return to the Company the interest previously paid in cash, and all obligations of the Company under the acquisition agreement and the supplemental agreement will be deemed to have been satisfied.

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During December 2006, the Company reached a settlement with the remaining selling stockholder and issued 15,109 shares of Common Stock to such stockholder. The 15,109 shares issued during December 2006 and the original 4,380 shares issued in January 2006 to this selling stockholder were not considered redeemable as of December 31, 2006.

In accordance with the supplemental agreement, on January 31, 2007, the remaining 87,606 shares of Common Stock associated with the original 91,986 shares distributed in January 2006, were not considered redeemable. As of September 30, 2007, 259,845 shares of redeemable Common Stock were outstanding.

Note 4: Property and Equipment

Property and equipment consist of the following (in thousands):

	September 30, 2007	December 31, 2006
Globalstar System:		
Space segment	\$ 37,556	\$ 5,832
Ground segment	21,404	21,033
Second-generation satellites	120,277	26,328
Spare satellites and launch costs	88,234	87,813
Furniture and office equipment	12,555	9,631
Land	1,991	2,089
Leasehold improvements	1,592	1,477
Construction in progress	1,238	16
Buildings	484	484
	<u>285,331</u>	<u>154,703</u>
Accumulated depreciation	(26,833)	(17,981)
	<u>\$ 258,498</u>	<u>\$ 136,722</u>

Property and equipment consists of an in-orbit satellite constellation, ground equipment, spare satellites and launch costs, second-generation satellites and support equipment located in various countries around the world. On November 30, 2006, the Company entered into a contract with Thales Alenia Space (formerly known as Alcatel Alenia Space France) to construct 48 low-earth orbit satellites. The total contract price is approximately €662.6 million (approximately \$923.1 million at a weighted average conversion rate of €1.00 = \$1.3932 at September 30, 2007) including approximately €146.3 million which will be paid by the Company in U.S. dollars at a fixed conversion rate of €1.00 = \$1.294. The contract requires Thales Alenia Space to commence delivery of satellites in the third quarter of 2009, with deliveries continuing until 2013 unless Globalstar elects to accelerate delivery. At September 30, 2007, \$58.3 million was held in escrow to secure the Company's payment obligations related to its contract for the construction of its second-generation satellite constellation. Funds which the Company escrows to support this contract are not available for other corporate purposes. At the Company's request, Thales Alenia Space has presented a four-part sequential plan for accelerating delivery of the initial 24 satellites by up to four months. The expected cost of this acceleration will range from approximately €6.7 million to €13.4 million (\$9.6 million to \$19.1 million at € 1.00 = \$1.4272). In September 2007, the Company accepted the first portion of this plan with an additional cost of €1.9 million (\$2.7 million at €1.00 = \$1.4272). The Company cannot assure you that any of the remaining acceleration will occur.

As of September 30, 2007 and December 31, 2006, capitalized interest included within spare and second-generation satellites and launch costs was \$0.9 million. No interest was capitalized during the three and nine months ended September 30, 2007. Depreciation expense for the three and nine months ended September 30, 2007 was \$3.2 million and \$8.1 million, respectively, and \$1.7 million and \$4.3 million for the three and nine months ended September 30, 2006, respectively.

In March 2007, the Company and Thales Alenia Space entered into an agreement for the construction of the Satellite Operations Control Centers, Telemetry Command Units and In Orbit Test Equipment (collectively, the "Control Network Facility") for the Company's second-generation satellite constellation. This agreement complements the second-generation satellite construction contract between Globalstar and Thales Alenia Space for the construction of 48 low-earth orbit satellites and allows Thales Alenia Space to coordinate all aspects of the second-generation satellite constellation project, including the transition of first-generation software and hardware to equipment for the second generation. The total contract price for the construction and associated services is €9.0 million (approximately \$12.8 million at a conversion rate of €1.00 = \$1.4272) consisting of €4.0 million for the Satellite Operations Control Centers, €3.0 million for the Telemetry Command Units and €2.0 million for the In Orbit Test Equipment, with payments to be made on a quarterly basis through completion of the Control Network Facility in late 2009. Globalstar has the option to terminate the contract if excusable delays affecting Thales Alenia Space's ability to perform the contract total six consecutive months or at its convenience. If Globalstar terminates the

contract, it must pay Thales Alenia Space the lesser of its unpaid costs for work performed by Thales Alenia Space and its subcontractors or payments for the next two quarters following termination. If Thales Alenia Space has not completed the Control Network Facility acceptance review within 60 days of the due date, Globalstar will be entitled to certain liquidated damages. Failure to complete the Control Network Facility acceptance review on or before six months after the due date results in a default by Thales Alenia Space, entitling Globalstar to a refund of all payments, except for liquidated damage amounts previously paid or with respect to items where final delivery has occurred. The Control Network Facility, when accepted, will be covered by a limited one-year warranty. The contract contains customary arbitration and indemnification provisions.

On September 5, 2007, the Company and Arianespace entered into an agreement for the launch of the Company's second-generation satellites and certain pre and post-launch services. Pursuant to the agreement, Arianespace will make four launches of six satellites each, and the Company has the option to require Arianespace to make four additional launches of six satellites each. The total contract price for the first four launches is \$210.0 million. See "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Capital Expenditures" for a schedule of the payments to Arianespace. The anticipated time period for the first four launches ranges from as early as the third quarter of 2009 through the end of 2010 and the optional launches are available from spring 2010 through the end of 2014. Prolonged delays due to postponements by the Company or Arianespace may result in adjustments to the payment schedule.

To augment its existing satellite constellation, the Company successfully launched its eight spare satellites in two separate launches of four satellites each on May 29, 2007 and October 21, 2007. The Company no longer has any ground spare satellites remaining to be launched.

Note 5: Accrued Expenses

Accrued expenses consist of the following (in thousands):

	September 30, 2007	December 31, 2006
Accrued property and other taxes	\$ 4,542	\$ 3,176
Accrued compensation and benefits	2,929	5,757
Customer deposits	2,848	1,489
Accrued professional fees	848	1,493
Accrued marketing costs	606	11
Commitment fees related to delayed draw term loan and revolving credit facility	588	731
Accrued telecom costs	508	342
Accrued commissions	419	610
Warranty reserve	210	879
Accrued expenses related to spare satellite launch costs	205	51
Employee benefit obligation – current portion	—	443
Other accrued expenses	2,176	2,242
	<u>\$ 15,879</u>	<u>\$ 17,224</u>

Other accrued expenses primarily include outsourced logistics services, storage, maintenance, and roaming charges.

Warranty terms extend from 90 days on equipment accessories to one year for fixed and mobile user terminals. Warranties are accounted for in accordance with SFAS No. 5, “Accounting for Contingencies,” such that an accrual is made when it is estimable and probable that a loss has been incurred based on historical experience. Warranty costs are accrued based on historical trends in warranty charges as a percentage of gross product shipments. A provision for estimated future warranty costs is recorded as cost of sales when products are shipped. The resulting accrual is reviewed regularly and periodically adjusted to reflect changes in warranty cost estimates. The following is a summary of the activity in the warranty reserve account (in thousands):

	Three months ended		Nine months ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Balance, at the beginning of period	\$ 359	\$ 1,288	\$ 879	\$ 977
Provision	(114)	321	(285)	1,323
Utilization	(35)	(385)	(384)	(1,076)
Balance, at the end of period	<u>\$ 210</u>	<u>\$ 1,224</u>	<u>\$ 210</u>	<u>\$ 1,224</u>

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Note 6: Payables to Affiliates

Payables to affiliates relate to normal purchase transactions and are comprised of the following (in thousands):

	September 30, 2007	December 31, 2006
QUALCOMM	\$ 5,520	\$ 5,847
Thermo Capital Partners	158	172
	<u>\$ 5,678</u>	<u>\$ 6,019</u>

Thermo incurs certain general and administrative expenses on behalf of the Company, which are reimbursed by the Company. Total expenses were approximately \$45,000 and \$143,000 for the three and nine months ended September 30, 2007, respectively, and \$0 and \$20,000, respectively, for the three and nine months ended September 30, 2006. For the three and nine months ended September 30, 2007, the Company also recorded \$141,000 and \$315,000, respectively, of expenses related to services provided by officers of Thermo, which were accounted for as a contribution to capital. Similar expenses for the three and nine months ended September 30, 2006, were \$36,000 and \$108,000, respectively. The Thermo expense charges are based on actual amounts incurred or upon allocated employee time. Management believes the allocations are reasonable.

Note 7: Other Related Party Transactions

During 2005, Globalstar issued separate purchase orders for additional phone equipment and accessories under the terms of previously executed commercial agreements with QUALCOMM that aggregate to a total commitment balance of approximately \$158.5 million. Approximately \$107.7 million of the \$158.5 million consists of a new generation of phones and fixed user terminals, car kits and accessories, which QUALCOMM began delivering in October 2006. The remaining \$50.8 million consists of phones and accessories under the original commercial agreement and was 100% fulfilled as of December 31, 2006.

Within the terms of the commercial agreements, the Company paid QUALCOMM approximately 15% to 25% of the total order as advances for inventory. As of September 30, 2007 and December 31, 2006, total advances to QUALCOMM for inventory were \$10.7 million and \$15.3 million, respectively. Under the new agreements, Globalstar did not receive any additional discounts from QUALCOMM. The total orders placed with QUALCOMM as of September 30, 2007 and December 31, 2006 were approximately \$189.1 million and \$186.7 million, respectively, with outstanding commitment balances of approximately \$60.7 million and \$86.7 million, respectively.

See Notes 11 and 16 for details on financing transactions with an affiliate of Thermo.

Purchases from Affiliates

Total purchases from affiliates are as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006	2007	2006
QUALCOMM	\$ 9,794	\$ 13,933	\$ 32,486	\$ 49,574
Other affiliates	6,326	69	13,690	88
Total	\$ 16,120	\$ 14,002	\$ 46,176	\$ 49,662

Revenues from Affiliates

Total usage revenues from affiliates were \$113,000 and \$425,000 for the three and nine months ended September 30, 2007, respectively, and \$800,000 and \$1,300,000 for the three and nine months ended September 30, 2006, respectively. Total equipment revenues from affiliates were \$18,000 and \$59,000 for the three and nine months ended September 30, 2007, respectively, and \$1,100,000 and \$3,400,000 for the three and nine months ended September 30, 2006, respectively.

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Note 8: Pension and Other Employee Benefit Plans

Components of the net periodic benefit cost of the Company's contributory defined benefit pension plan were as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006	2007	2006
Interest cost	\$ 190	\$ 184	\$ 570	\$ 551
Expected return on plan assets	(200)	(174)	(600)	(523)
Actuarial loss, net	15	23	45	68
Net periodic benefit cost	\$ 5	\$ 33	\$ 15	\$ 96

Note 9: Income Taxes

On January 1, 2007, the Company adopted Financial Accounting Standards Board Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 prescribes a recognition threshold that a tax position is required to meet before being recognized in the financial statements and provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition issues.

The application of FIN 48 resulted in a cumulative adjustment of \$0.6 million which decreased retained earnings. This decrease was a result of an unrecognized tax benefit of approximately \$72.5 million which was substantially offset by the application of a valuation allowance. The unrecognized tax benefit did not change significantly during the nine months ended September 30, 2007. In addition, future changes in the unrecognized tax benefit may not have an impact on the effective tax rate due to the existence of the valuation allowances on most of the Company's deferred tax assets.

Prior to January 1, 2006, the Company and its U.S. operating subsidiaries were treated as partnerships for U.S. tax purposes. Generally, taxable income or loss, deductions and credits of the partnership were passed through to its partners. Effective January 1, 2006, the Company elected to be taxed as a C corporation in the United States.

The Company is not currently under audit by the Internal Revenue Service ("IRS") or by any state jurisdiction in the United States. The Company's corporate U.S. tax returns for 2006 and U.S. partnership tax returns filed for years before 2006 remain subject to examination by tax authorities. As a partnership, the Company did not pay entity level taxes during the years before 2006; accordingly, the Company would not expect an examination of these years to expose the Company to additional significant liability or exposure. State income tax returns are generally subject to examination for a period of three to five years after filing of the respective return. The state impact of any federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states. In the Company's international tax jurisdictions, numerous tax years remain subject to examination by tax authorities, including tax returns for at least 2001 and subsequent years in most of the Company's major international tax jurisdictions.

Prior to the Company's adoption of FIN 48, its policy was to classify interest and penalties as an operating expense in arriving at pretax income. The Company has computed interest on the difference between the tax position recognized in accordance with FIN 48 and the amount previously taken or expected to be taken in its tax returns. Upon adoption of FIN 48, the Company has elected an accounting policy to also classify accrued interest and penalties related to unrecognized tax benefits in its income tax provision. As of January 1, 2007, the Company had recorded a liability of \$0.6 million that included approximately \$60,000 and \$50,000 for the payment of interest and penalties, respectively.

Given that the Company is not currently under audit by the IRS in the United States or in any of its major international tax jurisdictions, the Company does not believe that it is likely that the amount of the unrecognized benefit with respect to certain of its unrecognized tax positions will significantly increase or decrease within the next 12 months.

Note 10: Comprehensive Income

SFAS No. 130, "Reporting Comprehensive Income," establishes standards for reporting and displaying comprehensive income and its components in shareholders' equity. Comprehensive income (loss) includes all changes in equity during a period from non-owner sources. The change in accumulated other comprehensive income for all periods presented resulted from foreign currency translation adjustments and minimum pension liability adjustment.

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The following are the components of comprehensive income (loss) (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006	2007	2006
Net income (loss)	\$ 652	\$ 2,701	\$ (11,591)	\$ 24,353
Other comprehensive income:				
Foreign currency translation adjustments	1,488	134	4,184	1,866
Minimum pension liability adjustment	—	—	(203)	—
Total comprehensive income (loss)	\$ 2,140	\$ 2,835	\$ (7,610)	\$ 26,219

Note 11: Globalstar Financing Transactions

As required by the lender under the Company's credit agreement discussed below, the Company executed an agreement with Thermo Funding Company LLC ("Thermo Funding Company"), an affiliate of Thermo, to provide Globalstar up to an additional \$200.0 million of equity via an irrevocable standby stock purchase agreement. The irrevocable standby purchase agreement allows the Company to put up to 12,371,136 shares of its Common Stock to Thermo Funding Company at a predetermined price of approximately \$16.17 per share when the Company requires additional liquidity or upon the occurrence of certain other specified events. Thermo Funding Company also may elect to purchase the shares at any time. Minority stockholders of Globalstar as of June 15, 2006 who are accredited investors and who received at least thirty-six shares of Globalstar Common Stock as a result of the Old Globalstar bankruptcy will be provided an opportunity to participate in this financing. The following table sets forth information with respect to shares purchased by Thermo Funding Company pursuant to the agreement through September 30, 2007:

Date of Purchase	Number of Shares	Purchase Price (in millions)
June 30, 2006	927,840	\$ 15.0
December 5, 2006	2,000,000	32.3
February 5, 2007	1,500,000	24.3
April 30, 2007	1,546,073	25.0
May 9, 2007	618,429	10.0
July 31, 2007	2,164,502	35.0
September 7, 2007	1,236,858	20.0
September 27, 2007	1,607,916	26.0
Total	11,601,618	\$ 187.6

In November 2007, Thermo Funding Company purchased the remaining shares of Common Stock subject to the agreement and fully satisfied its commitment. See Note 16 for details.

On August 16, 2006, the Company entered into an amended and restated credit agreement with Wachovia Investment Holdings, L.L.C., as administrative agent and swingline lender, and Wachovia Bank, National Association, as issuing lender, which was subsequently amended on September 29, 2006 and October 26, 2006. The amended and restated credit agreement provides for a \$50.0 million revolving credit facility and a \$100.0 million delayed draw term loan facility. The delayed draw term loan may be drawn after January 1, 2008 and prior to August 16, 2009, but only if, after giving effect to the delayed draw term loan and thereafter at the end of each quarter while the delayed draw term loan is outstanding, the Company's consolidated senior secured leverage ratio does not exceed 3.5 to 1.0. The Company's ability to borrow under the credit agreement is conditioned on the absence of any material adverse change in the Company's results of operations or financial condition from August 16, 2006 to the date of the borrowing. In addition to the \$50.0 million revolving and \$100.0 million delayed draw term loan facilities, the amended and restated credit agreement permits the Company to incur additional term loans on an equally and ratably secured, *pari passu* basis in an aggregate amount of up to \$150.0 million (plus the amount of any reduction in the delayed draw term loan facility or prepayment of the delayed draw term loan described above resulting from sales of common stock or any additional term loans) from the lenders under the credit agreement or other banks, financial institutions or investment funds approved by the Company and the administrative agent. The Company has not received any commitments for these additional term loans. These additional term loans may be incurred only if no event of default then exists, if the Company is in compliance with all of the financial covenants of the credit agreement, and if, after giving effect thereto, the Company's consolidated total leverage ratio does not exceed 5.5 to 1.0.

All revolving credit loans will mature on June 30, 2010 and all term loans will mature on June 30, 2011. Revolving credit loans will bear interest at LIBOR plus 4.25% to 4.75% or the greater of the prime rate or Federal Funds rate plus 3.25% to 3.75%. The delayed draw term loan will bear interest at LIBOR plus 6.0% or the greater of the prime rate or Federal Funds rate plus 5.0%. The delayed draw term loan facility bears an annual commitment fee of 2.0% until drawn or terminated and the revolving credit facility has an annual commitment fee of 0.5% on the undrawn balance. Commitment fees incurred during the three and nine months ended September 30, 2007 were \$588,000 and \$1,720,000, respectively. Additional term loans will bear interest at rates to be negotiated. To hedge a portion of the interest rate risk with respect to the delayed draw term loans, the Company entered into a five-year interest rate swap agreement (see Notes 15 and 16). The loans may be prepaid without penalty at any time. The Company's indebtedness under the agreement is guaranteed by its principal domestic subsidiaries and is secured by a first lien on its and their property. The agreement contains covenants limiting the Company's ability to dispose of assets, change its business, merge, make acquisitions, incur indebtedness or liens, pay dividends, make investments or engage in certain transactions with its affiliates. Additionally, the agreement contains covenants requiring Globalstar to maintain certain financial and operating covenants and restricting capital expenditures. The Company was in compliance with all related covenants at September 30, 2007.

As of September 30, 2007, there were no drawings under the \$50.0 million revolving credit facility. For each of the three and nine months ended September 30, 2007, the weighted average annualized interest rate on the outstanding revolving credit loans was 0%, because there was no outstanding debt during the periods.

In November 2007, Thermo Funding Company agreed to assume the lenders' obligations under the credit agreement. See Note 16.

Note 12: Equity Incentive Plan

On July 12, 2006, the Company's board of directors adopted and a majority of the Company's stockholders approved the Globalstar, Inc. 2006 Equity Incentive Plan ("Equity Plan"), which became effective upon the registration of the Company's Common Stock under the Securities Act of 1933 in November 2006. The purpose of the Equity Plan is to make available incentives that will assist the Company in attracting, retaining and motivating employees, directors and consultants whose contributions are essential to its success. The Company may provide these incentives through the grant of stock options, stock appreciation rights, restricted stock purchase rights, restricted stock bonuses, restricted stock units, performance shares or performance units. The Equity Plan is administered by the Compensation Committee of the board of directors. On November 9, 2006, the Company registered under the Securities Act 1,200,000 shares of its Common Stock for issuance under the Equity Plan and, on November 10, 2006, the Compensation Committee authorized granting restricted stock and restricted stock unit awards for an aggregate of approximately 295,000 shares of Common Stock to substantially all the Company's employees. Since this initial grant, the Company has granted additional restricted stock and restricted stock unit awards to its employees as a part of its equity incentive plans. The Company's equity incentive plans are broad-based, long-term retention programs intended to attract and retain talented employees and align stockholder and employee interests. The fair value of these grants is measured based upon the market price of the underlying Common Stock at the date of the grant.

As per the terms of the restricted stock awards and the restricted stock units, 25% of the shares granted vest within six months of the grant date and the remainder vest on November 9, 2009, subject to certain acceleration clauses upon satisfactory completion of Company wide goals.

Approximately 1,335,000 and 1,393,000 restricted stock awards and restricted stock units were granted during the three and nine months ended September 30, 2007, respectively. In January 2007, the Company's board of directors approved an additional 600,000 shares of the Company's Common Stock for issuance under the Equity Plan. On August 9, 2007, the Company registered under the Securities Act the additional 600,000 shares of Common Stock for issuance under the Equity Plan.

Effective August 10, 2007 (the "Effective Date"), the board of directors, upon recommendation of the Compensation Committee, approved the concurrent termination of the Company's Executive Incentive Compensation Plan and awards of restricted stock or restricted stock units under the Company's 2006 Equity Incentive Plan to five executive officers (the "Participants"). Each award agreement provides that the recipient will receive awards of restricted Common Stock (or, for the non-U.S. Participant, restricted stock units, which upon vesting, each entitle him to one share of Globalstar Common Stock). Total benefits per Participant (valued at the grant date) are approximately \$6.0 million, which represents an increase of approximately \$1.5 million in potential compensation compared to the maximum potential benefits under the Executive Incentive Compensation Plan. However, the new award agreements extend the vesting period by up to two years through 2011 and provide for payment in shares of Common Stock instead of cash, thereby enabling the Company to conserve its cash for capital expenditures for the procurement and launch of its second-generation satellite constellation and related ground station upgrades.

In January 2005, the Company promised one of its board members an option to purchase up to 120,000 shares at a price of approximately \$2.67 per share (as adjusted for a six-for-one stock split). This option vested fully in March 2006. The grant date intrinsic value and fair value of this award were approximately nil and \$40,000, respectively. The intrinsic value at September 30, 2007 was approximately \$559,000. There have been no other stock option grants. In August 2007, the Compensation Committee approved compensating the Company's independent directors for their services with restricted stock awards in lieu of cash compensation. The dollar value of such compensation is fixed and the number of restricted stock awards to be issued is based upon value of the Company's Common Stock on the issuance date.

Note 13: Litigation

The Company is involved in certain litigation matters as discussed below.

On February 9, 2007, the first of three purported class action lawsuits was filed against the Company, its Chief Executive Officer ("CEO") and its Chief Financial Officer ("CFO") in the Southern District of New York alleging that the Company's registration statement related to its initial public offering ("IPO") in November 2006 contained material misstatements and omissions. The Court consolidated the three cases as *Ladmen Partners, Inc. v. Globalstar, Inc., et al.*, Case No. 1:07-CV-0976 (LAP), and appointed Connecticut Laborers' Pension Fund as lead plaintiff. On August 15, 2007, the lead plaintiff filed its Securities Class Action Consolidated Amended Complaint. The Amended Complaint reasserts claims against the Company and the Company's CEO and CFO, and adds as defendants the three co-lead underwriters of the IPO, Wachovia Capital Markets, LLC, JPMorgan Securities, Inc. and Jefferies & Company, Inc. It cites a drop in the trading price of the Company's Common Stock that followed its filing, on February 5, 2007, of a Current Report on Form 8-K relating in part to changes in the condition of its satellite constellation. It seeks, on behalf of a class of purchasers of the Company's Common Stock who purchased shares in the IPO or traceable to the IPO from November 2, 2006 through February 6, 2007, recovery of damages under Sections 11 and 15 of the Securities Act of 1933, and rescission under Section 12(a)(2) of the Securities Act of 1933. The Company intends to defend the matter vigorously.

On April 7, 2007, Kenneth Stickrath and Sharan Stickrath filed a purported class action complaint against the Company in the U.S. District Court for the Northern District of California (Case No: 07-CV-01941 THE). The complaint is based on alleged violations of California Business & Professions Code § 17200 and California Civil Code § 1750, et seq., the Consumers' Legal Remedies Act. Plaintiffs allege that members of the proposed class suffered damages from March 2003 to the present because Globalstar did not perform according to its representations with respect to coverage and reliability. Plaintiffs claim that the amount in controversy exceeds \$5.0 million but do not allege any particular actual damages incurred. Plaintiffs amended their complaint on June 29, 2007, and the Company filed a motion to dismiss the complaint on July 6, 2007. On September 25, 2007, the court issued an order granting in part and denying in part the Company's motion. Subsequently, on October 17, 2007, the plaintiffs filed their Second Amended Complaint.

On April 24, 2007, Mr. Jean-Pierre Barrette filed a motion for Authorization to Institute a Class Action in Quebec, Canada, Superior Court against Globalstar Canada. Mr. Barrette asserts claims based on Quebec law related to his alleged problems with Globalstar Canada's service. The Company moved to disqualify Mr. Barrette because of his association with the law firm representing plaintiffs and to transfer the case to the district of Montreal. The court recently granted the Company's motion for a change of venue, and plaintiff's counsel substituted a new designated representative of the purported class.

From time to time, the Company is involved in various other litigation matters involving ordinary and routine claims incidental to its business. Management currently believes that the outcome of these proceedings, either individually or in the aggregate, will not have a material adverse effect on the

Note 14: Geographic Information

Revenue by geographic location, presented net of eliminations for intercompany sales, was as follows for the three and nine months ended September 30, 2007 and 2006 (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006	2007	2006
Service:				
United States	\$ 11,922	\$ 15,528	\$ 32,175	\$ 35,288
Canada	7,047	9,345	20,391	25,880
Europe	1,431	1,453	3,498	4,215
Central and South America	559	911	1,788	2,976
Others	304	412	861	1,492
Total service revenue	21,263	27,649	58,713	69,851
Subscriber equipment:				
United States	1,298	6,133	6,351	18,710
Canada	1,522	1,796	4,259	6,746
Europe	1,163	634	4,066	3,924
Central and South America	255	941	714	3,146
Others	187	1,542	576	5,059
Total subscriber equipment revenue	4,425	11,046	15,966	37,585
Total revenue	\$ 25,688	\$ 38,695	\$ 74,679	\$ 107,436

Note 15: Interest Rate Derivative

In July 2006, in connection with entering into its credit agreement, which provides for interest at a variable rate (Note 11), the Company entered into a five-year interest rate swap agreement. The interest rate swap agreement reflected a \$100.0 million notional amount at a fixed interest rate of 5.64%. The fair value of the interest rate swap agreement was \$3.5 million and \$2.7 million at September 30, 2007 and December 31, 2006, respectively, which is reflected in the Company's Consolidated Balance Sheet in "Other non-current liabilities." The loss in fair value for the three and nine months ended September 30, 2007, of approximately \$2.3 million and \$0.8 million, respectively, was charged to "Interest rate derivative loss" in the accompanying Consolidated Statements of Income. See Note 16 as it relates to the Company's amended and restated credit agreement with Wachovia Investment Holdings, LLC and the interest rate swap agreement.

Note 16: Subsequent Events

On October 16, 2007, the Company entered into a Gateway Purchase Contract with Globaltouch (West Africa) Limited pursuant to which Globalstar will construct, install and test a gateway for Globaltouch in Kaduna, Nigeria. The purchase price for the gateway is approximately \$8.4 million, payable in installments, with final payment upon acceptance by Globaltouch. Payment is secured by a letter of credit. Simultaneously with the purchase contract, the parties also entered into a Satellite Services Agreement providing for Globalstar's selling satellite communication services to Globaltouch on a wholesale basis. Globalstar agreed to purchase 30% of the ordinary shares of Globaltouch for approximately \$1.8 million, also payable in installments. Globalstar will have the right to appoint two of the directors of Globaltouch.

On October 21, 2007, the Company successfully launched its four remaining spare satellites into orbit.

On October 31, 2007, the Company entered into an agreement with Open Range Communications, Inc. that, subject to the conditions described below, permits Open Range to deploy service in certain rural geographic markets in the United States under the Company's Ancillary Terrestrial Component (ATC) authority. Open Range will use the Company's spectrum to offer dual mode mobile satellite based and terrestrial wireless WiMAX services to over 500 rural American communities. Commercial availability is expected to begin in selected markets in late 2008. The initial term of the agreement of up to 30 years is co-extensive with the Company's ATC authority and is subject to renewal options exercisable by Open Range. Based on Open Range's business plan used in support of its \$268.0 million loan under a federally authorized loan program, the fixed and variable payments to be made by Open Range over the initial term of 30 years indicate a maximum value for this agreement of between \$0.30 - \$0.40/MHz/POP. Upon the fulfillment of all contingencies, Open Range's down payment will be \$3.6 million and annual payments in the first six years of the agreement will range from approximately \$1.2 million to \$10.3 million, assuming Open Range has the ability to use all of the licensed spectrum covered by the agreement. The amount of the payments made to the Company will depend on a number of factors, including the eventual geographic coverage of and the number of customers on the Open Range system. The Company has also agreed to make a \$5.0 million preferred equity investment in Open Range, \$1.0 million of which was made available on November 1, 2007. The agreement is contingent on various conditions, including receiving authority from the Federal Communications Commission ("FCC") to use an expanded portion of the Company's licensed spectrum for ATC services and such other FCC and other governmental approvals as may be required for the agreement, and Open Range's completion of its equity and debt financing.

On November 2, 2007, Thermo Funding Company satisfied its remaining commitment under the irrevocable standby stock purchase agreement by purchasing 769,518 shares of the Company's Common Stock at a price of approximately \$16.17 per share for an aggregate purchase price of approximately \$12.4 million.

On November 7, 2007, the Company, Wachovia Investment Holdings, LLC, as administrative agent, and the lenders under the Company's amended and restated credit agreement agreed that the requirements of the minimum liquidity covenant of the credit agreement would be suspended until the earliest of December 17, 2007 and the date on which Thermo Funding Company assumes all of the obligations and is assigned all of the rights (other than indemnification rights) of the administrative agent and the lenders under the credit agreement. Thermo Funding Company has agreed to complete the assignment and assumption by December 17, 2007. If Thermo Funding Company fails to do so, all commitments of the lenders to extend credit under the credit agreement will terminate. The Company further agreed that it would not borrow any funds under the credit agreement until the assignment and assumption is completed. This agreement resulted from the Company's disclosure to the administrative agent and the lenders that required periodic payments under the Company's contract for the procurement of its second-generation satellite constellation which would prevent the Company from maintaining the minimum liquidity levels required by the credit agreement. Assignment or termination of the credit agreement will terminate the Company's swap agreement discussed in Note 15, and the Company may be required to pay an amount reflecting any negative market value of the swap on that date. If the swap agreement had been terminated on September 30, 2007, the Company would have been required to make a payment of approximately \$3.5 million.

On November 9, 2007, the FCC released a *Report and Order and Notice of Proposed Rulemaking* dealing both with Globalstar's June 2006 petition for rulemaking to expand its ATC-authorized spectrum to greater than 11 MHz and with the current L-band sharing arrangement between Globalstar and Iridium. The two proceedings are interrelated because, the FCC noted, the agency has reservations about the feasibility of Globalstar's operating a terrestrial ATC service in the portions of its spectrum that it shares with other terrestrial wireless or mobile satellite operators. In the ATC Notice of Proposed Rulemaking ("NPRM") portion of the decision, the FCC requested comment on whether Globalstar should be authorized to provide ATC over an aggregate 19.275 MHz of its licensed spectrum, including the portion of its S-band between 2483.5 and 2495 MHz and in the portion of the L-band that it does not share with Iridium. The FCC did not propose to allow ATC in the 2496-2500 MHz portion of the S-band which Globalstar shares with the Broadband Radio Service ("BRS") or the 2495-2496 MHz guard band between Globalstar and BRS. Globalstar intends to demonstrate that it can operate in the entire 11.5 MHz below 2495 MHz without causing interference to any other in-band or adjacent service. In the Report and Order ("R&O") portion of the decision, the FCC effectively decreased the L-band spectrum available to Globalstar while increasing the L-band spectrum available to Iridium by 2.625 MHz. Globalstar does not believe that this change in the existing band plan is supported by the record in the proceeding and is evaluating its options.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

In addition to current and historical information, this Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to our future operations, prospects, potential products, services, developments and business strategies. These statements can, in some cases, be identified by the use of terms such as "may," "will," "should," "could," "would," "intend," "expect," "plan," "anticipate," "believe," "estimate," "predict," "project," "potential," "continue," the negative of such terms or other comparable terminology. Forward-looking statements, such as the statements regarding our ability to develop and expand our business, our ability to manage costs, our ability to exploit and respond to technological innovation, the effects of laws and regulations (including tax laws and regulations) and legal and regulatory changes, the opportunities for strategic business combinations and the effects of consolidation in our industry on us and our competitors, our anticipated future revenues, our anticipated capital spending (including for future satellite procurements and launches), our anticipated financial resources, our expectations about the future operational performance of our satellites (including their projected operational lives), the expected strength of and growth prospects for our existing customers and the markets that we serve, and other statements contained in this report regarding matters that are not historical facts, involve predictions. These and similar statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by the statements. Such risks and uncertainties include, among others, those listed in Part II, Item 1A "Risk Factors" of this Report. We do not intend, and undertake no obligation, to update any of our forward-looking statements after the date of this Report to reflect actual results or future events or circumstances.

This "Management's Discussion and Analysis of Financial Condition" should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition" and information included in our Annual Report on Form 10-K for the year ended December 31, 2006.

Overview

We are a provider of mobile voice and data communication services via satellite. Our communications platform extends telecommunications beyond the boundaries of terrestrial wireline and wireless telecommunications networks to serve our customer's desire for connectivity. Using in-orbit satellites and ground stations, which we call gateways, we offer voice and data communications services to government agencies, businesses and other customers in over 120 countries.

In early 2002, Old Globalstar and three of its subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code. We were formed in Delaware in November 2003 for the purpose of acquiring substantially all the assets of Old Globalstar and its subsidiaries. With Bankruptcy Court approval, we acquired Old Globalstar's assets and assumed certain of its liabilities in a two-step transaction, with the first step completed on December 5, 2003, and the second step on April 14, 2004 (the "Reorganization"). On January 1, 2006, we elected to be taxed as a C corporation, and on March 17, 2006, we converted from a Delaware limited liability company to a Delaware corporation.

Material Trends and Uncertainties. Our satellite communications business, by providing critical mobile communications to our subscribers, serves principally the following markets: government, public safety and disaster relief; recreation and personal; oil and gas; maritime and fishing; natural resources, mining and forestry; construction; utilities; and transportation. Our industry has been growing as a result of:

- favorable market reaction to new pricing plans with lower service charges;
- awareness of the need for remote communication services;
- increased demand for communication services by disaster and relief agencies and emergency first responders;
- improved voice and data transmission quality; and

- a general reduction in prices of user equipment.

In addition, our industry as a whole has benefited from the improved financial condition of most industry participants following their financial reorganizations.

Nonetheless, as further described under “Risk Factors,” we face a number of challenges and uncertainties, including:

- *Constellation life and health.* Our current satellite constellation is aging. We successfully launched four of our eight spare satellites in May 2007 and the remaining four in October 2007. A number of our satellites have experienced various anomalies over time, one of which is a degradation in the performance of the solid-state power amplifiers of the S-band communications antenna subsystem (our “two-way communication issues”). The S-band antenna provides the downlink from the satellite to a subscriber’s phone or data terminal. Degraded performance of the S-band antenna amplifiers reduces the availability of two-way voice and data communication between the affected satellites and the subscriber and may reduce the duration of a call. If the S-band antenna on a satellite ceases to be commercially functional, two-way communication is impossible over that satellite, but not necessarily over the constellation as a whole. Subscriber service will continue to be available, but at certain times in any given location it may take longer to establish calls and the average duration of calls may be impacted adversely. There are periods of time each day during which no two-way voice and data service is available at any particular location. The root cause of our two-way communication issues is unknown, although we believe it may result from irradiation of the satellites in orbit caused by the space environment at the altitude that our satellites operate.

The two-way communication issues do not affect adversely our one-way Simplex data transmission services, including our new SPOT™ services, which utilize only the L-band uplink from a subscriber’s Simplex terminal to the satellites.

To date, we have managed the two-way communication issue in various technical ways, including moving less impaired satellites to key orbital positions and launching eight spare satellites. Nonetheless, we have been unable to correct our two-way communication issues.

Based on our most recent analysis, we now believe that, if the two-way communication issues continue or worsen, and if we are unsuccessful in developing additional technical solutions, the interruptions of two-way communications services will increase, and by some time in 2008 substantially all of our satellites launched between 1998 and 2000, but not those satellites launched in 2007, will cease to be able to support two-way communications services. Simplex data services, including our new SPOT services, will not be affected.

We are working on plans, including new products and services and pricing programs to attempt to reduce the effects of the two-way communication issues upon our customers and operations. At our request, Thales Alenia Space has presented a four part sequential plan for accelerating delivery of the initial 24 satellites of our second-generation constellation by up to four months. In September 2007, we accepted the first portion of this plan. See “Part II, Item 1A. Risk Factors—Our satellites have a limited life and may fail prematurely, which would cause our network to be compromised and materially and adversely affect our business, prospects and profitability.”

- *Competition and pricing pressures.* We face increased competition from both the expansion of terrestrial-based cellular phone systems and from other mobile satellite service providers. For example, Inmarsat plans to commence offering satellite services to handheld devices in the United States around 2008, and several competitors, such as ICO Global Communications Company, are constructing geostationary satellites that may provide mobile satellite service. Increased numbers of competitors, and the introduction of new services and products by competitors, increases competition for subscribers and pressures all providers, including us, to reduce prices. Increased competition may result in loss of subscribers, decreased revenue, decreased gross margins, higher churn rates, and, ultimately, decreased profitability and cash.
- *Technological changes.* It is difficult for us to respond promptly to major technological innovations by our competitors because substantially modifying or replacing our basic technology, satellites or gateways is time-consuming and very expensive. Approximately 56% of our total assets at September 30, 2007 represented fixed assets. Although we plan to procure and deploy our second-generation satellite constellation and upgrade our gateways and other ground facilities, we may nevertheless become vulnerable to the successful introduction of superior technology by our competitors.
- *Capital expenditures.* We have incurred significant capital expenditures during 2006 and 2007 and we expect to incur additional significant expenditures into 2014 under the following commitments:

- Launching our eight spare satellites to augment our current constellation will cost approximately \$124.0 million exclusive of capitalized interest and internal costs, of which \$117.4 million (exclusive of \$0.9 million of capitalized interest and internal costs) had been paid or accrued by September 30, 2007. We plan to fund the balance of this cost from the proceeds of the final sale of our Common Stock to Thermo Funding Company pursuant to its irrevocable standby stock purchase agreement described under “Liquidity and Capital Resources—Irrevocable Standby Stock Purchase Agreement.”
- We estimate that procuring and deploying our second-generation satellite constellation and upgrading our gateways and other ground facilities will cost approximately \$1.2 billion, which we expect will be reflected in capital expenditures into 2014. The following obligations are included in this amount:
 - On November 30, 2006, we entered into a €662.6 million (approximately \$923.1 million at a weighted average conversion rate of €1.00 = \$1.3932 at September 30, 2007, including approximately €146.3 million which will be paid by us in U.S. dollars at a fixed conversion rate of €1.00 = \$1.294), contract with Thales Alenia Space for the construction of our second-generation constellation. We have made payments in the amount of approximately €80.2 million (approximately \$103.9 million) through September 30, 2007 under this contract. At our request, Thales Alenia Space has presented to us a four part sequential plan for accelerating delivery of the initial 24 satellites by up to four months. The expected cost of this acceleration will range from approximately €6.7 million to

€13.4 million (\$9.6 million to \$19.1 million at € 1.00 = \$1.4272). In September 2007, we accepted the first portion of this plan with an additional cost of €1.9 million (\$2.7 million at €1.00 = \$1.4272). We cannot assure you that any of the remaining acceleration will occur.

- In March 2007, we entered into a €9.0 million (approximately \$12.8 million at a conversion rate of €1.00 = \$1.4272) agreement with Thales Alenia Space for the construction of the Satellite Operations Control Centers, Telemetry Command Units and In Orbit Test Equipment (collectively, the “Control Network Facility”) for our second-generation satellite constellation. We have made payments in the amount of approximately €2.9 million (approximately \$3.9 million) through September 30, 2007.
- On September 5, 2007, we entered into a contract with Arianespace for the launch of our second-generation satellites and certain pre and post-launch services. Pursuant to the contract, Arianespace will make four launches of six satellites each, and we have the option to require Arianespace to make four additional launches of six satellites each. The total contract price for the first four launches is \$210.0 million. We have made payments in the amount of approximately \$10.5 million through September 30, 2007.
- We have begun construction of a gateway in Singapore at a total cost of approximately \$4.0 million. This gateway is expected to be fully operational by July 2008.

See “Liquidity and Capital Resources” for a discussion of our requirements for funding these capital expenditures.

- *Introduction of new products.* We work continuously with the manufacturers of the products we sell to offer our customers innovative and improved products. Virtually all engineering, research and development costs of these new products are paid by the manufacturers. However, to the extent the costs are reflected in increased inventory costs to us, and we are unable to raise our prices to our subscribers correspondingly, our margins and profitability would be reduced.
- *Fluctuations in interest and currency rates.* Debt under our credit agreement bears interest at a floating rate. Therefore, increases in interest rates will increase our interest costs if debt is outstanding. A substantial portion of our revenue (38% for the nine months ended September 30, 2007) is denominated in foreign currencies. In addition, a substantial majority of our obligations under the contracts for our second-generation constellation and related control network facility are denominated in Euros. Any decline in the relative value of the U.S. dollar may adversely affect our revenues and increase our capital expenditures. See “Item 3. Quantitative and Qualitative Disclosures about Market Risk” for additional information.

Simplex Products (Personal Tracking Services and Emergency Messaging.) In the fourth quarter of 2007, we are introducing various handheld solutions, including the SPOT™ Satellite Messenger (which was introduced in early November 2007), aimed at attracting both the recreational and commercial markets that require personal tracking, emergency location and messaging solutions for users that require these services beyond the range of traditional terrestrial and wireless communications. Using the Globalstar Simplex network and web-based mapping software, we expect this new Globalstar device to provide consumers with the capability to geographically trace or map the location of individuals. The product will also enable users to transmit messages to a specific preprogrammed email address, phone or data device, including a request for assistance in the event of an emergency.

- SPOT Addressable Market

We believe the addressable market for our SPOT product in North America alone is approximately 50 million units. Our objective is to capture 2-3% of that market by the end of 2010. The reach of our Simplex System, on which our SPOT product relies, covers approximately 50% of the world population. We intend to market our SPOT product aggressively in our overseas markets including South and Central America, Western Europe, and through independent gateway operators in their respective territories.

- SPOT Pricing

The pricing for SPOT for both service and equipment is intended to be extremely competitive. Annual service fees currently range from \$99.99 for our basic level plan to \$149.98 for additional tracking capability. We expect the equipment will be sold to end users at \$169.99 per unit.

- SPOT Distribution

We intend to distribute and sell our new SPOT satellite messenger through a variety of existing and new distribution channels. We are in the process of signing distribution agreements with a number of “Big Box” retailers and other similar distribution channels. To date we have signed distribution agreements with Big Rock Sports, Bass Pro Shops, Cabela’s, REI, Joe’s Sport, Outdoor and More, Big 5 Sporting Goods, Boater’s World, Wynit, Rescue Source 3 and Sportsman’s Warehouse. Our objective is to be in approximately 5,000 retail and/or wholesale outlets by the end of the second quarter in 2008 and 10,000 in 2009. To date, we have secured firm orders to ship approximately 20,000 SPOT units to these distributors since the November product launch. We also intend to sell directly using our existing salesforce into key vertical markets and through our direct e-commerce website (www.findmespot.com).

SPOT is at the beginning of its commercial introduction and its commercial success cannot be assured.

During the third quarter, our integrators continued to introduce new and innovative products using our Simplex services. Guardian Mobility Corporation introduced a new group of satellite data modems known as the Tracer 3 Product Family. The data modems are designed to communicate via our Simplex network and are capable of providing data monitoring and GPS-based asset tracking information to customers from remote regions. The Tracer 3 Product Family joined Guardian Mobility’s suite of Simplex data products, which includes its Skytrax family of general aviation automated flight following solutions. In addition, Numerex Orbit One, another of our integrators, announced the introduction of its SX-1, as the world’s smallest asset tracking modem.

Ancillary Terrestrial Component (ATC). ATC is the integration of a satellite-based service with a terrestrial wireless service resulting in a hybrid mobile satellite service. The ATC network would extend our services to urban areas and inside buildings in both urban and rural areas where satellite services currently are impractical. We believe we are at the forefront of ATC development and are actively working to be among the first market entrants. To that end,

we are considering a range of options for rollout of our ATC services. We are exploring selective opportunities with a variety of media and communication companies to capture the full potential of our spectrum and U.S. ATC license.

On October 31, 2007, we entered into an agreement with Open Range Communications, Inc. that, subject to the conditions described below, permits Open Range to deploy service in certain rural geographic markets in the United States under our ATC authority. Open Range will use our spectrum to offer dual mode mobile satellite based and terrestrial wireless WiMAX services to over 500 rural American communities. Commercial availability is expected to begin in selected markets in late 2008. The initial term of the agreement of up to 30 years is co-extensive with our ATC authority and is subject to renewal options exercisable by Open Range. Based on Open Range's business plan used in support of its \$268.0 million loan under a federally authorized loan program, the fixed and variable payments to be made by Open Range over the initial term of 30 years indicate a maximum value for this agreement between \$0.30 - \$0.40/MHz/POP.

Upon the fulfillment of all contingencies, Open Range's down payment will be \$3.6 million and annual payments in the first six years of the agreement will range from approximately \$1.2 million to \$10.3 million, assuming Open Range has the ability to use all of the licensed spectrum covered by the agreement. The amount of the payments made to us will depend on a number of factors, including the eventual geographic coverage of and the number of customers on the Open Range system. We have also agreed to make a \$5.0 million preferred equity investment in Open Range, \$1.0 million of which was made available on November 1, 2007. Under the agreement Open Range will have the right to use our spectrum within the United States in the 1.6 and 2.4 MHz bands to provide terrestrial wireless broadband services. Open Range will deploy portable broadband services via a WiMAX architecture within the targeted communities. In addition, Open Range has an option to expand this relationship over the next six years. The agreement is contingent on various conditions, including receiving authority from the FCC to use an expanded portion of our licensed spectrum for ATC services and such other FCC and other governmental approvals as may be required for the agreement, and Open Range's completion of its equity and debt financing.

On November 9, 2007, the FCC released a Report and Order and Notice of Proposed Rulemaking dealing both with our June 2006 petition for rulemaking to expand its ATC-authorized spectrum to greater than 11 MHz and with the current L-band sharing arrangement between Globalstar and Iridium. The two proceedings are interrelated because, the FCC noted, the agency has reservations about the feasibility of our operating a terrestrial ATC service in the portions of our spectrum that we share with other terrestrial wireless or mobile satellite operators. In the ATC Notice of Proposed Rulemaking ("NPRM") portion of the decision, the FCC requested comment on whether we should be authorized to provide ATC over an aggregate 19.275 MHz of our licensed spectrum, including the portion of our S-band between 2483.5 and 2495 MHz and in the portion of the L-band that we do not share with Iridium. The FCC did not propose to allow ATC in the 2496-2500 MHz portion of the S-band which we share with the Broadband Radio Service ("BRS") or the 2495-2496 MHz guard band between Globalstar and BRS. We intend to demonstrate that we can operate in the entire 11.5 MHz below 2495 MHz without causing interference to any other in-band or adjacent service. In the Report and Order ("R&O") portion of the decision, the FCC effectively decreased the L-band spectrum available to us while increasing the L-band spectrum available to Iridium by 2.625 MHz. We do not believe that this change in the existing band plan is supported by the record in the proceeding, and are evaluating our options.

Service Revenues. We earn revenues primarily from the sale of satellite communications services to direct customers, resellers and independent gateway operators. These services include mobile and fixed voice and data services and asset tracking and monitoring services. We generated approximately 83% and 79% of our consolidated revenues from the sale of our satellite communication services for the three and nine months ended September 30, 2007, respectively, compared to 71% and 65% for the same periods in 2006.

Subscriber Equipment Sales Revenue. We also sell related voice and data equipment to our customers. We generated approximately 17% and 21% of our consolidated revenues from subscriber equipment sales in the three and nine months ended September 30, 2007, respectively, compared to 29% and 35% for the same periods in 2006.

The table below sets forth amounts and percentages of our revenue by type of service and subscriber equipment sales for the three and nine months ended September 30, 2007 and 2006.

	Three Months ended September 30, 2007		Three Months ended September 30, 2006		Nine Months ended September 30, 2007		Nine Months ended September 30, 2006	
	Revenue	% of Total Rev	Revenue	% of Total Rev	Revenue	% of Total Rev	Revenue	% of Total Rev
Service Revenue:								
Mobile	\$ 16,482	64%	\$ 22,414	58%	\$ 46,409	62%	\$ 54,345	51%
Fixed	1,389	6%	2,102	5%	4,383	6%	5,908	5%
Data	380	2%	444	1%	1,160	2%	1,122	1%
Simplex	570	2%	491	1%	1,730	2%	1,218	1%
IGO	1,340	5%	1,991	5%	3,145	4%	5,883	5%
Other(1)	1,102	4%	207	1%	1,886	3%	1,375	1%
Total Service Revenue	21,263	83%	27,649	71%	58,713	79%	69,851	65%
Subscriber Equipment Sales:								
Mobile	2,854	11%	6,036	16%	9,731	13%	19,001	18%
Fixed	380	1%	1,706	4%	1,977	2%	4,821	4%
Data	174	1%	615	2%	540	1%	1,812	2%
Accessories/Misc	1,017	4%	2,689	7%	3,718	5%	11,951	11%
Total Subscriber Equipment Sales	4,425	17%	11,046	29%	15,966	21%	37,585	35%
Total Revenue	\$ 25,688	100%	\$ 38,695	100%	\$ 74,679	100%	107,436	100%

(1) Includes engineering services and activation fees

Operating Income (Loss). We realized an operating loss of \$16.8 million for the nine months ended September 30, 2007 compared to an operating income of \$14.5 million for the same period in 2006. This decrease can be attributed primarily to a \$17.3 million charge for impairment of assets caused by a write down of our first-generation product inventory recognized in the quarter ended June 30, 2007. We recognized this impairment charge after an assessment of our inventory and current and projected sales. Lower service revenue and a decline in equipment sales as a result of degradation of our two-way communication service during the nine months ended September 30, 2007 compared to the same period last year also contributed to the decline in operating results. The degradation of our two-way communication service was the result of a constellation reconfiguration we were completing in the first quarter of 2007 to accommodate inclusion of eight spare satellites, four of which were launched in May 2007 and the remaining four in October 2007, and the two-way communication issues described earlier. Lower usage also resulted in lower retail Average Revenue Per Unit (ARPU) on our monthly service plans. Moreover, concerns over the long term viability of, and service issues related to, our first generation constellation's voice service contributed to lower subscriber equipment sales for the quarter and the nine months ended September 30, 2007.

Independent Gateway Acquisition Strategy

Currently, 16 of the 25 gateways in our network are owned and operated by unaffiliated companies, which we call independent gateway operators, some of whom operate more than one gateway. We have no financial interest in these independent gateway operators other than arms' length contracts for wholesale minutes of service. Some of these independent gateway operators have been unable to grow their businesses adequately due in part to limited resources. Old Globalstar initially developed the independent gateway operator acquisition strategy to establish operations in multiple territories with reduced demands on its capital. In addition, there are territories in which for political or other reasons, it is impractical for us to operate directly. We sell services to the independent gateway operators on a wholesale basis and they resell them to their customers on a retail basis.

We have acquired, and intend to continue to pursue the acquisition of, independent gateway operators when we believe we can do so on favorable terms, subject to capital availability. We believe that these acquisitions can enhance our results of operations in three respects. First, we believe that, with our greater financial and technical resources, we can grow our subscriber base and revenue faster than some of the independent gateway operators. Second, we realize greater margin on retail sales to individual subscribers than we do on wholesale sales to independent gateway operators. Third, we believe expanding the territory we serve directly will better position us to market our services directly to multinational customers who require a global communications provider. However, acquisitions of independent gateway operators do require us to commit capital for acquisition of their assets, as well as management resources and working capital to support the gateway operations, and therefore increase our risk in operating in these territories directly rather than through the independent gateway operators. In addition, operating the acquired gateways increases our marketing, general and administrative expenses. Our credit agreement limits to \$25.0 million (in cash) the aggregate amount we may invest in foreign acquisitions without the consent of our lenders.

In February 2005, we purchased the Venezuela gateway for \$1.6 million in cash to be paid over four years. Effective January 1, 2006, we acquired the Central American gateway and other real property assets for \$5.2 million, paid principally in shares of our common stock. We are continuing negotiations to acquire the independent gateway operator with three gateways in Brazil for \$6.5 million in Common Stock less outstanding amounts due to us from the gateway operator. We are unable to predict the timing or cost of further acquisitions since independent gateway operations vary in size and value.

Performance Indicators

Our management reviews and analyzes several key performance indicators in order to manage our business and assess the quality of and potential variability of our earnings and cash flows. These key performance indicators include:

- total revenue, which is an indicator of our overall business growth;
- subscriber growth and churn rate, which are both indicators of the satisfaction of our customers;
- ARPU, which is an indicator of our pricing and ability to obtain effectively long-term, high-value customers;
- operating income, which is an indication of our performance;
- EBITDA, which is an indicator of our financial performance; and
- capital expenditures, which are an indicator of future revenue growth potential and cash requirements.

Seasonality

Our results of operations are subject to seasonal usage changes. April through October are typically our peak months for service revenues and equipment sales. Government customers in North America tend to use our services during summer months, often in support of relief activities after events such as hurricanes, forest fires and other natural disasters.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements requires us to make estimates and judgments that affect our revenues and expenses for the periods reported and the reported amounts of our assets and liabilities, including contingent assets and liabilities, as of the date of the financial statements. We evaluate our estimates and judgments, including those related to revenue recognition, inventory, long-lived assets, income taxes, pension obligations, derivative instruments and stock-based compensation, on an on-going basis. We base our estimates and judgments on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from our estimates under different assumptions or conditions. We believe the following accounting policies are most important to understanding our financial results and condition and require complex or subjective judgments and estimates.

Revenue Recognition

Customer activation fees are deferred and recognized over four to five year periods, which approximates the estimated average life of the customer relationship. We periodically evaluate the estimated customer relationship life. Historically, changes in the estimated life have not been material to our financial statements.

Monthly access fees billed to retail customers and resellers, representing the minimum monthly charge for each line of service based on its associated rate plan, are billed on the first day of each monthly bill cycle. Airtime minute fees in excess of the monthly access fees are billed in arrears on the first day of each monthly billing cycle. To the extent that billing cycles fall during the course of a given month and a portion of the monthly services has not been

delivered at month end, fees are prorated and fees associated with the undelivered portion of a given month are deferred. Under our annual plans, where customers prepay for minutes, revenue is deferred until the minutes are used or the prepaid time period expires. Unused minutes are accumulated until they expire, usually one year after activation. In addition, we offer an annual plan called the Emergency Plan under which the customer is charged an annual fee to access our system and for each minute used. The annual fee for an Emergency Plan is recognized as revenue on a straight-line basis over the term of the plan.

Occasionally we have granted customer concessions in the form of customer credits. These concessions are expensed when granted.

Subscriber acquisition costs include items such as dealer commissions, internal sales commissions and equipment subsidies and are expensed at the time of the related sale.

We also provide certain engineering services to assist customers in developing new technologies related to our system. The revenues associated with these services are recorded when the services are rendered, and the expenses are recorded when incurred.

We own and operate our satellite constellation and earn a portion of our revenues through the sale of airtime minutes on a wholesale basis to independent gateway operators. Revenue from services provided to independent gateway operators is recognized based upon airtime minutes used by their customers and contractual fee arrangements. If collection is uncertain, revenue is recognized when cash payment is received.

We introduced annual plans (sometimes called Liberty plans) in August 2004 and broadened their availability during the second quarter of 2005. These plans grew substantially in 2005 and 2006. These plans require users to pre-pay usage charges for the entire plan period, generally 12 months, which results in the deferral of certain of our revenues. Under our revenue recognition policy for annual plans, we defer revenue until the earlier of when the minutes are used or when these minutes expire. Any unused minutes are recognized as revenue at the expiration of a plan. Most of our customers have not used all the minutes that are available to them or have not used them at the pace anticipated, which has caused us to defer portion of our service revenue.

During the second quarter of 2007, we introduced an unlimited airtime usage service plan (called the Unlimited Loyalty plan) which allows existing and new customers to use unlimited satellite voice minutes for anytime calls for a fixed monthly fee. The unlimited loyalty plan incorporates a declining monthly price schedule that reduces the fixed monthly fee at the completion of each calendar year through the duration of the customer agreement, which ends on June 30, 2010. Customers have an option to extend their customer agreement by one year at the fixed monthly price. We record revenue for this plan on a monthly basis based on a straight line average derived by computing the total fees charged over the term of the customer agreement and dividing it by the number of the months. If a customer cancels prior to the ending date of the customer agreement, the balance in deferred revenue is recognized as revenue. At September 30, 2007 and December 31, 2006, our deferred revenue aggregated approximately \$21.3 million and \$24.7 million, respectively.

Subscriber equipment revenue represents the sale of fixed and mobile user terminals and accessories. Revenue is recognized upon shipment provided title and risk of loss have passed to the customer, persuasive evidence of an arrangement exists, the fee is fixed and determinable and collection is probable.

In December 2002, the Emerging Issues Task Force (“EITF”) reached a consensus on EITF Issue No. 00-21, “Revenue Arrangements with Multiple Deliverables.” EITF Issue No. 00-21 addresses certain aspects of the accounting by a vendor for arrangements under which it will perform multiple revenue-generating activities. In some arrangements, the different revenue-generating activities (deliveries) are sufficiently separable and there exists sufficient evidence of their fair values to account separately for some or all of the deliveries (that is, there are separate units of accounting). In other arrangements, some or all of the deliveries are not independently functional, or there is not sufficient evidence of their fair values to account for them separately. EITF Issue No. 00-21 addresses when and, if so, how an arrangement involving multiple deliverables should be divided into separate units of accounting. EITF Issue No. 00-21 does not change otherwise applicable revenue recognition criteria.

Inventory

Inventory consists of purchased products, including fixed and mobile user terminals, accessories and gateway spare parts. Inventory acquired on December 5, 2003, through the Old Globalstar bankruptcy proceedings, was stated at fair value at the date of our acquisition. Subsequent inventory transactions are stated at the lower of cost or market. At the end of each quarter, product sales and returns from the previous twelve months are reviewed and any excess and obsolete inventory is written off. Cost is computed using the first-in, first-out (FIFO) method. Inventory allowances for inventories with a lower market value or that are slow moving are recorded in the period of determination.

Globalstar System, Property and Equipment

Our Globalstar System assets include costs for the design, manufacture, test and launch of a constellation of low earth orbit satellites, including satellites previously held as ground spares which we launched in May and October 2007, which we refer to as the space segment, and primary and backup terrestrial control centers and gateways, which we refer to as the ground segment. Loss from an in-orbit failure of a satellite is recognized as an expense in the period it is determined that the satellite is not recoverable.

The carrying value of the Globalstar System is reviewed for impairment whenever events or changes in circumstances indicate that the recorded value of the space segment and ground segment, taken as a whole, may not be recoverable. We look to current and future undiscounted cash flows, excluding financing costs, as primary indicators of recoverability. If an impairment is determined to exist, any related impairment loss is calculated based on fair value.

The satellites previously recorded as spare satellites and subsequently incorporated into the Globalstar System on the date the satellite is placed into service (the “In-Service Date”) will be depreciated over an estimated life of eight years beginning on the satellite’s “In-Service Date.”

Property and equipment acquired by us on December 5, 2003 in the Old Globalstar bankruptcy proceedings was recorded based on our allocation of acquisition cost. Because the acquisition cost of these assets was substantially below their historic cost or replacement cost, current depreciation and amortization costs have been reduced substantially for GAAP purposes, thereby increasing net income or decreasing net loss. As we increase our capital expenditures, especially to procure and launch our second-generation satellite constellation, we expect GAAP depreciation to increase substantially. Depreciation is provided using the straight-line method over the estimated useful lives. Leasehold improvements are amortized on a straight-line basis over the shorter of the estimated useful life of the improvement or the term of the lease. We perform ongoing evaluations of the estimated useful lives of our property and equipment for depreciation purposes. The estimated useful lives are determined and continually evaluated based on the period over which services are expected to be rendered by the asset. Maintenance and repair items are expensed as incurred.

Income Taxes

Until January 1, 2006, we were treated as a partnership for U.S. tax purposes. Generally, our taxable income or loss, deductions and credits were passed through to our members. We did have some corporate subsidiaries that required a tax provision or benefit using the asset and liability method of accounting for income taxes as prescribed by Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). Effective January 1, 2006, we elected to be taxed as a C corporation in the United States. When an enterprise changes its tax status from non-taxable to taxable, under SFAS No. 109 the effect of recognizing deferred tax assets and liabilities is included in income from continuing operations in the period of change. As a result, we recognized a gross deferred tax asset of \$204.2 million and a gross deferred tax liability of \$0.1 million on January 1, 2006. SFAS No. 109 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized. In evaluating the need for a valuation allowance, we take into account various factors including the expected level of future taxable income and available tax planning strategies. We determined that it was more likely than not that we would not recognize the entire deferred tax asset; therefore, we established a valuation allowance of \$182.7 million, resulting in recognition of a net deferred tax benefit of \$21.4 million. We monitor the situation to ensure that, if and when we are more likely than not to be able to utilize more of the deferred tax asset, we will be able to reduce the valuation allowance accordingly. On January 1, 2007, we adopted Financial Accounting Standards Board Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" ("FIN 48"). See Note 9 to our unaudited interim consolidated financial statements for the impact of this adoption on our financial statements.

Spare Satellites, Launch Costs and Second-Generation Satellites

Old Globalstar purchased eight additional satellites in 1998 for \$148.0 million (including performance incentives of up to \$16.0 million) to serve as on-ground spares. Costs of \$147.0 million (including a portion of the performance incentives) were previously recognized for these spare satellites. Prior to December 5, 2003, Old Globalstar recorded an impairment of these assets, and at December 5, 2003 they were carried at \$0.9 million. The eight spare satellites were launched successfully in two separate launches of four satellites each in May 2007 and October 2007. Depreciation of these assets will begin when the satellites are placed in service and begin to handle call traffic. As of September 30, 2007 and December 31, 2006, these assets were recorded at \$88.2 million and \$87.8 million, respectively. The amount relating to spare satellites that were placed into service during the nine months ended September 30, 2007 (approximately \$31.1 million), was classified within the Globalstar System as part of the space segment. These satellites are being depreciated over an estimated useful life of eight years.

On November 30, 2006, we entered into a contract with Thales Alenia Space to construct 48 low-earth orbit satellites. The total contract price will be approximately €662.6 million (approximately \$923.1 million at a weighted average conversion rate of €1.00 = \$1.3932 at September 30, 2007 including approximately €146.3 million which will be paid by us in U.S. dollars at a fixed conversion rate of €1.00 = \$1.294). The contract requires Thales Alenia Space to commence delivery of satellites in the third quarter of 2009, with deliveries continuing until 2013 unless we elect to accelerate delivery. If we elect to accelerate delivery of the second phase of satellites, it is contemplated that all of the satellites will be delivered by the third quarter of 2010. As of September 30, 2007 and December 31, 2006, capitalized interest included within spare and second-generation satellites and launch costs was \$0.9 million. At our request, Thales Alenia Space has presented a four part sequential plan to us for accelerating delivery of the initial 24 satellites by up to four months. The expected cost of this acceleration will range from approximately €6.7 million to €13.4 million (\$9.6 million to \$19.1 million at € 1.00 = \$1.4272). In September 2007, we accepted the first portion of this plan with an additional cost of €1.9 million (\$2.7 million at €1.00 = \$1.4272). We cannot assure you that any of the remaining acceleration will occur.

In March, 2007, we entered into an agreement with Thales Alenia Space for the construction of the Satellite Operations Control Centers, Telemetry Command Units and In Orbit Test Equipment (collectively, the "Control Network Facility") for the Company's second-generation satellite constellation. This agreement complements the second-generation satellite construction contract with Thales Alenia Space for the construction of 48 low-earth orbit satellites and allows Thales Alenia Space to coordinate all aspects of the second-generation satellite constellation project, including the transition of first-generation software and hardware to equipment for the second generation. The total contract price for the construction and associated services is €9.0 million (approximately \$12.8 million at a conversion rate of €1.00 = \$1.4272) consisting of €4.0 million for the Satellite Operations Control Centers, €3.0 million for the Telemetry Command Units and €2.0 million for the In Orbit Test Equipment, with payments to be made on a quarterly basis through completion of the Control Network Facility in late 2009.

On September 5, 2007, we entered into a contract with Arianespace for the launch of our second generation satellites and certain pre and post-launch services. Pursuant to the contract, Arianespace will make four launches of six satellites each, and we have the option to require Arianespace to make four additional launches of six satellites each. The total contract price for the first four launches is \$210.0 million. The total cost for the launches under this contract is included in our estimate of approximately \$1.2 billion to procure and deploy our second-generation satellite constellation and related gateway upgrades.

The depreciation on these assets will begin once the assets are completed and placed into service.

Pension Obligations

We have a company-sponsored retirement plan covering certain current and past U.S.-based employees. Until June 1, 2004, substantially all of Old Globalstar's and our employees and retirees who participated and/or met the vesting criteria for the plan were participants in the Retirement Plan of Space Systems/Loral, Inc. (the "Loral Plan"), a defined benefit pension plan. The accrual of benefits in the Old Globalstar segment of the Loral Plan was curtailed, or frozen, by the administrator of the Loral Plan as of October 23, 2003. Prior to October 23, 2003, benefits for the Loral Plan were generally based upon compensation, length of service with the company and age of the participant. On June 1, 2004, the assets and frozen pension obligations of the segment attributable to our employees were transferred into a new Globalstar Retirement Plan (the "Globalstar Plan"). The Globalstar Plan remains frozen and participants are not currently accruing benefits beyond those accrued as of October 23, 2003. Our funding policy is to fund the Globalstar Plan in accordance with the Internal Revenue Code and regulations.

We account for our defined benefit pension and life insurance benefit plans in accordance with SFAS No. 87, "Employers' Accounting for Pensions", ("SFAS 87"), SFAS No. 106, "Employer's Accounting for Postretirement Benefits Other than Pensions", ("SFAS 106") and SFAS No. 158, "Employers' Accounting Defined Benefit Pension and Other Postretirement Plans", ("SFAS 158") which require that amounts recognized in financial statements be determined on an actuarial basis. We adopted the recognition and disclosure provisions of SFAS No. 158 on December 31, 2006 and this adoption did not have any impact on our results of operation. Pension benefits associated with these plans are generally based on each participant's years of service, compensation, and age at retirement or termination. Two critical assumptions, the discount rate and the expected return on plan assets, are important elements of expense and liability measurement. We utilize the services of a third party to perform these actuarial calculations.

We determine the discount rate used to measure plan liabilities as of the December 31 measurement date for the U.S. pension plan. The discount rate reflects the current rate at which the associated liabilities could be effectively settled at the end of the year. In estimating this rate, we look at rates of return on fixed-income investments of similar duration to the liabilities in the plan that receive high, investment grade ratings by recognized ratings agencies. Using these methodologies, we determined a discount rate of 5.75% to be appropriate as of December 31, 2006, which is an increase of 0.25 percentage points from the rate used as of December 31, 2005. An increase of 1.0% in the discount rate would have decreased our plan liabilities as of December 31, 2006 by \$0.1 million and a decrease of 1.0% could have increased our plan liabilities by \$0.1 million.

A significant element in determining our pension expense in accordance with SFAS No. 87 is the expected return on plan assets, which is based on historical results for similar allocations among asset classes. For the U.S. pension plan, our assumption for the expected return on plan assets was 7.5% for 2006.

The difference between the expected return and the actual return on plan assets is deferred and, under certain circumstances, amortized over future years of service. Therefore, the net deferral of past asset gains (losses) ultimately affects future pension expense. This is also true of changes to actuarial assumptions. As of December 31, 2006, we had net unrecognized pension actuarial losses of \$2.0 million. These amounts represent potential future pension and postretirement expenses that would be amortized over average future service periods.

Derivative Instrument

We utilize a derivative instrument in the form of an interest rate swap agreement to minimize our risk from interest rate fluctuations related to our variable rate credit agreement. We use the interest rate swap agreement to manage risk and not for trading or other speculative purposes. At the end of each accounting period, we record the derivative instrument on our balance sheet as either an asset or a liability measured at fair value. The interest rate swap agreement does not qualify for hedge accounting treatment. Changes in the fair value of the interest rate swap agreement are recognized as "Interest rate derivative gain (loss)" over the life of the agreement. The cancellation of the amended and restated credit agreement will automatically terminate the interest rate swap agreement. We will be required to pay any negative fair market value associated with the interest rate swap agreement upon its termination. The agreement had a negative value of approximately \$3.5 million at September 30, 2007.

Stock-Based Compensation

Effective January 1, 2006, as a result of our initial public offering, we adopted the provisions of Statement of Financial Accounting Standards 123(R), "Share-Based Payment" ("SFAS 123(R)"), and related interpretations, or SFAS 123(R), to account for stock-based compensation using the modified prospective transition method and therefore have not restated our prior period results. Among other things, SFAS 123(R) requires that compensation expense be recognized in the financial statements for both employee and non-employee share-based awards based on the grant date fair value of those awards. At January 1, 2006, the option of one board member to purchase up to 120,000 shares of Common Stock at \$2.67 per share was the only outstanding equity award. Compensation cost related to the remaining portion of this award for which the requisite service had not been rendered was insignificant. Therefore, the adoption of SFAS 123(R) did not have a significant impact on our financial position or results of operations.

Additionally, stock-based compensation expense includes an estimate for pre-vesting forfeitures and is recognized over the requisite service periods of the awards on a straight-line basis, which is generally commensurate with the vesting term.

Results of Operations

Comparison of Results of Operations for the Three Months Ended September 30, 2007 and 2006 (in thousands):

	Three months ended September 30,		% Change
	2007	2006	
Revenue:			
Service revenue	\$ 21,263	\$ 27,649	(23)%
Subscriber equipment sales	4,425	11,046	(60)
Total revenue	25,688	38,695	(34)
Operating expenses:			
Cost of services (exclusive of depreciation and amortization shown separately below)	7,307	6,695	9
Cost of subscriber equipment sales	3,390	10,902	(69)
Marketing, general and administrative	12,069	10,543	14
Depreciation and amortization	3,264	1,726	89
Total operating expenses	26,030	29,866	(13)
Operating income (loss)	(342)	8,829	N/A
Other income (expense):			
Interest income	734	80	818
Interest expense	(341)	(148)	130
Interest rate derivative loss	(2,297)	(2,919)	(21)
Other income (expense)	3,827	(84)	N/A

Total other income (expense)	1,923	(3,071)	N/A
Income before income taxes	1,581	5,758	(73)
Income tax expense	929	3,057	(70)
Net income	\$ 652	\$ 2,701	(76)%

Revenue. Total revenue decreased by \$13.0 million, or approximately 34%, to \$25.7 million for the three months ended September 30, 2007, from \$38.7 million for the three months ended September 30, 2006. This decrease is attributable primarily to lower equipment sales which, we believe, stem from our two-way communications issues. In addition, our service revenue was lower due to our efforts to reduce prices in order to maintain our subscriber base despite two-way communication issues affecting our two-way service during the first nine months of 2007. This contributed to a reduction in our retail ARPU during the three months ended September 30, 2007, which decreased by 30% to \$48.41 from \$69.40 for the three months ended September 30, 2006.

Service Revenue. Service revenue decreased \$6.3 million, or approximately 23%, to \$21.3 million for the three months ended September 30, 2007, from \$27.6 million for the three months ended September 30, 2006. Although our subscriber base grew 12% to approximately 285,000 (including direct subscribers and those served through independent gateways) over the twelve-month period from September 30, 2006 to September 30, 2007, we experienced decreased retail ARPU. We believe that the two-way communication issues we reported in February 2007 and related price reductions were the primary reasons for this reduction.

Subscriber Equipment Sales. Subscriber equipment sales decreased by \$6.6 million, or approximately 60%, to \$4.4 million for the three months ended September 30, 2007, from \$11.0 million for the three months ended September 30, 2006. This decrease is attributable to our two-way communications issues.

Operating Expenses. Total operating expenses decreased \$3.9 million, or approximately 13%, to \$26.0 million for the three months ended September 30, 2007, from \$29.9 million for the three months ended September 30, 2006. This decrease was due primarily to lower cost of subscriber equipment consistent with lower subscriber equipment sales for the quarter ended September 30, 2007. The decrease was offset partially with higher non-cash executive incentive compensation expense and higher depreciation expense as a result of reducing the remaining useful life of our satellite system and related assets.

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Cost of Services. Our cost of services for the three months ended September 30, 2007 and 2006 were \$7.3 million and \$6.7 million, respectively. Our cost of services is comprised primarily of network operating costs, which are generally fixed in nature. The increase in the cost of services during the three months ended September 30, 2007 is due to higher non-cash executive incentive compensation costs resulting from the change in the Executive Incentive Compensation Plan in August 2007.

Cost of Subscriber Equipment Sales. Cost of subscriber equipment sales decreased \$7.5 million, or approximately 69%, to \$3.4 million for the three months ended September 30, 2007, from \$10.9 million for the three months ended September 30, 2006. This decrease was due primarily to lower equipment sales in the three months ended September 30, 2007 as compared to the same period in 2006 resulting from concerns over our two-way communication issues.

Marketing, General and Administrative. Marketing, general and administrative expenses increased \$1.6 million, or approximately 14%, to \$12.1 million for the three months ended September 30, 2007, from \$10.5 million for the three months ended September 30, 2006. This increase was due primarily to higher non-cash executive compensation costs resulting from the change in the Executive Incentive Compensation Plan offset partially by lower dealer commissions as a consequence of lower sales. Additionally, advertising expenses were higher as a result of preparing for the introduction of our new SPOT product in the fourth quarter of 2007.

Depreciation and Amortization. Depreciation and amortization expense increased \$1.6 million, or 89%, to \$3.3 million for the three months ended September 30, 2007, from \$1.7 million for the three months ended September 30, 2006. This increase was due primarily to the additional depreciation associated with placing a number of our recently-launched spare satellites into service and as a result of reducing the remaining useful life of our satellite system and related assets from 39 months to 27 months, beginning in the fourth quarter of 2006.

Operating Income (Loss). Our operating loss of \$0.3 million for the three months ended September 30, 2007, decreased \$9.1 million from operating income of \$8.8 million for the three months ended September 30, 2006. The decrease was due primarily to lower retail ARPU as a consequence of our two-way communication issues. Additionally, higher non-cash executive incentive compensation and higher depreciation expense associated with placing a number of our recently-launched spare satellites into service and reducing the remaining useful life of our satellite system also contributed to the decrease in our operating income during the three months ended September 30, 2007.

Interest Income. Interest income increased by \$0.7 million for the three months ended September 30, 2007. This increase was due to increased cash balances on hand and higher yields on those balances.

Interest Expense. Interest expense increased by \$0.2 million, to \$0.3 million for the three months ended September 30, 2007 from \$0.1 million for the three months ended September 30, 2006. This increase was primarily due to interest payable to the selling stockholders of the GA Companies.

Interest Rate Derivative Loss. Interest rate derivative loss decreased by \$0.6 million for the three months ended September 30, 2007 from a loss of \$2.9 million for three months ended September 30, 2006. This decrease was due to a change in the fair value of our interest rate swap agreement.

Other Income (Expense). Other income (expense) generally consists of foreign exchange transaction gains and losses. Other income increased by \$3.9 million for the three months ended September 30, 2007 as compared to the same period in 2006 primarily as a result of the favorable exchange rate on the Euro denominated escrow account for our second-generation constellation procurement contract.

Income Tax Expense. Income tax expense for the three months ended September 30, 2007 was \$0.9 million compared to \$3.1 million during the same period in 2006. This was due primarily to lower revenues during the three months ended September 30, 2007.

Net Income (Loss). Our net income decreased \$2.0 million to \$0.7 million for the three months ended September 30, 2007, from a net income of \$2.7 million for the three months ended September 30, 2006. This decrease was due primarily to the lower retail ARPU as a consequence of our two-way communication issues and higher non-cash executive incentive compensation during the three months ended September 30, 2007.

Comparison of Results of Operations for the Nine Months Ended September 30, 2007 and 2006 (in thousands):

	Nine months ended September 30,		% Change
	2007	2006	
Revenue:			
Service revenue	\$ 58,713	\$ 69,851	(16)%
Subscriber equipment sales	15,966	37,585	(58)
Total revenue	74,679	107,436	(30)
Operating expenses:			
Cost of services (exclusive of depreciation and amortization shown separately below)	20,428	20,583	(1)
Cost of subscriber equipment sales	11,398	36,671	(69)
Marketing, general and administrative	34,185	31,234	9
Depreciation and amortization	8,225	4,424	86
Impairment of assets	17,255	—	100
Total operating expenses	91,491	92,912	(2)
Operating income (loss)	(16,812)	14,524	N/A
Other income (expense):			
Interest income	2,253	446	405
Interest expense	(1,037)	(256)	305
Interest rate derivative gain	(751)	(2,919)	(74)
Other income (expense)	4,874	(1,844)	N/A
Total other income (expense)	5,339	(4,573)	N/A
Income (loss) before income taxes	(11,473)	9,951	N/A
Income tax expense (benefit)	118	(14,402)	N/A
Net income (loss)	\$ (11,591)	\$ 24,353	N/A%

Revenue. Total revenue decreased by \$32.8 million, or approximately 30%, to \$74.7 million for the nine months ended September 30, 2007, from \$107.4 million for the nine months ended September 30, 2006. This decrease is attributable in part to lower service revenues as a result of our two-way communication issues. Our subscriber equipment sales decreased significantly during the nine months ended September 30, 2007 as compared to the same period in 2006 as a result of concerns over service gaps that have occurred in our constellation's two-way communications services. Our service revenue was lower due to our efforts to reduce prices to maintain our subscriber base despite the two-way communication issues. Our retail ARPU during the nine months ended September 30, 2007, decreased by 25% to \$46.21 from \$61.61 for the nine months ended September 30, 2006.

Service Revenue. Service revenue decreased \$11.2 million, or approximately 16%, to \$58.7 million for the nine months ended September 30, 2007, from \$69.9 million for the nine months ended September 30, 2006. Although our subscriber base grew 12% to approximately 285,000 over the twelve-month period from September 30, 2006 to September 30, 2007, we experienced decreased retail ARPU resulting in lower service revenue. We believe that the primary reason for this decrease in our service revenue was our two-way communication issues during the first nine months of 2007.

Subscriber Equipment Sales. Subscriber equipment sales decreased by \$21.6 million, or approximately 58%, to \$16.0 million for the nine months ended September 30, 2007, from \$37.6 million for the nine months ended September 30, 2006. The decrease was due primarily to concerns over our two-way communications issues.

Operating Expenses. Total operating expenses decreased \$1.4 million, or approximately 2%, to \$91.5 million for the nine months ended September 30, 2007, from \$92.9 million for the nine months ended September 30, 2006. This decrease was due primarily to the lower cost of subscriber equipment consistent with lower equipment sales for the nine months ended September 30, 2007 which was partially offset by a net asset impairment charge to our first-generation phone and accessory inventory of \$17.3 million as a result of our assessment of inventory quantities and recent and projected equipment sales.

Cost of Services. Our cost of services for the nine months ended September 30, 2007 and 2006 were \$20.4 million and \$20.6 million, respectively. Our cost of services is comprised primarily of network operating costs, which are generally fixed in nature. However, we continue to see a reduction of costs as a result of lower telecom costs and capitalization of certain labor costs. During the nine months ended September 30, 2007, we experienced higher payroll expenses and non-cash executive incentive compensation which were partially offset by lower telecom costs and engineering services, compared to the same period in 2006.

Cost of Subscriber Equipment Sales. Cost of subscriber equipment sales decreased \$25.3 million, or approximately 69%, to \$11.4 million for the nine months ended September 30, 2007, from \$36.7 million for the nine months ended September 30, 2006. This decrease was due primarily to lower equipment sales in the nine months ended September 30, 2007 compared to the same period in 2006 as a result of our two-way communication issues.

Marketing, General and Administrative. Marketing, general and administrative expenses increased \$3.0 million, or approximately 9%, to \$34.2 million for the nine months ended September 30, 2007, from \$31.2 million for the nine months ended September 30, 2006. This increase was due primarily to higher professional fees related to operating as a public company and non-cash stock compensation expense offset partially by lower dealer commissions as a consequence of lower sales.

Depreciation and Amortization. Depreciation and amortization expense increased \$3.8 million, or 86%, to \$8.2 million for the nine months ended September 30, 2007, from \$4.4 million for the nine months ended September 30, 2006. This increase was due primarily to the additional depreciation associated with placing a number of our recently-launched spare satellites into service and as a result of reducing the remaining useful life of our satellite system and related assets from 39 months to 27 months, beginning in the fourth quarter of 2006.

Impairment of assets. During the second quarter of 2007, we recorded a net impairment charge of \$17.3 million representing a write down on our first-generation phone and accessory inventory. This charge was taken after our assessment of inventory quantities and recent and projected equipment sales. There was no such charge in the same period in 2006.

Operating Income (Loss). Operating income (loss) decreased \$31.3 million, to an operating loss of \$16.8 million for the nine months ended September 30, 2007, from operating income of \$14.5 million for the nine months ended September 30, 2006. The decrease was due to the asset impairment charge described above and lower service and subscriber equipment revenues partially offset by lower cost of equipment sales.

Interest Income. Interest income increased by \$1.9 million to \$2.3 million for the nine months ended September 30, 2007, from \$0.4 million for the same period in 2006. This increase was due to increased average cash balances on hand and higher yields on those balances.

Interest Expense. Interest expense increased by \$0.7 million, to \$1.0 million for the nine months ended September 30, 2007 from \$0.3 million for the nine months ended September 30, 2006. This increase was due to commitment fees related to our revolving credit facility and amortization of deferred financing costs.

Interest Rate Derivative Loss. For the nine months ended September 30, 2007, interest rate derivative loss was \$0.8 million compared to \$2.9 million for the same period in 2006. This was due to a smaller decrease in the fair value of our interest rate swap agreement.

Other Income (Expense). Other income (expense) generally consists of foreign exchange transaction gains and losses. Other income increased by \$6.7 million for the nine months ended September 30, 2007 as compared to the same period in 2006 due to a favorable exchange rate on the Euro denominated escrow account during the first nine months of 2007.

Income Tax Expense (Benefit). Income tax expense for the nine months ended September 30, 2007 was \$0.1 million compared to a income tax benefit of \$14.4 million during the same period in 2006. The change between periods was primarily a result of a \$21.4 million deferred tax benefit recorded on January 1, 2006 upon our election to be taxed as a C Corporation.

Net Income (Loss). Our net income decreased \$36.0 million to a loss of \$11.6 million for the nine months ended September 30, 2007, from net income of \$24.4 million for the nine months ended September 30, 2006. This decrease was due primarily to the \$17.3 million asset impairment charge related to our inventory recognized during the second quarter of 2007 and the \$17.5 million deferred tax benefit recognized during the same period in 2006.

Liquidity and Capital Resources

The following table shows our cash flows from operating, investing, and financing activities for the nine months ended September 30, 2007 and 2006:

	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
Net cash from (used in) operating activities	\$ (11,611)	\$ 12,828
Net cash from (used in) investing activities	(128,503)	(60,149)
Net cash from financing activities	138,449	44,925
Effect of exchange rate changes on cash	(5,694)	(164)
Net decrease in cash and cash equivalents	\$ (7,359)	\$ (2,560)

At October 1, 2007, our principal short-term liquidity needs were:

- to fund our working capital (\$67.6 million at September 30, 2007, which our management believes is sufficient for our present requirements);
- to pay amounts due within three months for the launch of our four spare satellites launched in October 2007 (approximately \$6.6 million);
- to make payments to procure our second-generation satellite constellation, construct the Control Network Facility and upgrade our gateways and other ground facilities, in a total amount not yet determined, but which will include approximately \$162.3 million and \$5.9 million payable to Thales Alenia Space by September 2008 under the purchase contract for our second-generation satellites and the contract for construction of the Control Network Facility, respectively; and
- to fulfill cash escrow requirements under the Thales Alenia Space contract for procurement of our second-generation satellites approximating an additional \$39.7 million through September 30, 2008.

During the year ended December 31, 2006 and the nine months ended September 30, 2007, our principal sources of liquidity were:

Dollars in millions	Year Ended December 31, 2006	Nine Months Ended September 30, 2007
Cash on-hand at beginning of period	\$ 20.3	\$ 43.7
Capital contributions by Thermo net	\$ 13.0	—
Purchase of Common Stock by Thermo Funding Company	\$ 47.3	\$ 140.3

Proceeds of initial public offering, net	\$	116.6	—
Cash generated (used) by operations	\$	14.6	\$ (11.6)

We expect to fund our short-term liquidity requirements from the following sources:

- cash on hand (\$36.3 million at September 30, 2007);
- sale of Common Stock to Thermo Funding Company under the irrevocable standby stock purchase agreement (the final \$12.4 million of which was purchased in early November 2007); and
- borrowings under our credit agreement (of which the entire \$100.0 million related to the delayed draw term loan and \$50.0 million related to the revolving credit facility were undrawn at September 30, 2007), subject to assumption of the lenders' obligations under the credit agreement by Thermo Funding Company as discussed below.

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As discussed below, we have agreed not to draw on the credit agreement until all of the lenders' obligations are assumed by Thermo Funding Company. If this assumption is not completed by December 17, 2007, our ability to draw on the credit agreement will terminate. In addition, our ability to borrow under the credit agreement is conditioned on the absence of any material adverse change in the results of our operations or financial condition from August 16, 2006 to the date of borrowing and compliance with all of our covenants. We expect that these conditions will be modified in connection with the assumption of the credit agreement by Thermo Funding Company so as to permit us to draw on the credit agreement, but no assurance can be given that these modifications will be effected.

Our principal long-term liquidity needs are:

- to fund our working capital, including any growth in working capital required by growth in our business;
- to pay the costs of procuring and deploying our second-generation satellite constellation and upgrading our gateways and other ground facilities; and
- to fund the cash requirements of our independent gateway operator acquisition strategy, in an amount not determinable at this time.

We expect to fund our long-term capital needs with any remaining funds available under our credit agreement, cash flow, which we expect will be generated primarily from sales of our Simplex products and services, including our new SPOT product, and the incurrence of additional indebtedness, additional equity financings or a combination of these potential sources of funds. We will require significant additional capital and have not obtained any commitment for such funds. See "Capital Expenditures" below and "Part II, Item 1A. Risk Factors – We may need additional capital to maintain our network and to pursue future growth opportunities. If we fail to obtain sufficient capital we will not be able to complete our business plan."

Although we believe that these sources will provide sufficient liquidity for us to meet our long-term liquidity requirements, our liquidity and our ability to fund these needs will depend to a significant extent on our future financial performance, which will be subject in part to general economic, financial, regulatory and other factors that are beyond our control, including our ability to achieve positive cash flow from operations despite the problems with our satellite constellation described elsewhere, the willingness of others to invest in the Company and trends in our industry and technology discussed elsewhere in this Report. In addition to these general and economic and industry factors, the principal factors determining whether our cash flows will be sufficient to meet our long-term liquidity requirements will be our ability to continue to provide attractive and competitive services and products, successful management of the degradation of our current satellite constellation until we can deploy our second-generation satellite constellation, increase our number of subscribers and retail average revenue per unit, control our costs, and maintain our margins and profitability. If those factors change significantly or other unexpected factors adversely affect us, our business may not generate sufficient cash flow from operations and future financings may not be available on terms acceptable to us or at all to meet our liquidity needs. In assessing our liquidity, our management reviews and analyzes our current cash on-hand, the average number of days our accounts receivable are outstanding, the contractual rates that we have established with our vendors, inventory turns, foreign exchange rates, capital expenditure commitments and income tax rates.

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Net Cash from Operating Activities

Net cash provided by operating activities for the nine months ended September 30, 2007 decreased to a cash outflow of \$11.6 million from a cash inflow of \$12.8 million for the nine months ended September 30, 2006. This decrease was due primarily to lower revenues and lower inventory turnover during the nine months ended September 30, 2007 as compared to the nine months ended September 30, 2006.

Net Cash from Investing Activities

Cash used in investing activities was \$128.5 million for the nine months ended September 30, 2007, compared to \$60.1 million for the same period in 2006. This increase was the result of capital expenditures associated with construction expenses for our second-generation satellite constellation and the launches of our eight spare satellites in 2007.

Net Cash from Financing Activities

Net cash provided by financing activities increased by \$93.5 million to \$138.4 million from \$44.9 million for the nine months ended September 30, 2007 as compared to the same period in 2006. The increase was the result of \$140.3 million received from Thermo Funding Company for equity purchased

pursuant to its irrevocable standby stock purchase agreement in the nine months ended September 30, 2007 as compared to \$15.0 million received in the nine months ended September 30, 2006, offset by proceeds from borrowings under the revolving credit facility and subscription receivable in the same period.

Capital Expenditures

Our capital expenditures consist primarily of upgrading our satellite constellation and gateways and other ground facilities. In 2005, we began construction of a new gateway in Wasilla, Alaska to cover the Alaskan territory and part of the Bering Sea. The Alaska gateway went into operation in July 2006. This gateway cost \$4.8 million (excluding \$0.8 million for the purchase of real property). We have begun construction of a gateway in Singapore at a total cost of approximately \$4.0 million. This gateway is expected to be fully operational by July 2008.

In 2005, we also commenced capital expenditures for the launch of our eight spare satellites. In 2006 and the nine months ended September 30, 2007, we incurred \$83.9 million and \$31.4 million (excluding capitalized interest and internal labor costs), respectively, related to the launch of our eight spare satellites. Total amount incurred related to the launch of our eight satellites as of September 30, 2007 was \$117.4 million (excluding capitalized interest and internal labor costs). The total expected cost for the launch of the spare satellites is approximately \$124.0 million exclusive of capitalized interest and internal costs.

In the fourth quarter of 2006, we entered into a contract with Thales Alenia Space for our second-generation satellite constellation in the amount of approximately \$923.1 million at a weighted average conversion rate of €1.00 = \$1.3932 at September 30, 2007, including approximately €146.3 million which will be paid by us in U.S. dollars at a fixed conversion rate of €1.00 = \$1.294, and have incurred approximately \$103.9 million in related costs through September 30, 2007. At our request, Thales Alenia Space has presented a four-part sequential plan to us for accelerating delivery of the initial 24 satellites by up to four months. The expected cost of this acceleration will range from approximately €6.7 million to €13.4 million (\$9.6 million to \$19.1 million at €1.00 = \$1.4272). In September 2007, we accepted the first portion of this plan with an additional cost of €1.9 million (\$2.7 million at €1.00 = \$1.4272). We cannot assure you that any of the remaining acceleration will occur.

In March 2007, we entered into an agreement with Thales Alenia Space for the construction of the Satellite Operations Control Centers, Telemetry Command Units and In Orbit Test Equipment (collectively, the "Control Network Facility") for our second-generation satellite constellation. This agreement complements the second-generation satellite construction contract with Thales Alenia Space for the construction of 48 low-earth orbit satellites and allows Thales Alenia Space to coordinate all aspects of the second-generation satellite constellation project, including the transition of first-generation software and hardware to equipment for the second generation. The total contract price for the construction and associated services is €9.0 million (approximately \$12.8 million at a conversion rate of €1.00 = \$1.4272) consisting of €4.0 million for the Satellite Operations Control Centers, €3.0 million for the Telemetry Command Units and €2.0 million for the In Orbit Test Equipment, with payments to be made on a quarterly basis through completion of the Control Network Facility in late 2009. We have made payments in the amount of approximately €2.9 million (approximately \$3.9 million) through September 30, 2007.

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In September 2007, we entered into a contract with Arianespace for the launch of our second-generation satellites and certain pre and post-launch services. Pursuant to the contract, Arianespace will make four launches of six satellites each, and we have the option to require Arianespace to make four additional launches of six satellites each. The total contract price for the first four launches is \$210.0 million. We paid \$10.5 million as an initial payment upon signing the contract in September 2007.

The total cost for the satellites and launches under these contracts with Thales Alenia Space and Arianespace are included in the estimated \$1.2 billion of capital expenditures which we currently anticipate will be required to procure and deploy our second-generation satellite constellation and related gateway upgrades. Since the fourth quarter of 2006, we have used portions of the proceeds from sales of Common Stock to Thermo Funding Company under the irrevocable standby stock purchase agreement, the proceeds from our initial public offering and borrowings under our revolving credit facility (which have been repaid) to fund the approximately \$118.3 million paid through September 30, 2007. We expect to fund the balance of the capital expenditures through cash generated by our duplex voice and data services, new SPOT product and other Simplex devices and services, debt financings, additional equity financings or a combination of these potential sources. The extent of our need for external capital, which we expect to be substantial, will vary depending on the success of SPOT and other commercial factors. This funding may not be available to us on acceptable terms, or at all.

In addition to the capital expenditures related to the Thales Alenia Space and Arianespace contracts mentioned above, we will incur additional capital expenditures for second-generation ground infrastructure, certain launch base activities and launch insurance for which we intend to contract with third parties in the future. We expect these additional capital expenditures to be approximately \$110.0 to \$130.0 million over the next four years. The amount of actual and anticipated capital expenditures related to the Thales Alenia Space and Arianespace contracts is presented in the table below (in millions):

Contract	Currency of Payment	Payments through September 30, 2007	Fourth Quarter 2007	2008	2009	2010	Thereafter	Total
Thales Alenia Second Generation Constellation	EUR	€ 80.1	€ 20.1	€ 147.8	€ 94.5	€ 92.2	€ 227.9	€ 662.6
Thales Alenia Satellite Operations Control Centers	EUR	€ 2.9	€ 1.1	€ 4.1	€ 0.9	€ 0.0	€ 0.0	€ 9.0
Arianespace Launch Services	USD	\$ 10.5	\$ 0.0	\$ 31.5	\$ 112.9	\$ 55.1	\$ 0.0	\$ 210.0

The exchange rate on September 30, 2007 was €1.00 = \$1.4272. See "Item 3 - Quantitative and Qualitative Disclosures About Market Risk."

In September 2007 we signed an agreement with the Radnye Corporation business unit AeroAstro to purchase four AeroAstro Appliques to further expand the geographic coverage of our Simplex services and expand our Simplex data customer capacity in Asia and Latin America.

Cash Position and Indebtedness

As of September 30, 2007, our total cash and cash equivalents were \$36.3 million and we had total indebtedness of \$0.4 million, compared to total cash and cash equivalents and total indebtedness at December 31, 2006 of \$43.7 million and \$0.7 million, respectively.

Credit Agreement

On August 16, 2006, we entered into an amended and restated credit agreement with Wachovia Investment Holdings, LLC, as administrative agent and swingline lender, and Wachovia Bank, National Association, as issuing lender, which was subsequently amended on September 29 and October 26, 2006. The

be drawn after January 1, 2008 and prior to August 16, 2009, but only if, after giving effect to the delayed draw term loan and thereafter at the end of each quarter while the delayed draw term loan is outstanding, our consolidated senior secured leverage ratio does not exceed 3.5 to 1.0. In addition to the \$150.0 million revolving and delayed draw term loan facilities, the amended and restated credit agreement permits us to incur additional term loans on an equally and ratably secured, *pari passu*, basis in an aggregate amount of up to \$150.0 million (plus the amount of any reduction in the delayed draw term loan facility or prepayment of loans) from the lenders under the credit agreement or other banks, financial institutions or investment funds approved by us and the administrative agent. We have not sought commitments for these additional term loans. These additional term loans may be incurred only if no event of default then exists, if we are in pro-forma compliance with all of the financial covenants of the credit agreement, and if, after giving effect thereto, our consolidated total leverage ratio does not exceed 5.5 to 1.0.

All revolving credit loans will mature on June 30, 2010 and all term loans will mature on June 30, 2011. Revolving credit loans bear interest at LIBOR plus 4.25% to 4.75% or the greater of the prime rate or Federal Funds rate plus 3.25% to 3.75%. We had no borrowings under the revolving credit facility at September 30, 2007. The delayed draw term loan will bear interest at LIBOR plus 6.0% or the greater of the prime rate or Federal Funds rate plus 5.0%, and the delayed draw term loan facility bears an annual commitment fee of 2.0% until drawn or terminated. Additional term loans will bear interest at rates to be negotiated. To hedge a portion of the interest rate risk with respect to the delayed draw term loans, we entered into a five-year interest rate swap agreement. See "Note 15: Interest Rate Derivative" of the Notes to Unaudited Interim Consolidated Financial Statements in Part I, Item 1 of this Report. The loans may be prepaid without penalty at any time.

On November 7, 2007, we, the administrative agent, the lenders under the credit agreement and Thermo Funding Company agreed that by December 17, 2007, Thermo Funding Company would receive an assignment of all of the rights (except indemnification rights) and assume all of the obligations of the administrative agent and the lenders under the credit agreement. If the assignment and assumption is not completed by December 17, 2007, the obligation of the lenders to advance any funds under the credit agreement will terminate. We have agreed not to draw any funds under the credit agreement until the assignment and assumption is completed. This agreement resulted from our disclosure to the administrative agent and the lenders that required periodic payments under our contract for the procurement of our second-generation satellite constellation would prevent us from maintaining the minimum liquidity levels required by the credit agreement. Upon termination of the amended and restated credit agreement, the interest rate swap agreement will terminate; upon this termination, we will be required to pay the negative value of the interest rate swap (approximately \$3.5 million at September 30, 2007).

We expect that, in connection with the assignment and assumption, the credit agreement will be amended and restated to reflect that Thermo Funding Company is not a commercial bank and other changes favorable to us. We have not yet reached agreement on these changes and may be unable to do so. We also are exploring options to replace the amended and restated credit agreement, however, no assurance can be provided that this will occur.

Irrevocable Standby Stock Purchase Agreement

In connection with the execution of the initial Wachovia credit agreement on April 24, 2006, we entered into an irrevocable standby stock purchase agreement with Thermo Funding Company pursuant to which it agreed to purchase under the circumstances described below up to 12,371,136 shares of our Common Stock at a price per share of approximately \$16.17 (approximately \$200.0 million in the aggregate), without regard to any future increase or decrease in the trading price of our Common Stock. Thermo Funding Company's obligation to purchase these shares is secured by the escrow of cash and marketable securities in an amount equal to 105% of its unfunded commitment.

Pursuant to the agreement, Thermo Funding Company will be required to purchase shares of our Common Stock (in minimum amounts of \$5.0 million) as may be necessary:

- to enable us to comply with the minimum liquidity and forward fixed charge coverage ratio tests of our credit agreement; or
- to cure a default in payment of regularly scheduled principal or interest under our credit agreement.

The agreement terminates on the earliest of December 31, 2011, our payment in full of all obligations under the credit agreement or Thermo Funding Company's purchase of all of the stock subject to its obligations under the agreement. Thermo Funding Company may elect at any time to purchase any unpurchased stock. The following table sets forth information with respect to shares purchased by Thermo Funding Company pursuant to the agreement:

Date of Purchase	Number of Shares	Purchase Price (in millions)
June 30, 2006	927,840	\$ 15.0
December 5, 2006	2,000,000	32.3
February 5, 2007	1,500,000	24.3
April 30, 2007	1,546,073	25.0
May 9, 2007	618,429	10.0
July 31, 2007	2,164,502	35.0
September 7, 2007	1,236,858	20.0

September 27, 2007	1,607,916	26.0
November 2, 2007	769,518	12.4
Total	12,371,136	\$ 200.0

Thermo Funding Company satisfied its remaining commitment under the irrevocable standby stock purchase agreement on November 2, 2007. All funds in the escrow account are in the process of being released. See Note 16 to our unaudited consolidated interim consolidated financial statements.

As required by the pre-emptive rights provisions contained in our former certificate of incorporation, we intend to offer our stockholders as of June 15, 2006 who are accredited investors (as defined under the Securities Act of 1933) and who received thirty-six or more shares of our Common Stock as a result of the Old Globalstar bankruptcy, the opportunity to participate in the transactions contemplated by Thermo Funding Company's irrevocable standby stock purchase agreement on a pro rata basis on substantially the same terms as Thermo Funding Company, except that these stockholders will not be subject to the escrow requirements described above. These stockholders, excluding stockholders who have waived their pre-emptive rights, will be entitled to purchase, and upon entering into a commitment may elect to purchase at any time thereafter, up to 785,328 additional shares of our Common Stock at approximately \$16.17 per share in the pre-emptive rights offering.

Contractual Obligations and Commitments

During 2004, 2005, 2006 and the nine months ended September 30, 2007, we committed to purchase \$189.1 million of mobile phones, services and other equipment under various commercial agreements with QUALCOMM. At September 30, 2007, we had a remaining commitment to purchase \$60.7 million of equipment from QUALCOMM. We believe the long-term equipment contract with QUALCOMM is necessary to obtain the best possible pricing for the development and purchase of our second-generation of handsets and accessories. We expect to fund this remaining commitment from our working capital and funds generated by our operations.

On June 1, 2004, we entered into a master services agreement with Space Systems/Loral, Inc. providing for various services related to preparing our eight spare satellites for launch. At September 30, 2007, we had authorized Space Systems/Loral, Inc. to spend up to approximately \$30.1 million related to this agreement and related task orders, and approximately \$25.4 million of those charges had been incurred. The agreement renews annually for up to 10 years unless terminated earlier. We may terminate the agreement upon 30-days notice and any task order upon 10-days notice. Upon termination, we must pay for any costs related to services performed through termination and the 10-day transition period thereafter. Those costs may not exceed the amount previously authorized by us. We or Space Systems/Loral may terminate the agreement upon any uncured material breach of the terms of the agreement or any task order.

On September 19, 2005, we executed a contract with Starsem providing for Starsem to launch our eight spare satellites in two launches of four satellites each. Starsem, a French-Russian joint venture, is a leading provider of launch services utilizing highly reliable human-rated Soyuz launchers, with over 1700 successful missions to date and approximately 99% reliability

rating. The contract also provides for a compatibility and feasibility study and certain post-launch services including capitalized interest and excluding capitalized labor. As of September 30, 2007, we had incurred approximately \$75.1 million in obligations to Starsem under the contract. We estimate that the total cost of completing, testing and launching our eight spare satellites will be approximately \$124.0 million, exclusive of capitalized interest and internal costs.

Pursuant to a memorandum dated as of June 1, 2005, we agreed to provide supplemental incentive compensation to certain of our executive officers in the form of cash bonuses (the "Executive Incentive Compensation Plan") which, upon the fulfillment of certain conditions, may aggregate up to \$30.0 million. In both 2005 and 2006, we accrued \$1.6 million in compensation expense with respect to this plan. Approximately \$3.2 million was paid to the executive officers in January 2007 pursuant to this plan.

Effective August 10, 2007 (the "Effective Date"), the Board of Directors of the Company, upon recommendation of the Compensation Committee, approved the concurrent termination of the Company's Executive Incentive Compensation Plan and awards of restricted stock or restricted stock units under the Company's 2006 Equity Incentive Plan to five executive officers (the "Participants"). Each Award Agreement provides that the recipient will receive awards of restricted common stock or restricted stock units, which upon vesting, each entitle him to one share of Globalstar Common Stock. Total benefits per Participant (valued at the grant date) are approximately \$6.0 million, which represents an increase of approximately \$1.5 million in potential compensation compared to the maximum potential benefits under the Executive Incentive Compensation Plan. However, the new Award Agreements extend the vesting period by up to two years and provide for payment in shares of Common Stock instead of cash, thereby enabling us to conserve our cash for capital expenditures for the procurement and launch of our second-generation satellite constellation and related ground station upgrades.

On November 30, 2006, we and Thales Alenia Space entered into a definitive contract pursuant to which Thales Alenia Space will construct 48 low-earth-orbit satellites in two batches (the first of 25, including a proto-flight model satellite, and the second of 23) for our second-generation satellite constellation. Under the contract, Thales Alenia Space also will provide launch support services and mission operations support services. We have contracted separately with Arianespace for launch services and will do so for launch insurance for the satellites. The total contract price will be approximately € 662.6 million, (approximately \$923.1 million at a weighted average conversion rate of €1.00 = \$1.3932 at September 30, 2007 including approximately €146.3 million which will be paid by us in U.S. dollars at a fixed conversion rate of €1.00 = \$1.294), subject to reduction by approximately € 28.0 million (approximately \$39.1 million) if we elect to accelerate construction and delivery of the second batch of satellites. Of the € 662.6 million, approximately € 622.4 million (\$867.1 million) will be paid for the design, development and manufacture of the satellites and approximately € 40.2 million (\$56.0 million) will be paid for launch and mission support services. We are also obligated to pay Thales Alenia Space up to \$75.0 million in bonus payments depending upon the fulfillment of various conditions, including our cumulative EBITDA exceeding certain projections, Thales Alenia Space's achievement of the specified delivery schedule and satisfactory operation of the satellites after delivery. The approximately € 12.4 million (\$16.0 million) paid by us to Thales Alenia Space pursuant to an Authorization to Proceed dated October 5, 2006, as amended, was credited against payments to be made by us under the contract. We have established and maintain an escrow account with a commercial bank to secure our payment obligations under the contract, with the amount of the escrow account being not less than the next two quarterly payments required by the contract. The initial escrow deposit was € 40.0 million. We and Thales Alenia Space entered into the escrow agreement on December 21, 2006. We obtained the consent of our lenders to establish the escrow account. Payments under the contract began in the fourth quarter of 2006 and will extend into the fourth quarter of 2013 unless we elect to accelerate the delivery of the second batch of satellites. The contract requires Thales Alenia Space to commence delivery of the satellites in the third quarter of 2009, with deliveries continuing

until the third quarter of 2013, unless we elect to accelerate deliveries. If we elect to accelerate delivery of the second batch of satellites, it is contemplated that all of the satellites will be delivered by the third quarter of 2010. We have made payments in the amount of approximately €79.2 million (approximately \$103.9 million) through September 30, 2007 under this contract. At our request, Thales Alenia Space has presented a four part sequential plan to us for accelerating delivery of the initial 24 satellites by up to four months. The expected cost of this acceleration will range from approximately €6.7 million to €13.4 million (\$9.6 million to \$19.1 million at € 1.00 = \$1.4272). In September 2007, we accepted the first portion of this plan with an additional cost of €1.9 million (\$2.7 million at €1.00 = \$1.4272). We cannot assure you that any of the remaining acceleration will occur.

In March, 2007, we entered into an agreement with Thales Alenia Space for the construction of the Satellite Operations Control Centers, Telemetry Command Units and In Orbit Test Equipment (collectively, the “Control Network Facility”) for our second-generation satellite constellation. This agreement complements the second-generation satellite construction contract with Thales Alenia Space for the construction of 48 low-earth orbit satellites and allows Thales Alenia Space to coordinate all aspects of the second-generation satellite constellation project, including the transition of first-generation software and hardware to equipment for the second generation. The total contract price for the construction and associated services is €9.0 million (approximately \$12.8 million at a conversion rate of €1.00 = \$1.4272) consisting of €4.0 million for

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the Satellite Operations Control Centers, €3.0 million for the Telemetry Command Units and €2.0 million for the In Orbit Test Equipment, with payments to be made on a quarterly basis through completion of the Control Network Facility in late 2009. We have the option to terminate the contract if excusable delays affecting Thales Alenia Space’s ability to perform the contract total six consecutive months or at its convenience. If we terminate the contract, we must pay Thales Alenia Space the lesser of its unpaid costs for work performed by Thales Alenia Space and its subcontractors or payments for the next two quarters following termination. If Thales Alenia Space has not completed the Control Network Facility acceptance review within sixty days of the due date, we will be entitled to certain liquidated damages. Failure to complete the Control Network Facility acceptance review on or before six months after the due date results in a default by Thales Alenia Space, entitling us to a refund of all payments, except for liquidated damage amounts previously paid or with respect to items where final delivery has occurred. The Control Network Facility, when accepted, will be covered by a limited one-year warranty. The contract contains customary arbitration and indemnification provisions. We have made payments in the amount of approximately €2.9 million (approximately \$3.9 million) through September 30, 2007.

On September 5, 2007, we entered into a contract with Arianespace for the launch of our second-generation satellites and certain pre and post-launch services. Pursuant to the contract, Arianespace will make four launches of six satellites each, and we have the option to require Arianespace to make four additional launches of six satellites each. The total contract price for the first four launches is \$210.0 million. The total cost for the launches under this contract is included in the previously disclosed estimated \$1.2 billion to procure and deploy our second-generation satellite constellation and related gateway upgrades. The anticipated time period for the first four launches ranges from as early as the third quarter of 2009 through the end of 2010 and the optional launches are available from spring 2010 through the end of 2014. Prolonged delays due to postponements by us or Arianespace may result in adjustments to the payment schedule.

Off-Balance Sheet Transactions

We have no material off-balance sheet transactions.

Recently Issued Accounting Pronouncements

The information provided under “Note 1: The Company and Summary of Significant Accounting Policies — Recent Accounting Pronouncements” of the Notes to Unaudited Interim Consolidated Financial Statements in Part I, Item 1 of this Report is incorporated herein by reference.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our services and products are sold, distributed or available in over 120 countries. Our international sales are made primarily in U.S. dollars, Canadian dollars and Euros. In some cases insufficient supplies of U.S. currency may require us to accept payment in other foreign currencies. We reduce our currency exchange risk from revenues in currencies other than the U.S. dollar by requiring payment in U.S. dollars whenever possible and purchasing foreign currencies on the spot market when rates are favorable. We currently do not purchase hedging instruments to hedge foreign currencies. However, our credit agreement requires us to do so on terms reasonably acceptable to the administrative agent not later than 90 days after the end of any quarter in which more than 25% of our revenue is originally denominated in a single currency other than U.S. or Canadian dollars.

As discussed in “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Contractual Obligations and Commitments,” we have entered into a contract with Starsem to launch our eight spare satellites. We have also entered into two separate contracts with Thales Alenia Space to construct 48 low earth orbit satellites for our second-generation satellite constellation and to provide launch-related and operations support services, and to construct the Satellite Operations Control Centers, Telemetry Command Units and In-Orbit Test Equipment for our second-generation satellite constellation. All payments under the Starsem contract, and a substantial majority of the payments under the Thales Alenia Space agreements, are denominated in Euros.

Our interest rate risk arises from our variable rate debt under our credit agreement, under which loans bear interest at a floating rate based on the U.S. prime rate or LIBOR. Assuming that we borrowed the entire \$150.0 million in revolving and term debt available under our credit agreement, and without giving effect to the hedging arrangement described in the next sentence, a 1.0% change in interest rates would result in a change to interest expense of approximately \$1.5 million annually. To hedge a portion of our interest rate risk, we have entered into a five-year interest rate swap agreement with respect to a \$100.0 million notional amount at a fixed rate of 5.64%. See “Note 15: Interest Rate Derivative” and “Note 16: Subsequent Events” of the Notes to Unaudited Interim Consolidated Financial Statements in Part I, Item 1 of this Report.

Our exposure to fluctuations in currency exchange rates has increased significantly as a result of contracts for the construction of our second-generation constellation satellite and the related control network facility, which are primarily payable in Euros. A 1.0% decline in the relative value of the U.S. dollar, on the remaining balance related to these contracts of approximately € 522.4 million on September 30, 2007, would result in \$7.5 million of additional payments. See “Note 4: Property and Equipment” of the Unaudited Interim Consolidated Financial Statements in Part I, Item 1 of this Report.

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Item 4. Controls and Procedures

(a) *Evaluation of disclosure controls and procedures.*

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934 as of the end of the period covered by this report. The evaluation included certain internal control areas in which we have made and are continuing to make changes to improve and enhance controls. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost benefit relationship of possible controls and procedures.

Based on the material weakness and significant deficiency discussed below, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were not effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Because the material weakness described below has not been fully remediated as of the filing date of this Report, management, including our chief executive officer and chief financial officer, continues to conclude that our disclosure controls and procedures are not effective as of the filing date of this Report. Notwithstanding the material weakness, we believe that the consolidated financial statements included in this Report fairly present, in all material respects, our consolidated financial position and results of operations as of and for the three and nine months ended September 30, 2007.

In connection with its audit of our 2006 consolidated financial statements, our independent registered public accounting firm, Crowe Chizek and Company LLP (“Crowe Chizek”), identified a material weakness in our processes, procedures and controls related to the preparation, analysis and review of financial information. The material weakness was a combination of significant deficiencies, including the timeliness of identifying, researching and resolving accounting issues, the sharing of information and knowledge within and outside our accounting department, and the lack of specific metrics or processes to act as early warning indicators of potential impairments, that resulted in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. Crowe Chizek also identified a significant deficiency in our internal controls related to the revenue recognition process for annual service plans, which adversely affects our ability to initiate, authorize, record, process, or report external financial data reliably in accordance with generally accepted accounting principles so that there is more than a remote likelihood that a misstatement of our annual or interim financial statements that is more than inconsequential will not be prevented or detected. Neither the material weakness nor the significant deficiency resulted in a change to the previously disclosed consolidated financial statements in this Report; however, these issues, if not resolved, could impact our financial statements in the future.

We intend to remediate this material weakness by hiring additional high-level accounting personnel and instituting additional procedures for interdepartmental communication and staff meetings. We intend to remediate this significant deficiency by adding more automated reporting capabilities in our billing software to reduce the use of manual processes. We have begun implementing the remediation plan to address the material weakness and the significant deficiency and will continue to do so throughout the year to be fully compliant by December 31, 2007. The costs related to these remediations have not been material.

The certifications of our chief executive officer and chief financial officer filed or furnished as Exhibits 31.1, 31.2 and 32.1 to this Report should be read in conjunction with the disclosures in this Item 4.

(b) *Changes in internal controls over financial reporting.*

There were no material changes in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Since the second half of 2006, we have invested significant resources to comprehensively document and analyze our system of internal control over financial reporting. We have identified areas requiring improvement, and we are in the process of designing enhanced processes and controls to address issues identified through this review. Areas of improvement

include streamlining and standardizing our domestic and international billing and other processes, further limiting internal access to certain data systems and continuing to improve coordination and communication across business functions. We plan to continue this initiative as well as prepare for our first management report on internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002 for the year ending December 31, 2007, which may result in changes to our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in certain litigation matters as discussed elsewhere in this Report. For more detailed information on litigation matters outstanding please see Note 13 of the Notes to Unaudited Interim Consolidated Financial Statements in Part I, Item 1 of this Report. From time to time, we are involved in various other litigation matters involving ordinary and routine claims incidental to our business. Management currently believes that the outcome of these proceedings, either individually or in the aggregate, will not have a material adverse effect on our business, results of operations or financial conditions.

Item 1A. Risk Factors

You should carefully consider the risks described in this Report and all of the other reports that we file from time to time with the Securities and Exchange Commission ("SEC"), in evaluating and understanding us and our business. Additional risks not presently known or that we currently deem immaterial may also impact our business operations and the risks identified in this Report may adversely affect our business in ways we do not currently anticipate. Our financial condition or results of operations also could be materially adversely affected by any of these risks.

Our satellites have a limited life and some have failed which causes our network to be compromised and which materially and adversely affects our business, prospects and profitability.

Since the first Old Globalstar satellites were launched in 1998, nine have failed in orbit, one of which we have brought back into service for Simplex use, and we expect others to fail in the future. Eight of our nine satellite failures have been attributed to anomalies of the S-band antenna. The ninth satellite's failure was attributed to an anomaly of the satellite command receiver. In-orbit failure may result from various causes, including component failure, loss of power or fuel, inability to control positioning of the satellite, solar or other astronomical events, including solar radiation and flares, and space debris. Other factors that could affect the useful lives of our satellites include the quality of construction, gradual degradation of solar panels and the durability of components. Radiation induced failure of satellite components may result in damage to or loss of a satellite before the end of its currently expected life. As a result, some of our in-orbit satellites may not be fully functioning at any given time.

As our constellation has aged, the ability of our satellites to carry two-way communications has diminished, and is continuing to diminish, adversely affecting the availability of our two-way communications service, which has begun to adversely affect our results of operations, cash flow and financial condition. Although we do not incur any direct cash costs related to the failure of a satellite, if a satellite fails, we record an impairment charge reflecting its net book value. There are some remote tools we use to remedy certain types of problems affecting the performance of our satellites, but the physical repair of satellites in space is not feasible. We do not insure our satellites against in-orbit failures, whether such failures are caused by internal or external factors.

S-band Antenna Amplifier Degradation

As described further below, the degradation of the S-band antenna amplifier in our satellites launched prior to 2007, as previously disclosed in February 2007, has continued. The S-band antenna provides the downlink from the satellite to a subscriber's phone or data terminal. Degraded performance of the S-band antenna reduces the call completion rate for two-way voice and data communication between the affected satellites and the subscriber and may reduce the duration of a call. If the S-band antenna on a satellite ceases to be commercially functional, two-way communication is impossible over that satellite, but not necessarily over the constellation as a whole. The root cause of the degradation in performance of the S-band antenna amplifiers is unknown, although we believe it may result from irradiation of the satellites in orbit. The S-band antenna amplifier degradation does not affect adversely our one-way Simplex data transmission services, which utilize only the L-band uplink from a subscriber's Simplex terminal to the satellites.

To date, we have managed the degradation of the S-band antenna amplifiers in various technical ways, as well as by launching our spare satellites, placing into service spare satellites already in orbit and moving less impaired satellites to key orbital positions. To maintain the highest possible capacity and best possible quality of service in light of this problem and to prepare for the integration of our eight spare satellites launched in 2007 (four of which were launched in May 2007 and the remaining four in October 2007), on February 2, 2007, we completed the reconfiguration of our satellite constellation to combine two different "Walker" configurations, which continue to operate as a single constellation of 40 satellites plus in-orbit spares. This reconfiguration was done to maintain the highest available capacity and quality of service as well as to insert into the constellation spare satellites launched or scheduled for launch in 2007. The eight spare satellites launched in 2007 will be utilized to augment our existing satellite constellation and later will be integrated into our second-generation satellite constellation. On October 4, 2007, we completed another reconfiguration of our satellite constellation into two further different "Walker" configurations. This reconfiguration was done to attempt to improve service given the current operating status of our old satellite constellation and the newly launched eight satellites. We currently expect to launch our second-generation satellites beginning no later than late 2009.

In early 2006, we undertook a comprehensive third-party review of the S-band antenna amplifier degradation and its likely impact on the performance of the constellation as a whole. At that time, based in part on the third-party report, we concluded that, although there was risk, with the addition of the eight spare satellites in 2007, the constellation would continue to provide commercially viable two-way communication services until the next generation satellites begin to be launched in 2009. However, based on data collected in 2007 from satellite operations, we have concluded that the degradation of the S-band functionality for two-way communications service is occurring at a faster rate than previously experienced and anticipated. In response, in consultation with outside experts, we have implemented innovative methods, and plan to continue to implement additional measures, to attempt to ameliorate this problem, including modifying the configuration of our constellation as described above, changing the way our gateways operate with the satellites and experimenting with new antennas on our phones, thereby attempting to extend the life of the two-way communication capacity of the constellation. We are able to forecast the time and duration of two-way service coverage at any particular location in our service area, and we are making this information available without charge to our customers and service providers, including our wholly owned operating subsidiaries, so that they may work with their subscribers to reduce the impact of the service interruptions in their respective service areas. Nonetheless, we have been unable to slow the rate of the S-band antenna amplifier degradation.

Based on our most recent analysis, we now believe that, if the degradation of the S-band antenna amplifiers continues at the current rate or further accelerates, and if we are unsuccessful in developing additional technical solutions, interruptions of two-way communications services will increase, and by some time in 2008 substantially all of our in-orbit satellites launched prior to 2007 will cease to be able to support two-way communications services. As the number of in-orbit satellites (other than the eight spare satellites launched in 2007) with properly functioning S-band antenna amplifiers decreases, even with optimized placement in orbit of the eight spare satellites, increasingly larger coverage gaps will recur over areas in which we currently provide two-way communications service. Two-way communications service will continue to be available, but at certain times in any given location it will take substantially longer to establish calls and the average duration of calls will be impacted adversely. This could adversely affect our ability to attract and maintain subscribers for two-way communication service. If our subscriber base declines, our ability to attract and retain subscribers at higher rates when our second - generation constellation is placed in service may be affected adversely.

During the three months ended September 30, 2007, our retail ARPU decreased by 25% to \$46.21 from \$61.61 for the same period in 2006. We believe that customer reaction to the S-band antenna amplifier degradation and our related price reductions have been the primary cause of this reduction. If we are unable to ameliorate the S-band antenna amplifier degradation or maintain our customer base for two-way communications service, our business and profitability may be further materially and adversely affected. In addition, after our second-generation satellite constellation becomes operational, we may face challenges in maintaining our current subscriber base for two-way communications service because we plan then to increase prices, consistent with market conditions, to reflect our improved two-way service and coverage.

Our business plan includes exploiting our ATC license in the United States by combining ATC services with our existing business. If we are unable to accomplish this effectively, our anticipated future revenues and profitability will be reduced and we will lose our investment in developing ATC services.

We are licensed by the FCC to use a portion of our spectrum to provide ATC services in the United States in combination with our existing communication services. If we can integrate ATC services with our existing business, which will require us to make satisfactory arrangements with terrestrial wireless or other communications service providers, we will be able to use the spectrum currently licensed to us to provide an integrated telecommunications offering incorporating both our satellite and ground station system and a terrestrial-based cellular-like system. If successful, this will allow us to address a broader market for our products and services, thereby increasing our revenue and profitability and the value of our business.

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However, neither we nor any other company has yet successfully integrated a commercial ATC service with satellite services, and we may be unable to do so.

Northern Sky Research estimates that development of an independent terrestrial network to provide ATC services could cost \$2.5 to \$3.0 billion in the United States alone. We do not expect to have sufficient capital resources to develop independently the terrestrial component of an ATC network. Therefore, in the foreseeable future full exploitation of our ATC opportunity will require us to lease portions of our ATC-licensed spectrum to, or form satisfactory partnerships, service contracts, joint ventures or other arrangements with, other telecommunications or spectrum-based service providers.

Although we have entered into an agreement with Open Range Communications, Inc. that will permit Open Range to deploy service in certain rural geographic markets in the United States under our ATC authority, the agreement is contingent on receiving authority from the FCC to use an expanded portion of our spectrum for ATC services and any other FCC approval of the agreement which may be required and Open Range's completion of its equity and debt financing. We can give no assurance that these conditions will be satisfied, that FCC approval will be received or that the Open Range agreement will improve our revenues and profitability.

We may not be able to establish other arrangements at all or on favorable terms and, if such arrangements are established, the other parties may not fulfill their obligations. If we are unable to form a suitable partnership or enter into service contract, joint venture agreement or additional leases, we may not be able to realize our plan to offer ATC services, which would limit our ability to expand our business and reduce our revenues and profitability, and adversely affect the value of our ATC license. In addition, in such event we will lose any resources we have invested in developing ATC services, which may be substantial.

On November 9, 2007, the FCC released a Report and Order and Notice of Proposed Rulemaking requesting comments on whether we should be authorized to provide ATC services in the portion of the S-band between 2483.5 and 2495 MHz and in the portion of the L-band that we do not share with Iridium. If the FCC fails to adopt all or a substantial portion of the proposed rule, our ATC strategy may be affected adversely and we may not realize some or all of the value we had hoped to receive from our ATC license.

Implementation of our business plan depends on increased demand for wireless communications services via satellite, both for our existing services and products and for new services and products. If this increased demand does not occur, our revenues and profitability may not increase as we expect.

Demand for wireless communication services via satellite may not grow, or may even shrink, either generally or in particular geographic markets, for particular types of services or during particular time periods. A lack of demand could impair our ability to sell our services and to develop and successfully market new services, or could exert downward pressure on prices, or both. This, in turn, could decrease our revenues and profitability and adversely affect our ability to increase our revenues and profitability over time.

The success of our business plan will depend on a number of factors, including:

- the level of market acceptance and demand for all of our services;
- our ability to introduce new services and products that meet this market demand;
- our ability to obtain additional business using our existing spectrum resources both in the United States and internationally;
- our ability to control the costs of developing an integrated network providing related products and services;
- our ability to market successfully our new Simplex products, especially our SPOT products;
- our ability to develop and deploy innovative network management techniques to permit mobile devices to transition between satellite and terrestrial modes;
- our ability to limit the effects of further degradation of, and to maintain the capacity and control of, our existing satellite network;
- our ability to complete the construction, delivery and launch of our second-generation satellites and, once launched, our ability to maintain their health, capacity and control; and
- the effectiveness of our competitors in developing and offering similar services and products.

The implementation of our business plan and our ability to return to profitability assumes that we are able to continue to generate revenue and positive cash flow as our existing satellite constellation continues to age, and to deploy successfully our second-generation satellite constellation, both of which are contingent on a number of factors.

As our existing satellite constellation has aged, our customers' ability to access our two-way communications service at all times and places has diminished and is continuing to diminish. Specifically, the degradation of the S-band antenna amplifier in our satellites launched prior to 2007, as previously disclosed in February 2007, has continued. Our ability to generate revenue and positive cash flow until the launch of our second-generation satellite constellation will depend upon several factors, including whether:

- we can maintain our existing two-way communications service customers;

- the rate of S-band antenna amplifier degradation accelerates;
- we can introduce successfully new product and service offerings;
- we can continue to compete successfully against other mobile satellite service providers; and
- the FCC or a regulatory body outside the United States takes actions that reduce the quantity or utility of our spectrum or limit our ability to use it as we wish.

Further, our business plan and our ability to return to profitability assume that we will be able to deploy successfully our second-generation satellite constellation. In order to do so, we are dependent on third parties, such as Thales Alenia Space and Arianespace, to build and launch our satellites. The construction of these satellites is technically complex and subject to construction and delivery delays that could result from a variety of causes, including the failure of third-party vendors to perform as anticipated and changes in the technical specifications of the satellites. Although we have entered into contracts with Thales Alenia Space that anticipate delivery of the initial 16 satellites by late 2009, and we have arranged with Thales Alenia Space for acceleration of a portion of the initial 24 satellites by up to four months, there can be no assurance that the delivery of these satellites will be timely. We have not arranged an alternative source if Thales Alenia Space is unable or unwilling to fulfill these contracts. If Thales Alenia Space fails to deliver these initial satellites in a timely manner, our ability to meet our projected launch schedule would be materially adversely affected, and our operations and business plan, which assume a functioning second-generation satellite constellation by 2010, would be materially adversely affected.

The launch of our second-generation satellite constellation is also subject to FCC approval. There could be a delay in obtaining this approval, caused by factors outside of our control, such as third-party opposition to our application. In addition, there is a remote possibility that the FCC could refuse to grant this approval.

During any period of delay, we would not be generating the cash flow expected from our new constellation to fund its completion (including procuring replacement satellites) by 2014, and we may be unable to obtain additional financing on favorable terms, or at all, during periods of delay. A delay could also require rescheduling of the anticipated launch dates, and alternative launch slots may not be available within a reasonable period of time, which would also have a material adverse affect on our operations and financial condition.

We depend in large part on the efforts of third parties for the retail sale of our services and products. The inability of these third parties to sell our services and products successfully may decrease our revenue and profitability.

For both the year ended December 31, 2006 and the nine months ended September 30, 2007, approximately 90% of our revenue was derived from products and services sold through independent agents, dealers and resellers, including, outside the United States, independent gateway operators. If these third parties are unable to market our products and services successfully, our revenue and profitability may decrease.

We depend on independent gateway operators to market our services in important regions around the world. If the independent gateway operators are unable to do this successfully, we will not be able to grow our business in those areas as rapidly as we expect.

Although we derive most of our revenue from retail sales to end users in the United States, Canada, a portion of Western Europe, Central America and the northern portion of South America, either directly or through agents, dealers and resellers, we depend on independent gateway operators to purchase, install, operate and maintain gateway equipment, to sell phones and data user terminals, and to market our services in other regions where these independent gateway operators hold exclusive or non-exclusive rights. Not all of the independent gateway operators have been successful and, in some regions, they have not initiated service or sold as much usage as originally anticipated. Some of the independent gateway operators are not earning revenues sufficient to fund their operating costs. If they are unable to continue in business, we will lose the revenue we receive for selling equipment to them and providing services to their customers. Although we have implemented a strategy for the acquisition of certain independent gateway operators when circumstances permit, we may not be able to continue to implement this strategy on favorable terms and may not be able to realize the additional efficiencies that we anticipate from this strategy. In some regions it is impracticable to consolidate the independent gateway operators either because local regulatory requirements or business or cultural norms do not permit consolidation, because the expected revenue increase from consolidation would be insufficient to justify the transaction, or because the independent gateway operator will not sell at a price acceptable to us. In those regions, our revenue and profits may be adversely affected if those independent gateway operators do not fulfill their own business plans to increase substantially their sales of services and products.

Our success in generating sufficient cash from operations to fund a portion of the cost of our second-generation satellite constellation will depend in part on the market acceptance and success of our new SPOT™ Satellite Messenger and other Simplex products, which may not occur.

We have recently announced the launch of new products to expand the scope of our Simplex services. On November 1, 2007, we introduced the SPOT Satellite Messenger, aimed at both recreational and commercial customers who require personal tracking, emergency location and messaging solutions that operate beyond the range of traditional terrestrial and wireless communications.

The market for our SPOT Satellite Messenger is new and untested. We cannot predict with certainty the potential demand for the services we plan to offer or the extent to which we will be able to meet that demand. Although a survey has assessed the potential addressable market for SPOT in North America at 50 million units, the actual size of the market is unknown and subject to significant uncertainty. Demand for our Simplex offerings in general, in particular geographic markets, for particular types of services or during particular time periods may not enable us to generate sufficient positive cash flow to fund a portion of the cost of our second-generation satellite constellation. Among other things, end user acceptance of our Simplex offerings will depend upon:

- the actual size of the addressable market;
- our ability to provide attractive service offerings to our target markets;
- the cost and availability of user equipment, including the data modems that operate on our network;
- the effectiveness of our competitors in developing and offering alternate technologies or lower priced services; and
- general and local economic conditions.

Our business plan assumes a rapidly growing subscriber base for Simplex products. If we cannot implement this business plan successfully and gain market acceptance for these planned Simplex products and services, our business, financial condition, results of operations and liquidity could be materially and adversely affected.

Because SPOT will be used in isolated and, in some cases, dangerous locations, we cannot predict whether users of the device who suffer injury or death may seek to assert claims against us alleging failure of the device to facilitate timely emergency response. Although we will seek to limit our exposure to any such claims through appropriate disclaimers and liability insurance coverage, we cannot assure investors that the disclaimers will be effective, claims will not arise or insurance coverage will be sufficient.

We must generate significant cash from operations or raise additional capital in order to complete our second-generation satellite constellation.

We estimate the total capital costs of procuring and deploying our second-generation satellite constellation and related upgrades to be approximately \$1.2 billion. As of September 30, 2007, we had incurred approximately \$119.2 million (excluding internal labor costs and \$58.3 million which is held in escrow) of this amount. We estimate approximately \$700.0 million (excluding estimated costs of ground infrastructure upgrades) will be incurred from October 1, 2007 through the third quarter of 2010, when we anticipate the launching of 24 second generation satellites will be complete. We plan to fund approximately \$94.6 million of this amount from cash on the balance sheet (including our restricted funds), \$150 million from our credit facility, and approximately \$460.0 million from cash from operations and from other sources of funding including but not limited to debt, equity or a combination of both. Our cash needs could increase depending on, for example, our operational requirements and continued declines in the value of the U.S. dollar against the EURO.

Our ability to generate a portion of \$460.0 million from operations by late 2010 depends on our ability to generate substantial earnings from our new SPOT Satellite Messenger and other Simplex products and to maintain our current level of revenue from subscribers for two-way communications service. We introduced SPOT products to consumers in November 2007; accordingly the commercial success of this product is uncertain. After 2010, our ability to generate sufficient cash from operations to complete construction of our second-generation satellite constellation is based on the continued success of these Simplex product offerings, and assumes that we are able to transition our then-existing two-way subscriber base to significantly increased ARPU through, and add new two-way subscribers at, higher priced service offerings consistent with expected prevailing market prices and the enhanced capabilities, increased service quality and broader coverage area we expect following the deployment of our second-generation satellite constellation.

To the extent we are unable to generate sufficient cash from operations to meet the cost requirements for completing the procurement and deployment of our second-generation satellite constellation, we will need to obtain substantial funding from third-party sources. This funding may not be available to us on acceptable terms, or at all, if our future revenues or cash flow are below our expectations, whether as a result of the impact on our two-way subscriber base from degradation of our existing constellation, our failure to generate sufficient revenue from our new SPOT Satellite Messenger and other Simplex products or for any other reason. If we are unable to generate sufficient cash from operations or from additional capital sources, or a combination thereof, and are therefore unable to fund the procurement and deployment of our second-generation satellite constellation in the time period described above, our results of operations, financial condition and liquidity could be materially and adversely affected.

We currently are unable to offer service in important regions of the world due to the absence of gateways in those areas, which is limiting our growth and our ability to compete.

Our objective is to establish a worldwide service network, either directly or through independent gateway operators, but to date we have been unable to do so in certain areas of the world and we may not succeed in doing so in the future. We have been unable to find capable independent gateway operators for several important regions and countries, including Central and South Africa, India, and certain parts of Southeast Asia. In addition to the lack of global service availability, cost-effective roaming is not yet available in certain countries because the independent gateway operators have been unable to reach business arrangements with one another. This could reduce overall demand for our products and services and undermine our value for potential users who require service in these areas.

Rapid and significant technological changes in the satellite communications industry may impair our competitive position and require us to make significant additional capital expenditures.

The hardware and software utilized in operating our gateways were designed and manufactured over 10 years ago and portions are becoming obsolete. As they continue to age, they may become less reliable and will be more difficult and expensive to service. Although we maintain inventories of spare parts, it nonetheless may be difficult or impossible to obtain all necessary replacement parts for the hardware. Our business plan contemplates updating or replacing this hardware and software, and we are negotiating with manufacturers to upgrade our gateways for our second-generation constellation, but we may not be successful in these efforts, and the cost may exceed our estimates. We expect to face competition in the future from companies using new technologies and new satellite systems. The space and communications industries are subject to rapid advances and innovations in technology. New technology could render our system obsolete or less competitive by satisfying consumer demand in more attractive ways or through the introduction of incompatible standards. Particular technological developments that could adversely affect us include the deployment by our competitors of new satellites with greater power, greater flexibility, greater efficiency or greater capabilities, as well as continuing improvements in terrestrial wireless technologies. For us to keep up with technological changes and remain competitive, we will need to make significant capital expenditures. Customer acceptance of the services and products that we offer will continually be affected by technology-based differences in our product and service offerings. New technologies may be protected by patents or other intellectual property laws and therefore may not be available to us.

A natural disaster could diminish our ability to provide communications service.

Natural disasters could damage or destroy our ground stations resulting in a disruption of service to our customers. In addition, the collateral effects of such disasters such as flooding may impair the functioning of our ground equipment. If a future natural disaster impairs or destroys any of our ground facilities, we may be unable to provide service to our customers in the affected area for a period of time. Even if our gateways are not affected by natural disasters, our service could be disrupted if a natural disaster damages the public switch telephone network or terrestrial wireless networks or our ability to connect to the public switch telephone network or terrestrial wireless networks. Such failure or service disruptions could harm our business and results of operations.

We may not be able to launch our satellites successfully. Loss of a satellite during launch could delay or impair our ability to offer our services or reduce our revenues and launch insurance will not fully cover this risk.

We have in the past insured the launch of our satellites, but we do not insure our existing satellites during their remaining in-orbit operational lives. Insurance proceeds would likely be available in the event of a launch failure, but acquiring replacements for any of the satellites will cause a delay in the deployment of our second-generation constellation and any insurance proceeds would not cover lost revenue.

We anticipate our launch failure insurance policy to include specified exclusions, deductibles and material change limitations. Some (but not all) exclusions could include damage arising from acts of war, anti-satellite devices and other similar potential risks for which exclusions were customary in the industry at the time the policy was written.

If launch insurance rates were to rise substantially, our future launch costs would increase. In addition, in light of increasing costs, the scope of insurance exclusions and limitations on the nature of the losses for which we can obtain insurance, or other business reasons, we may conclude that it does not make business sense to obtain third-party insurance and may decide to pursue other strategies for mitigating the risk of a satellite launch failure, such as purchasing additional spare satellites or obtaining relaunch guaranties from the launch provider. It is also possible that insurance could become unavailable, either generally or for a specific launch vehicle, or that new insurance could be subject to broader exclusions on coverage, in which event we would bear the risk of launch failures.

Use of our spectrum for ATC services is limited by regulatory and technological factors. If we are unable to work within these limitations, our anticipated future revenues and profitability will be reduced, and we could lose all or much of our investment in developing ATC services.

We have been granted authority to use a finite quantity of radio spectrum for ATC services in the United States. Although the rules proposed in the NPRM issued by the FCC on November 9, 2007 would, if adopted, expand our available spectrum for ATC services to 19.275 MHz, our ATC license currently is limited to 11 MHz, or 5.5 MHz of spectrum in each of the L and S bands. Any ATC use of more than 11 MHz of spectrum would require a change in or waiver of FCC rules. We have applied for a change in the rules, and the FCC has issued a Notice of Proposed Rulemaking requesting public comment on our application. However, the FCC may ultimately decide not to enlarge our authorization. In addition, our authority to provide ATC services is contingent on our continuing to offer satellite services to our customers and having a usable in-orbit spare satellite at the time we begin to offer ATC services. Accordingly, we must continue to provide “substantial satellite service” for as long as we provide ATC services through our network. If we are not able to manage our satellite and ATC spectrum use dynamically and efficiently, we may not be able to realize the full value of our ATC license.

The FCC rules governing ATC are relatively new and are subject to interpretation. These rules require ATC service providers to demonstrate that their mobile satellite and ATC services satisfy certain gating criteria, such as constituting an “integrated service offering,” and maintain at least one in-orbit spare satellite. The FCC reserves the right to rescind ATC authority if the FCC determines that a licensee has failed to provide an “integrated service offering” or to comply with other gating criteria. It is therefore possible that we could lose our existing or future ATC authority, in which case we could lose all or much of our investment in developing ATC services, as well as future revenues from such services.

The FCC has indicated that one means of meeting the integrated service offering requirement is through the use of dual-mode mobile satellite services/ATC user terminals. Although we believe we can obtain and sell dual-mode mobile satellite services/ATC user terminals that will comply with the ATC rules, the scope of ATC services that we will be permitted and required to provide under our existing FCC license is unclear and we may be required to seek amendments to our ATC license to execute our business plan. The development and operation of our ATC system may also infringe on unknown and unidentified intellectual property rights of other persons, which could require us to modify our business plan, thereby increasing our development costs and slowing our time to market. If we are unable to meet the regulatory requirements applicable to ATC services or develop or acquire the required technology, we may not be able to realize our plan to offer ATC services, which would decrease our revenues and profitability.

If the FCC were to reduce our existing spectrum allocation further or impose additional spectrum-sharing requirements on us, our services and operations could be adversely affected.

Under the FCC’s plan for mobile satellite services in our frequency bands, we must share frequencies in the United States with other licensed mobile satellite services operators. To date, there are no other authorized CDMA-based mobile satellite services operators and no pending applications for authorization. However, there is a potential German CDMA system called Courier which may be built and which may use our frequencies. We may be required to share spectrum with this system or other systems that are not currently licensed by the U.S. or any other jurisdiction.

On November 9, 2007, the FCC adjusted the assignments on the 1610-1626.5 MHz band that we and Iridium use. See “Note 16: Subsequent Events” of the Notes to Unaudited Interim Consolidated Financial Statements. Although the FCC reduced our exclusive spectrum by only a small amount, it reduced the amount of spectrum that we share with Iridium by 2.625 MHz. We do not believe that these reductions were supported by the record before the FCC, and we are evaluating our options.

Spectrum values historically have been volatile, which could cause the value of our company to fluctuate.

Our business plan is evolving and it may include forming strategic partnerships to maximize value for our spectrum, network assets and combined service offerings in the United States and internationally. Values that we may be able to realize from such partnerships will depend in part on the value ascribed to our spectrum. Valuations of spectrum in other frequency bands historically have been volatile, and we cannot predict at what amount a future partner may be willing to value our spectrum and other assets. In addition, to the extent that the FCC takes action that makes additional spectrum available or

promotes the more flexible use or greater availability (e.g., via spectrum leasing or new spectrum sales) of existing satellite or terrestrial spectrum allocations, the availability of such additional spectrum could reduce the value of our spectrum authorizations and business.

We face intense competition in all of our markets, which could result in a loss of customers and lower revenues and make it more difficult for us to enter new markets.

Satellite-based Competitors

There are currently five other satellite operators providing services similar to ours on a global or regional basis: Iridium, Inmarsat, Mobile Satellite Ventures, Thuraya and Asian Cellular Satellites. In addition, ICO Global Communications (Holdings) Limited and TerreStar plan to launch their new satellite systems within the next few years. The provision of satellite-based products and services is subject to downward price pressure when the capacity exceeds demand.

In April 2001, Iridium, our principal worldwide mobile satellite competitor, exited bankruptcy and resumed commercial service in competition with us. Iridium has a long-term contract from the United States Department of Defense. ICO Global Communications is expected to complete its system and compete with us in the future. TerreStar also holds a 2 GHz satellite license and is constructing a system that may compete with us in the future. Although we believe there is currently no comparable product to our new SPOT satellite messenger product, other providers of satellite - based products could introduce their own similar products if the SPOT product is successful, which may materially adversely affect our business plan. In addition, we may face competition from new competitors or new technologies. With so many companies targeting many of the same customers, we may not be able to retain successfully our existing customers and attract new customers and as a result may not grow our customer base and revenue.

Terrestrial Competitors

In addition to our satellite-based competitors, terrestrial wireless voice and data service providers are expanding into rural and remote areas and providing the same general types of services and products that we provide through our satellite-based system. Many of these companies have greater resources, wider name recognition and newer technologies than we do. Industry consolidation could adversely affect us by increasing the scale or scope of our competitors and thereby making it more difficult for us to compete. We could lose market share and revenue as a result of increasing competition from the extension of land-based communication services.

Although satellite communications services and ground-based communications services are not perfect substitutes, the two compete in certain markets and for certain services. Consumers generally perceive wireless voice communication products and services as cheaper and more convenient than satellite-based ones.

Additionally, the extension of terrestrial telecommunications services to regions previously underserved or not served by wireline or wireless services may reduce demand for our service in those regions. These land-based telecommunications services have been built quickly; therefore, demand for our products and services may decline in these areas more rapidly than we assumed in formulating our business plan. This development has led, in part, to our efforts to identify and sell into geographically remote markets and further the deployment of user terminals and data products in these markets. If we are unable to attract new customers in these regions, our customer base may decrease, which could have a material adverse effect on our business prospects, financial condition and results of operations.

ATC Competitors

We also expect to compete with a number of other existing and future wireless providers that may develop ATC integrated networks. For example, MSV has received a license from the FCC to operate an ATC network, and Terrestar filed an application for ATC authority in September 2007. Other competitors are expected to seek approval from the FCC to operate ATC services. Any of these competitors could offer an integrated satellite and terrestrial network before we do, could combine with terrestrial networks that provide them with greater financial or operational flexibility than we have, or could offer an ATC network that customers prefer over ours.

The loss of customers, particularly our large customers, may reduce our future revenues.

We may lose customers due to competition, consolidation, regulatory developments, business developments affecting our customers or their customers, more rapid than anticipated degradation of our constellation or for other reasons. Our top 10 customers for the year ended December 31, 2006 and the nine months ended September 30, 2007 accounted for, in the aggregate, approximately 22% and 17% of our total revenues of \$136.7 million and \$74.7 million, respectively. For the year ended December 31, 2006 and the nine months ended September 30, 2007, revenues from our largest customer were \$5.4 million, or 3.9%, and \$4.3 million, or 5.8% of our total revenues, respectively. If we fail to maintain our relationships with our major customers, if we lose them and fail to replace them with other similar customers, or if we experience reduced demand from our major customers, our profitability could be significantly reduced through the loss of these revenues. In addition, we may be required to record additional costs to the extent that amounts due from these customers become uncollectible. More generally, our customers may fail to renew or may cancel their service contracts with us, which could negatively affect future revenues and profitability. After our second - generation satellite constellation becomes operational, we may face challenge in maintaining our existing subscriber base for two-way communications service because we plan then to increase prices, consistent with market conditions, to reflect our improved two-way service and coverage.

Our customers include multiple agencies of the U.S. government. Service sales to U.S. government agencies constituted approximately 10% and 11% of our total service revenue for the year ended December 31, 2006 and the nine months ended September 30, 2007, respectively. Government sales are made pursuant to individual purchase orders placed from time to time by the governmental agencies and are not related to long-term contracts. U.S. government agencies may terminate their business with us at any time without penalty.

Our business is subject to extensive government regulation, which mandates how we may operate our business and may increase our cost of providing services, slow our expansion into new markets and subject our services to additional competitive pressures.

Our ownership and operation of wireless communication systems are subject to significant regulation in the United States by the FCC and in foreign jurisdictions by similar local authorities. The rules and regulations of the FCC or these foreign authorities may change and may not continue to permit our operations as presently conducted or as we plan to conduct them. For example, the FCC has cancelled and refused date to reinstate our license for spectrum in the 2 GHz band and has since licensed this spectrum to other entities for their mobile satellite service systems.

Failure to provide services in accordance with the terms of our licenses or failure to operate our satellites, ground stations, or other terrestrial facilities (including those necessary to provide ATC services) as required by our licenses and applicable government regulations could result in the imposition of government sanctions on us, up to and including cancellation of our licenses.

The FCC may require us to obtain separate authorization to launch and operate replacement satellites if it concludes that these satellites are not “technically identical” to those authorized by our existing license. Although we believe that our replacement satellites will be “technically identical” in this fashion, we cannot assure you that the FCC will reach a similar conclusion. If the FCC reaches a different conclusion, we may need to obtain a separate FCC authority prior to launching or operating these replacement satellites.

Our system must be authorized in each of the markets in which we or the independent gateway operators provide service. We and the independent gateway operators may not be able to obtain or retain all regulatory approvals needed for operations. For example, the company with which Old Globalstar contracted to establish an independent gateway operation in South Africa was unable to obtain an operating license from the Republic of South Africa and abandoned the business in 2001. Regulatory changes, such as those resulting from judicial decisions or adoption of treaties, legislation or regulation in countries where we operate or intend to operate, may also significantly affect our business. Because regulations in each country are different, we may not be aware if some of the independent gateway operators and/or persons with which we or they do business do not hold the requisite licenses and approvals.

Our current regulatory approvals could now be, or could become, insufficient in the view of foreign regulatory authorities. Furthermore, any additional necessary approvals may not be granted on a timely basis, or at all, in all jurisdictions in which we wish to offer services, and applicable restrictions in those jurisdictions could become unduly burdensome.

Our operations are subject to certain regulations of the United States State Department’s Directorate of Defense Trade Controls (i.e., the export of satellites and related technical data), United States Treasury Department’s Office of Foreign Assets Control (i.e., financial transactions) and the United States Commerce Department’s Bureau of Industry and Security (i.e., our gateways and phones). These regulations may limit or delay our ability to operate in a particular country. As new laws and regulations are issued, we may be required to modify our business plans or operations. If we fail to comply with these regulations in any country, we could be subject to sanctions that could affect, materially and adversely, our ability to operate in that country. Failure to obtain the authorizations necessary to use our assigned radio frequency spectrum and to distribute our products in certain countries could have a material adverse effect on our ability to generate revenue and on our overall competitive position.

If we do not develop, acquire and maintain proprietary information and intellectual property rights, it could limit the growth of our business and reduce our market share.

Our business depends on technical knowledge, and we believe that our future success is based, in part, on our ability to keep up with new technological developments and incorporate them in our products and services. We own or have the right to use certain of our work products, inventions, designs, software, systems and similar know-how. Although we have taken diligent steps to protect that information, the information may be disclosed to others or others may independently develop similar information, systems and know-how. Protection of our information, systems and know-how may result in litigation, the cost of which could be substantial. Third parties may assert claims that our products or services infringe on their proprietary rights. Any such claims, if made, may prevent or limit our sales of products or services or increase our costs of sales. Although no third party has filed a lawsuit or asserted a written claim against us for allegedly infringing on its proprietary rights, such claims could be made in the future.

Much of the software we require to support critical gateway operations is licensed from third parties, including QUALCOMM and Space Systems/Loral Inc., and was developed or customized specifically for our use. Software to support customer service functions, such as billing, is also licensed from third parties and was developed or customized specifically for our use. If the third party licensors were to cease to support and service the software, or the licenses were to no longer be

available on commercially reasonable terms, it may be difficult, expensive or impossible to obtain such services from alternative vendors. Replacing such software could be difficult, time consuming and expensive, and might require us to obtain substitute technology with lower quality or performance standards or at a greater cost.

We face special risks by doing business in developing markets, including currency and expropriation risks, which could increase our costs or reduce our revenues in these areas.

Although our most economically important geographic markets currently are the United States and Canada, we have substantial markets for our mobile satellite services in, and our business plan includes, developing countries or regions that are underserved by existing telecommunications systems, such as rural Venezuela and Central America. Developing countries are more likely than industrialized countries to experience market, currency and interest rate fluctuations and may have higher inflation. In addition, these countries present risks relating to government policy, price, wage and exchange controls, social instability, expropriation and other adverse economic, political and diplomatic conditions.

Although a majority of our revenues are received in U.S. dollars, and our independent gateway operators are required to pay us in U.S. dollars, limited availability of U.S. currency in some local markets or governmental controls on the export of currency may prevent an independent gateway operator from making payments in U.S. dollars or delay the availability of payment due to foreign bank currency processing and approval. In addition, exchange rate fluctuations may affect our ability to control the prices charged for the independent gateway operators’ services.

Fluctuations in currency exchange rates may adversely impact our financial results.

Our operations involve transactions in a variety of currencies. Sales denominated in foreign currencies primarily involve the Canadian dollar and the Euro. A substantial majority of our obligations, including the funds held in escrow to secure our payment obligations, under the contract for construction of our second-generation satellite constellation are denominated in Euros. Accordingly, our operating results may be significantly affected by fluctuations in the exchange rates for these currencies. Approximately 33% and 38% of our total sales were to retail customers in Canada, Europe and Venezuela during the year ended December 31, 2006 and the nine months ended September 30, 2007. Our results of operations for the year ended December 31, 2006 and the nine months ended September 30, 2007 reflected a loss of \$4.0 million and a gain of \$4.9 million, respectively, on foreign currency transactions. Our exposure to fluctuations in currency exchange rates has increased significantly as a result of our satellite contracts. We may be unable to offset unfavorable currency movements as they adversely effect our revenue and expenses or to hedge them effectively. Our inability to do so could have a substantial negative impact on our operating results and cash flows.

If we become subject to unanticipated foreign tax liabilities, it could materially increase our costs.

We operate in various foreign tax jurisdictions. We believe that we have complied in all material respects with our obligations to pay taxes in these jurisdictions. However, our position is subject to review and possible challenge by the taxing authorities of these jurisdictions. If the applicable taxing authorities were to challenge successfully our current tax positions, or if there were changes in the manner in which we conduct our activities, we could become subject to material unanticipated tax liabilities. We may also become subject to additional tax liabilities as a result of changes in tax laws, which could in certain circumstances have a retroactive effect.

We rely on a limited number of key vendors for timely supply of equipment and services. If our key vendors fail to provide equipment and services to us, we may face difficulties in finding alternative sources and may not be able to operate our business successfully.

We depend on QUALCOMM for gateway hardware and software, and also as the exclusive manufacturer of phones using the IS 41 CDMA North American standard, which incorporates QUALCOMM proprietary technology. Ericsson OMC Limited and Telit, which until 2000 manufactured phones and other products for us, have discontinued manufacturing these products, and QUALCOMM may choose to terminate its business relationship with us when its current contractual obligations are completed in approximately three years. In addition, we currently have a maintenance and support contract with QUALCOMM that we must negotiate annually. If QUALCOMM terminates any one of these relationships, we may not be able to find a replacement supplier. Although the QUALCOMM relationship might be replaced, there could be a substantial period of time in which our products or services are not available and any new relationship may involve a significantly different cost structure, development schedule and delivery times.

We depend on Axonn L.L.C. to produce and sell the data modems through which we provide our Simplex service, including our new SPOT Satellite Messenger products, which incorporate Axonn proprietary technology. Axonn is currently our sole source for obtaining these data modems. If Axonn were to cease producing and selling these data modems, in order to continue to expand our Simplex service, we would either have to acquire from Axonn the right to have the modems manufactured by another vendor or develop a modem that did not rely on Axonn's proprietary technology. We have no long-term contract with Axonn for the production and sale of these data modems.

Pursuing strategic transactions may cause us to incur additional risks.

We may pursue acquisitions, joint ventures or other strategic transactions on an opportunistic basis, although no such transactions that would be financially significant to us are probable at this time. We may face costs and risks arising from any such transactions, including integrating a new business into our business or managing a joint venture. These may include legal, organizational, financial and other costs and risks.

In addition, if we were to choose to engage in any major business combination or similar strategic transaction, we may require significant external financing in connection with the transaction. Depending on market conditions, investor perceptions of us and other factors, we may not be able to obtain capital on acceptable terms, in acceptable amounts or at appropriate times to implement any such transaction. Any such financing, if obtained, may further dilute our existing stockholders.

Our indebtedness could impair our ability to react to changes in our business and may limit our ability to use debt to fund future capital needs.

Our indebtedness could adversely affect our financial condition. If the \$150.0 million in committed facilities under our credit agreement had been drawn fully at September 30, 2007, our indebtedness would have been \$150.5 million. This would have resulted in annual interest expense of approximately \$16.6 million, assuming an interest rate of 11.0%. In addition, we anticipate incurring additional indebtedness in connection with our future business plans. Our indebtedness could:

- require us to dedicate a substantial portion of our cash flow from operations to principal payments on our debt in years when the debt matures, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate expenditures;
- result in an event of default if we fail to comply with the restrictive covenants contained in our credit agreement, which event of default could result in all of our debt becoming immediately due and payable;
- increase our vulnerability to adverse general economic or industry conditions because our debt could mature at a time when those conditions make it difficult to refinance and our cash flow is insufficient to repay the debt in full, forcing us to sell assets at disadvantageous prices or to default on the debt, and because a decline in our profitability could cause us to be unable to comply with the forward fixed charge coverage ratio in our credit agreement and result in a default on, and acceleration of, our debt;
- limit our flexibility in planning for, or reacting to, competition and/or changes in our business or our industry by limiting our ability to incur additional debt, to make acquisitions and divestitures or to engage in transactions that could be beneficial to us;
- restrict us from making strategic acquisitions, introducing new products or services or exploiting business opportunities; and
- place us at a competitive disadvantage relative to competitors that have less debt or greater financial resources.

Furthermore, if an event of default were to occur with respect to our credit agreement or other indebtedness, our creditors could accelerate the maturity of our indebtedness. Our indebtedness under our credit agreement is secured by a lien on substantially all of our assets and the assets of our domestic subsidiaries and the lenders could foreclose on these assets to repay the indebtedness.

Our ability to make scheduled payments on or to refinance indebtedness obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities

sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to sell assets, seek additional capital or seek to restructure or refinance our indebtedness. These alternative measures may not be successful or feasible. Our credit agreement restricts our ability to sell assets. Even if we could consummate those sales, the proceeds that we realize from them may not be adequate to meet any debt service obligations then due.

We will be able to incur additional indebtedness or other obligations in the future, which would exacerbate the risks discussed above.

Our credit agreement permits us to incur, in addition to the \$150.0 million of revolving credit and delayed draw term loans that the lenders have committed to advance under the credit agreement, other indebtedness under certain conditions, including up to \$150.0 million of additional equally and ratably secured, pari passu, term loans, up to \$200.0 million of unsecured debt and up to \$25.0 million of purchase money indebtedness or capitalized leases. We may incur this additional indebtedness only if no event of default under our credit agreement then exists, if we are in pro forma compliance with all of the financial covenants of our credit agreement, and if, after giving effect thereto, our consolidated total leverage ratio does not exceed 5.5 to 1.0. Our credit agreement also permits us to incur obligations that do not constitute “indebtedness” as defined in the credit agreement, including obligations to satellite vendors that are not evidenced by a note and not secured by assets other than those purchased with such obligations. To the extent additional debt or other obligations are added to our currently anticipated debt levels, the substantial indebtedness risks described above would increase.

Thermo Funding Company has agreed to assume the obligations of the lenders under the credit agreement. See “Note 16: Subsequent Events” of the Notes to Unaudited Interim Consolidated Financial Statements in Part I of this Report. Upon such assumption, these restrictions on additional debt may be relaxed, allowing us to incur even more indebtedness.

We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under such indebtedness, which may not be successful.

Restrictive covenants in our credit agreement impose restrictions that may limit our operating and financial flexibility.

Our credit agreement contains a number of significant restrictions and covenants that limit our ability to:

- incur or guarantee additional indebtedness;
- pay dividends or make distributions to our stockholders;
- make investments, acquisitions or capital expenditures;
- repurchase or redeem capital stock or subordinated indebtedness;
- grant liens on our assets;
- incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us;
- enter into transactions with our affiliates;
- incur obligations to vendors of satellites;
- merge or consolidate with other entities or transfer all or substantially all of our assets; and
- transfer or sell assets.

Complying with these restrictive covenants, as well as those that may be contained in any agreements governing future indebtedness, may impair our ability to finance our operations or capital needs or to take advantage of other favorable business opportunities. Our ability to comply with these restrictive covenants will depend on our future performance, which may be affected by events beyond our control. If we violate any of these covenants and are unable to obtain waivers, we would be in default under the agreement and payment of the indebtedness could be accelerated. The acceleration of our indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross-default or cross-acceleration provisions. If our indebtedness is accelerated, we may not be able to repay our indebtedness or borrow sufficient funds to refinance it. Even if we are able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to us. If our indebtedness is in default for any reason, our business, financial condition and results of operations could be materially and adversely affected. In addition, complying with these covenants may also cause us to take actions that are not favorable to holders of the common stock and may make it more difficult for us to successfully

execute our business plan and compete against companies who are not subject to such restrictions. Furthermore, our ability to draw on our credit facility is subject to conditions, including the absence of a material adverse change in our business or financial condition.

If we are unable to address successfully the material weakness in our internal controls, or our other control deficiencies, our ability to report our financial results on a timely and accurate basis and to comply with disclosure and other requirements may be adversely affected.

We are not currently required to comply with Section 404 of the Sarbanes-Oxley Act of 2002, and are therefore not required to make an assessment of the effectiveness of our internal controls over financial reporting for that purpose. However, in connection with its audit of our 2006 consolidated financial statements, our independent registered public accounting firm, Crowe Chizek and Company LLP, identified a material weakness in our processes, procedures and controls related to the preparation, analysis and review of financial information. A material weakness is defined as a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. Crowe Chizek identified a combination of issues that resulted in a material weakness, including the timeliness of identifying, researching and resolving accounting issues, the sharing of information and knowledge within and outside our accounting department, and the lack of specific metrics or processes to act as early warning indicators of potential impairments. Accordingly, our management concluded that this deficiency in internal control over financial reporting was a material weakness. Crowe Chizek recommended that we consider taking remedial actions, including hiring additional accounting resources and/or modifying existing job responsibilities in our corporate accounting department and simplifying and automating our reporting process.

To address this issue, we have hired additional high-level accounting personnel and have instituted additional procedures for inter-departmental communication and staff meetings. In connection with their audit of our 2006 financial statements, Crowe Chizek also advised our management and board of directors that it had identified a significant deficiency in our internal controls related to the revenue recognition process for annual service plans. A significant deficiency is defined as a control deficiency, or a combination of control deficiencies, that adversely affects a company's ability to initiate, authorize, record, process, or report external financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the company's annual or interim financial statements that is more than inconsequential will not be prevented or detected. We have begun implementing the remediation plan to address the material weakness and significant deficiency in expectation of being fully compliant by December 31, 2007. However, we cannot assure you that we will be successful or that our auditors will determine that we have satisfactorily addressed these issues.

We will continue to monitor the effectiveness of these and other processes, procedures and controls and will make any further changes management determines appropriate, including to effect compliance with Section 404 of the Sarbanes-Oxley Act of 2002 at or before December 31, 2007, the date by which we are required to comply with it.

Any material weakness or other deficiencies in our control systems may affect our ability to comply with SEC reporting requirements and NASDAQ Global Select Market listing standards or cause our financial statements to contain material misstatements, which could cause investors to lose confidence in our reported financial information, as well as subject us to civil or criminal investigations and penalties.

Our pre-emptive rights offering, which we intend to commence in the future, is not in strict compliance with the technical requirements of our prior certificate of incorporation.

Our certificate of incorporation as in effect when we entered into the irrevocable standby stock purchase agreement with Thermo Funding Company provided that stockholders who are accredited investors (as defined under the Securities Act) were entitled to pre-emptive rights with respect to the transaction with Thermo Funding Company. We intend to offer stockholders of the Company as of June 15, 2006 who are accredited investors the opportunity to participate in the transaction contemplated by the irrevocable standby stock purchase agreement with Thermo Funding Company on a pro rata basis on substantially the same terms as Thermo Funding Company. Some of our stockholders could allege that the offering does not comply fully with the terms of our prior certificate of incorporation. Although we believe any variance from the requirements of our former certificate of incorporation is immaterial and that we had valid reasons for delaying the pre-emptive rights offering until after our initial public offering, a court may not agree with our position if these stockholders allege that we have violated their pre-emptive rights. In that case, we can not predict the type of remedy the court could award such stockholders.

The pre-emptive rights offering, which we are required to make to our existing stockholders, will be done on a registered basis, and may negatively affect the trading price of our stock.

The pre-emptive rights offering will be made pursuant to a registration statement filed with, and potentially reviewed by, the Securities and Exchange Commission. After giving effect to waivers that we have already received, up to 785,328 shares of our common stock may be purchased if the pre-emptive rights offering is fully subscribed. Such shares may be purchased at approximately \$16.17 per share, regardless of the trading price of our common stock. The nature of the pre-emptive rights offering may negatively affect the trading price of our common stock. Additionally, because existing stockholders who commit to participate in the pre-emptive rights offering have the right to purchase their committed shares at any time during the term of the irrevocable standby stock purchase agreement, any future purchases at \$16.17 may also affect the trading price of our common stock at the time of purchase.

We are a defendant in a shareholder class action lawsuit arising out of our initial public offering in 2006 and consumer class action lawsuits and we may be involved in additional litigation in the future.

On February 9, 2007, the first of three purported class action lawsuits was filed against us, our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO") in the Southern District of New York alleging that our registration statement related to our initial public offering ("IPO") in November 2006 contained material misstatements and omissions. The Court consolidated the three cases as *Ladmen Partners, Inc. v. Globalstar, Inc., et al.*, Case No. 1:07-CV-0976 (LAP), and appointed Connecticut Laborers' Pension Fund as lead plaintiff. On August 15, 2007, the lead plaintiff filed its Securities Class Action Consolidated Amended Complaint. The Amended Complaint reasserts claims against the Company and our CEO and CFO, and adds as defendants the three co-lead underwriters of the IPO, Wachovia Capital Markets, LLC, JPMorgan Securities, Inc. and Jefferies & Company, Inc. It cites a drop in the trading price of our Common Stock that followed our filing, on February 5, 2007, of a current report of Form 8-K relating in part to changes in the condition of our satellite constellation. It seeks, on behalf of a class of purchasers of the Company's Common Stock who purchased shares in the initial public offering or traceable to that offering from November 2, 2006 through February 6, 2007, recovery of damages under Sections 11 and 15 of the Securities Act of 1933, and rescission under Section 12(a)(2) of the Securities Act of 1933. We intend to defend the matter vigorously.

On April 7, 2007, Kenneth Stickrath and Sharan Stickrath filed a purported class action complaint against us in the U.S. District Court for the Northern District of California (Case No: 07-CV-01941 THE). The complaint is based on alleged violations of California Business & Professions Code § 17200 and California Civil Code § 1750, et seq., the Consumers' Legal Remedies Act. Plaintiffs allege that members of the proposed class suffered damages from March 2003 to the present because we did not perform according to our representations with respect to coverage and reliability. Plaintiffs claim that the amount in controversy exceeds \$5.0 million but do not allege any particular actual damages incurred. Plaintiffs amended their complaint on June 29, 2007, and we filed a motion to dismiss the complaint on July 6, 2007. On September 25, 2007, the court issued an order granting in part and denying in part our motion. Subsequently, on October 17, 2007, the plaintiffs filed their Second Amended Complaint.

On April 24, 2007, Mr. Jean-Pierre Barrette filed a motion for Authorization to Institute a Class Action in Quebec, Canada, Superior Court against Globalstar Canada. Mr. Barrette asserts claims based on Quebec law related to his alleged problems with Globalstar Canada's service. We moved to disqualify Mr. Barrette because of his association with the law firm representing plaintiffs and to transfer the case to the district of Montreal. The court recently granted our motion for a change of venue, and plaintiff's counsel substituted a new designated representative of the purported class.

We cannot assure you that we will prevail in these lawsuits. Failure to prevail in any or all actions could have a material adverse effect on our consolidated financial position, results of operations and cash flows in the future.

In addition, in the past, we have, and may in the future, become subject to other types of litigation. Litigation is often expensive and diverts management's attention and resources, which could materially and adversely affect our business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On April 24, 2006, we entered into an irrevocable standby stock purchase agreement with Thermo Funding Company LLC, an affiliate of ours, pursuant to which the latter agreed to purchase up to 12,371,136 shares of Common Stock at a price of \$16.17 per share. During the quarter ended September 30, 2007, Thermo Funding Company made the following purchases pursuant to the agreement:

<u>Date of Purchase</u>	<u>Number of Shares</u>	<u>Purchase Price (in millions)</u>
July 31, 2007	2,164,502	\$ 35.0
September 7, 2007	1,236,858	\$ 20.0
September 27, 2007	1,607,916	\$ 26.0

Thermo Funding Company had purchased 11,601,618 of such shares as of September 30, 2007 for an aggregate purchase price of \$187.6 million. The irrevocable standby stock purchase agreement was required by the lender as a condition to entering into our credit agreement. The sale of these shares was exempt from registration under Section 4(2) of the Securities Act.

Item 6. Exhibits

<u>Number</u>	<u>Description</u>
10.1 *	Launch Services Agreement between Globalstar, Inc. and Arianespace dated as of September 5, 2007
31.1	Section 302 Certification of the Chief Executive Officer
31.2	Section 302 Certification of the Chief Financial Officer
32.1	Section 906 Certifications

* Portions of the exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omitted portions of the exhibit have been filed with the Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GLOBALSTAR, INC.

Date: November 14, 2007

By: /s/ JAMES MONROE III
James Monroe III
Chairman and Chief Executive Officer

Date: November 14, 2007

By: /s/ FUAD AHMAD
Fuad Ahmad

CONFIDENTIAL TREATMENT

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Such portions are marked “[*]” in this document; they have been filed separately with the Commission.

**LAUNCH SERVICES AGREEMENT
FOR THE LAUNCHING INTO
LOW EARTH ORBIT
GLOBALSTAR SATELLITES
BY THE SOYUZ LAUNCH VEHICLE**

LAUNCH SERVICES AGREEMENT

This Launch Services Agreement is entered into
BY AND BETWEEN

GLOBALSTAR, INC., hereinafter referred to as “CUSTOMER”, a company duly organized and validly existing under the laws of the State of Delaware, with principal offices located at 461 South Milpitas Blvd., Milpitas, CA 95035, U.S.A.,

ON THE ONE HAND,

AND

ARIANESPACE, a company organized under the laws of France with principal offices located at Boulevard de l’Europe BP 177, 91006 EVRY-COURCOURONNES Cedex, France, hereinafter referred to as “ARIANESPACE”,

ON THE OTHER HAND,

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TERMS AND CONDITIONS

RECITALS

WHEREAS CUSTOMER has approached ARIANESPACE with a request to launch TWENTY FOUR (24) Satellites, with the option to launch an additional TWENTY FOUR (24) Satellites, and

WHEREAS ARIANESPACE has proposed to CUSTOMER Launch Services to launch its Satellites by means of FOUR (4) Firm Launches and FOUR (4) Launch Options, each for the launch of SIX (6) Satellites by means of the SOYUZ Launch Vehicle from the SOYUZ Launch Site in Kourou, or Baikonur, and

WHEREAS CUSTOMER has accepted such Launch Services, being aware of the particular risks involved in any launch operation and of the complex nature of the technologies involved, and the Parties have reached an agreement in accordance with the terms and conditions set forth herein,

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

ARTICLE 1 - DEFINITIONS

In this Agreement capitalized terms shall have the meanings set forth in this Article:

Agreement means this Agreement as defined in Article 3 hereof.

Associated Services means those supplementary launch services specified in Sub-paragraphs 4.1.2 hereof.

Associates means any individual or legal entity, whether organized under public or private law, who or which shall act, directly or indirectly, on behalf of or at the direction of either Party to this Agreement, to fulfill the obligation undertaken by such Party pursuant to this Agreement, including without limitation, any employee, officer, agent of either Party, and their respective contractors, subcontractors and suppliers at any tier.

For the purpose of the definition of Third Party and Article 14:

- a) any individual or legal entity governed by private or public law that has directed ARIANESPACE to proceed with the Launch Services or has any interest in the Launch Services, including without limitation, a legal interest in the Launch Vehicle shall be deemed to be an Associate of ARIANESPACE; and
- b) any individual or legal entity governed by private or public law that has directed CUSTOMER to proceed with the Launch Services, or has any interest in the Satellite(s) to be launched, including without limitation, insurers, any person or entity to whom CUSTOMER has sold or leased, directly or indirectly, or otherwise agreed to provide any portion of the Satellite(s) shall be deemed to be an Associate of CUSTOMER.

Base Rate means ONE (1) month LIBOR plus [*] percentage points, for any amount expressed in U.S. dollars or the ONE (1) month EURIBOR plus [*] percentage points for any amount expressed in EUROS. LIBOR and EURIBOR rates shall be as set forth in The Wall Street Journal on the effective date of payment.

Effective Date of Contract (EDC) means the date of last signature of this Agreement by an authorized representative of ARIANESPACE or CUSTOMER.

Firm Launch means a Launch Services firmly ordered by the CUSTOMER when signing this Agreement, to the exclusion of any Replacement or Optional Launch.

Force Majeure means events such as but not limited to explosions, fires, earthquakes, floods, bad weather and other Acts of God, wars, whether or not declared, social uprisings, strikes or lock-outs, governmental or administrative measures (including delay, suspension or failure to act), and all other events beyond the reasonable control of a Party or its Associates that impede the execution of the obligations of such Party or its Associates and, including, but without limitation, the accomplishment of the launch of the Satellite(s) within the Launch Period, Launch Slot, Launch Day or at Launch Time, provided such events may not be overcome using efforts which may reasonably be expected of the affected Party and/or its affected Associates under the circumstances.

Within FORTY EIGHT (48) hours of learning of the occurrence of an event of Force Majeure, the affected Party shall promptly provide written notice to the other Party of such occurrence and within SEVEN (7) days thereafter shall send to the other Party another written notice stating the date, nature, extent, anticipated duration and anticipated consequences of the occurrence. In addition, the Party suffering the Force Majeure event shall notify the other Party the end of the Force Majeure event within TWENTY-FOUR (24) hours after such occurrence.

Intentional Ignition means the time designated by ARIANESPACE, during the launch sequence when the command to ignite is intentionally sent to any one of the motors of the Launch Vehicle for the purpose of a Launch following a planned countdown.

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L except for where otherwise provided, means the first day of the most recently agreed Launch Period or Launch Slot, or means the selected Launch Day.

Launch means the Intentional Ignition of the Launch Vehicle followed by Lift-off.

Launch Associated Payment means the Launch Services payment for each Firm or Optional Launch Services associated with the actual Launch Day.

Launch Campaign, as defined for each Firm or Optional Launch, means the period beginning from the date of arrival of individuals of CUSTOMER or its Associates or CUSTOMER Ground Support Equipment (GSE) to the Launch Site or from the date on which CUSTOMER begins autonomous operations on the Satellite, whichever is earlier, until the date on which CUSTOMER completes placement of all CUSTOMER GSE into a stand-by or storage phase condition or until the date on which all CUSTOMER GSE is removed from the Launch Site.

Launch Day means a calendar day within a Launch Slot during which a Launch is scheduled to occur.

Launch Failure means that the Satellite(s) loaded into the Launch Vehicle (i) is(are) destroyed or lost during the period extending from the instant when Intentional Ignition occurred to the instant the Satellite(s) is(are) separated from the Launch Vehicle; or (ii) cannot be separated from the Launch Vehicle; or (iii) is(are) destroyed or lost due to a post-separation collision of such Satellite(s) with Launch Vehicle or any part of it.

Launch Mission means the mission assigned to the Launch Vehicle as defined in Annex 1 Part 1 Chapter 2.1 to this Agreement.

Launch Opportunity means the availability to CUSTOMER of a Launch possibility within a Launch Period or Launch Slot for a Launch Mission on a Launch Vehicle in accordance with Part 1 of Annex 1 to this Agreement.

Launch Option means the right for CUSTOMER to order from ARIANESPACE up to FOUR (4) Optional Launches in accordance with this Agreement for the launch of additional GLOBALSTAR Satellites to be performed by ARIANESPACE in accordance therewith.

Launch Period means a period of NINETY (90) consecutive calendar days.

Launch Services means the services as set forth in Part 2 and in Part 5 of Annex 1 to this Agreement to be provided by ARIANESPACE to perform the Launch Mission.

Launch Site means the SOYUZ launch complex at the Guiana Space Center (CSG) in Kourou, French Guiana, or the SOYUZ launch complex at the Baikonur Space Center (BSC), in Baikonur, Kazakhstan, including all their facilities and equipment depending on the launch site selected by ARIANESPACE in accordance with Paragraph 4.4 of Article 4 hereof.

Launch Slot means a period of THIRTY (30) consecutive calendar days, within a Launch Period.

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Launch Term means a period of time, as set forth in Paragraph 6.1 of Article 6.

Launch Termination means the time as indicated by ARIANESPACE when, subsequent to a Terminated Ignition, the launch pad is declared safe by ARIANESPACE.

Launch Time means the instant that the intentional ignition of the first stage engine(s) is scheduled to take place, as defined in hours, minutes and seconds (GMT Universal Time).

Launch Vehicle means a vehicle belonging to the SOYUZ launch vehicle family chosen by ARIANESPACE to perform the Launch Mission and defined in Part 1 of Annex 1 to this Agreement.

Lift-off means the disconnection of the lift-off plug if such event follows Intentional Ignition.

Optional Launch means Launch Services ordered by CUSTOMER from ARIANESPACE in the event of exercise of the Launch Option in accordance with Paragraph 4.3 of Article 4 of this Agreement.

Party or Parties means CUSTOMER or ARIANESPACE or both according to the context in which the term is used.

Postlaunch Services means the reports and range services as specified in Parts 2, 4 and 5 of Annex 1 to this Agreement that are to be provided to CUSTOMER by ARIANESPACE after the Launch.

Replacement Launch means Launch Services for Satellites subject to Article 13 hereof ordered by CUSTOMER, subsequent to a previous Launch that, for any reason whatsoever, has/have not accomplished the Launch Mission or the Satellite(s) Mission.

Satellite(s) means the satellite(s) supplied by CUSTOMER that is/are to be compatible and remain compatible with the SOYUZ Launch Vehicle and the Launch Mission, and that meets the specifications set forth in Part 3 Chapter 2 of Annex 1 to this Agreement.

Satellite Mission means the mission assigned to the Satellite(s) by CUSTOMER after separation from the Launch Vehicle.

Services means any and all services to be provided by ARIANESPACE under this Agreement.

Terminated Ignition means that following Intentional Ignition, the launch sequence is shut down before Lift-off.

Third Party means any individual or legal entity other than the Parties, and the Associates of each of the foregoing.

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ARTICLE – 2 SUBJECT OF THE AGREEMENT

The subject of this Agreement is the performance of FOUR (4) Firm Launch Services, each launching six Satellites supplied by CUSTOMER from the Launch Site for the purpose of accomplishing the Launch Mission in accordance with the terms and conditions of this Agreement plus up to FOUR (4) additional Launch Services for the Launch Options exercised by CUSTOMER.

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ARTICLE – 3 CONTRACTUAL DOCUMENTS

3.1 This Agreement consists of the following two parts which are contractually binding between the Parties: the Terms and Conditions, and Annex 1, the Statement of Work.

3.2 In the event of any inconsistency between the Terms and Conditions and the Annex, the Terms and Conditions shall have precedence over the Annex.

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ARTICLE 4 - ARIANESPACE'S SERVICES

4.1 ARIANESPACE shall, for the FOUR (4) Firm Launches and for the Optional Launches, if the Launch Option(s) has (have) been exercised by CUSTOMER, perform the Services under this Agreement including:

4.1.1 Launch Services;

4.1.2 Associated Services: subject to any further additional orders of CUSTOMER, one or more of the services as set forth in Part 6 of Annex 1 to this Agreement.

4.2 Launch Services for each Firm and/or Optional Launch, except for Postlaunch Services, shall be deemed to be completed by ARIANESPACE upon Lift-off or upon Launch Failure. ARIANESPACE shall not assume any further liability for said Launch Services, except as expressly provided in this Agreement. In the event that, for any reason whatsoever, a Terminated Ignition occurs followed by Launch Termination, ARIANESPACE shall postpone the Launch in accordance with the conditions set forth in Article 11 of this Agreement.

4.3 Launch Option

ARIANESPACE undertakes to maintain up to FOUR (4) Launch Options available to CUSTOMER and to be exercised by CUSTOMER in accordance with the terms of Article 6.

4.4 Launch Site Selection

ARIANESPACE shall inform CUSTOMER of the Launch Site selected for the FOUR (4) Firm Launches by written notice to be received no later than TWELVE (12) months prior to the first day of the Firm Launch N°1 Launch Period as defined in accordance with Article 6 herein.

ARIANESPACE shall inform CUSTOMER of the Launch Site selected for Optional Launch by written notice to be received no later than TWELVE (12) months prior to the first day of the associated Launch Period as defined in accordance with Article 6 herein.

Should the CSG Launch Site be selected by ARIANESPACE, this selection shall be made using fair and reasonable business judgment that the performance of the first Soyuz launch at CSG and that the CSG Launch Site programmatic and readiness constraints shall be compatible with CUSTOMER's Launch Period.

It is hereby mutually understood by the Parties that none of the Firm or Optional Launches provided under this Agreement shall be performed on the first Soyuz to be launched from CSG.

If more than one Launch Option is exercised and the Launch Periods requested for the Optional Launches enable back-to-back Launch Campaigns, such Optional Launches will be performed from the same Launch Site.

Once a Launch Site is selected for any Firm and/or Optional Launch, a change of Launch Site is not anticipated and will only be made in unforeseen circumstances by mutual agreement of ARIANESPACE and CUSTOMER.

ARTICLE 5 - CUSTOMER'S COMMITMENTS

- 5.1 CUSTOMER shall fulfill the technical commitments set forth in Part 3 of Annex 1 to this Agreement including, without limitation, delivery of the Satellite(s) to the Launch Site within the time limits consistent with the launch schedule set forth herein.
- 5.2 CUSTOMER shall promptly notify ARIANESPACE in writing of any event that may cause a delay to L.
- 5.3 CUSTOMER commits to exercise Launch Option(s) under sub-paragraph 4.3 of Article 4 of this Agreement in the event CUSTOMER decides to proceed with launch of any or all CUSTOMER Satellites (up to TWENTY-FOUR (24) Satellites in total), in addition to the TWENTY-FOUR (24) CUSTOMER Satellites to be launched through the FOUR (4) Firm Launches under this Agreement.

Notwithstanding the above ARIANESPACE releases CUSTOMER from the above commitment in the following cases:

- (i) ARIANESPACE becomes bankrupt or insolvent or has a receiving order made against it, or takes the benefit of any status or legislation related to bankruptcy or insolvent debtors, or if an order is made or resolution passed for the winding-up of ARIANESPACE,
- (ii) If, following a CUSTOMER request for a single Launch Period in accordance with sub-paragraph 6.2.2, the first day of the nearest available Launch Period proposed by ARIANESPACE is more than TWELVE (12) months later than the first day of the Launch Period requested by CUSTOMER.
- (iii) If, following a CUSTOMER request for back-to-back Launch Periods in accordance with sub-paragraph 6.2.2, the first day of the nearest available first Launch Period in the sequence of back-to-back Launch Periods proposed by ARIANESPACE is more than EIGHTEEN (18) months later than the first day of the first Launch Period in the sequence back-to-back Launch Periods requested by CUSTOMER.

ARTICLE 6 - LAUNCH SCHEDULE

6.1 Launch Term

The FOUR (4) Firm Launches shall take place during the term from EDC + TWENTY-FOUR (24) months to December 31, 2010.

The FOUR (4) Optional Launches shall be available to CUSTOMER during the term extending from April 01, 2010 up to and including December 31, 2014.

6.2 Launch Period

6.2.1 Firm Launches

The Launch Period for Firm Launches N° 1, 2, 3 and 4, shall be established within the above Launch Term.

(A) Firm Launch N° 1

(i) CUSTOMER shall notify ARIANESPACE by written notice to be received no later than THIRTEEN (13) months prior to the first day of the Launch Period desired by CUSTOMER for the corresponding Firm Launch N°1, being further agreed that the such Launch Period shall not be earlier than the provisional Launch Period defined in sub-paragraph (A)(ii) hereinafter.

Within ONE (1) month of receipt of CUSTOMER's notice, ARIANESPACE shall inform CUSTOMER whether a Launch Opportunity exists within the desired Launch Period at CSG and if not will allocate the nearest subsequent Launch Period within which a Launch Opportunity exists and reserve the same Launch Period at BSC.

(ii) For the purpose of Article 10 and Article 18:

- The first day of the provisional Launch Period of Firm Launch N°1 is January 05, 2010.
- The provisional Launch Period of Firm Launch N° 1 may be accelerated at CUSTOMER sole discretion at any time up to EDC + TWELVE (12) months, by a maximum shift of FOUR (4) months.

(B) Firm Launches N° 2, 3 and 4

(i) For each of the Firm Launches N° 2 and 3 and 4, CUSTOMER shall notify ARIANESPACE by written notice to be received no later than TWELVE (12) months prior to the first day of the Launch Period desired by CUSTOMER for the corresponding Firm Launch, being further agreed that such Launch Periods shall not be earlier than the respective provisional Launch Periods defined in sub-paragraph (B) (ii) hereinafter.

Within ONE (1) month of receipt of CUSTOMER's notice, ARIANESPACE shall inform CUSTOMER whether a Launch Opportunity exists within the desired Launch Period at CSG and if not will allocate the nearest subsequent Launch Period within which a Launch Opportunity exists and reserve the same Launch Period at BSC.

(ii) For the purpose of Article 10 and Article 18:

- The provisional Launch Periods for Firm Launches N°2, 3 and 4 shall be as follows:

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- The first day of the provisional Launch Period for Firm Launch N°2 is April 05, 2010;
- The first day of the provisional Launch Period for Firm Launch N°3 is June 05, 2010; and
- The first day of the provisional Launch Period for Firm Launch N°4 is August 05, 2010.
- The provisional Launch Periods of Firm Launch N°2, 3 and 4 may be accelerated at CUSTOMER sole discretion at any time up to EDC + TWELVE (12) months, by a maximum shift of FOUR (4) months.

(iii) CUSTOMER may request ARIANESPACE to allocate up to THREE (3) Launch Periods after the Firm Launch N°1 Launch Period, enabling back-to-back Launch Campaigns, being agreed that the minimum period of time between any two launches shall not be less than 45 days. Such request shall be made concurrent with the Launch Period requested under Section (A) above.

ARIANESPACE shall then either allocate the requested Launch Periods or, depending on its available Launch Opportunities allocate CUSTOMER the nearest series of FOUR (4) successive Launch Periods.

6.2.2 Optional Launches

The Launch Period for Optional Launches N° 1, 2, 3 and 4, shall be established within the Launch Term defined in Sub-paragraph 6.1 of Article 6 of this Agreement.

(i) For each of the Optional Launches N° 1, 2, 3 and 4, CUSTOMER shall notify ARIANESPACE by written notice to be received no later than TWELVE (12) months prior to the first day of the Launch Period desired by CUSTOMER for the corresponding Optional Launch, being further agreed that such Launch Periods shall not be earlier than the respective provisional Launch Periods defined in sub-paragraph (ii) hereinafter.

Within ONE (1) month of receipt of CUSTOMER's notice, ARIANESPACE shall inform CUSTOMER whether a Launch Opportunity exists within the desired Launch Period at CSG and if not will allocate the nearest subsequent Launch Period within which a Launch Opportunity exists and reserve the same Launch Period at BSC.

(ii) For the purpose of Article 10 and Article 18, the provisional Launch Periods for Optional Launches N°1, 2, 3 and 4 shall be defined at option exercise. The first day of each provisional Launch Periods shall not be earlier than EIGHTEEN (18) months following option exercise.

(iii) CUSTOMER may request ARIANESPACE to allocate Launch Periods enabling back-to-back Launch Campaigns for Optional Launches, if more than one Launch Option is exercised by CUSTOMER. It is agreed that the minimum period of time between two launches shall not be less than FORTY FIVE (45) days.

ARIANESPACE shall then either allocate the requested Launch Periods or, depending on its available Launch Opportunities, allocate CUSTOMER the nearest series of successive Launch Periods.

6.3 Taking into account available Launch Opportunities, the Launch Slot within the Launch Period shall be determined by mutual agreement of the Parties no later than SIX (6) months prior to the first day of the Launch Period.

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6.4 Based on a proposal made by ARIANESPACE, by mutual agreement of the Parties, the Launch Day within the Launch Slot shall be determined, no later than THREE months prior to the first day of the Launch Slot.

6.5 In the event that, for any reason whatsoever, the Parties fail to agree upon the Launch Slot within the Launch Period or the Launch Day, ARIANESPACE shall determine said Launch Slot or the Launch Day, taking into account the available Launch Opportunities, and the requirements and respective interests of the Parties.

ARTICLE 7 - COORDINATION BETWEEN ARIANESPACE AND CUSTOMER

- 7.1 CUSTOMER and ARIANESPACE shall each designate a program director ("Program Director") no later than ONE (1) month following EDC.
- 7.2 The Program Directors shall supervise and coordinate the performance of the Services and the technical commitments of the respective Parties within the Launch Services schedule set forth herein.
- 7.3 Each Program Director shall have sufficient powers to be able to settle any technical issues that may arise during the performance of this Agreement, as well as any day-to-day management issues. Should the Program Directors have unresolved technical issues, such issues will be escalated to the respective senior technical management of the Parties. Should the Program Directors have unresolved programmatic issues, such issues will be escalated to the respective senior management of the Parties.
- 7.4 A Party may replace its Program Director by prior written notice to the other Party, signed by an authorized official, indicating the effective date of designation of the new Program Director.

ARTICLE 8 - REMUNERATION

8.1 The remuneration to ARIANESPACE for the provision of Launch Services is a firm fixed price, as follows:

A For the Firm Launch Services:

The Price for Launch Services for each of FOUR (4) SOYUZ Firm Launches, each of SIX (6) Satellites: FIFTY TWO MILLION FIVE HUNDRED THOUSAND United States Dollars (US\$ 52,500,000).

B For the Optional Launch Services:

(i) The firm fixed price of each Optional Launch Services exercised by CUSTOMER for a Launch to take place on or prior to 31 December 2010 is: FIFTY TWO MILLION FIVE HUNDRED THOUSAND United States Dollars (US\$ 52,500,000).

(ii) The price of each Optional Launch Services exercised by CUSTOMER for a Launch to take place on or after 1 January 2011 up to and including 31 December 2014, shall, at the election of CUSTOMER, as duly notified in the notice of Optional Launch exercise in accordance with Sub-paragraph 6.2.2, be either (a) or (b) as follows:

a) FIFTY TWO MILLION FIVE HUNDRED THOUSAND United States Dollars (US\$ 52,500,000), as escalated as set forth in paragraph 8.2.

b) TWENTY SIX MILLION TWO HUNDRED FIFTY THOUSAND United States Dollars (US\$ 26,250,000), as escalated as set forth in paragraph 8.2 + NINETEEN MILLION ONE HUNDRED SIXTY THOUSAND Euros (€ 19,160,000), as escalated as set forth in paragraph 8.2.

In the event CUSTOMER fails to elect price structure a) or b) in accordance with the terms above, CUSTOMER shall be considered to have elected the price structure specified in a) above.

(iii) The price and terms and conditions applicable to any Optional Launches Services requested by CUSTOMER for a Launch to occur after 31 December 2014, shall be negotiated in good faith by the Parties.

8.2 With respect to Articles 10 and 18, and for each specific Optional Launch, it is agreed that the Launch Services prices as set forth in Sub-paragraph 8.1(B)(ii) and the prices for Associated Services shall be escalated, prorata, on a quarterly basis from 1 January 2011 to L* (L* being the first day of the provisional Launch Period selected at Optional Launch exercise of said Optional Launch) by an escalation rate of [*] per quarter. Said escalation rate is provisional.

A final escalation rate will be determined at Launch Day minus ONE (1) month.

The final escalation rate will be a weighted average calculated as follows:

- 50% on a Western European producer price growth index,
- 25% on a worldwide steel price growth index,

- 25% on a Russian labor cost growth index.

The above indices will be initially selected within THIRTY (30) days of EDC by mutual agreement of the Parties. If a selected index is no longer available or appropriate at the time of calculation of the final escalation rate for any Optional Launch, Parties will select by mutual agreement the best available replacement index.

The Launch Services prices as set forth in 8.1(B)(ii) and the prices for Associated Services will be recalculated, using the final escalation rate, prorata, on a quarterly basis from 1 January 2011 to L* (L* being the first day of the provisional Launch Period selected at Optional Launch exercise of said Optional Launch).

Notwithstanding the calculated value of the final escalation rate, the maximum rate applicable shall not exceed [*] per quarter and the minimum rate applicable shall not be less than [*] per quarter.

Any price differentials will be reconciled in the Launch Associated Payment.

- 8.3 All prices, expenses, and charges set forth in this Agreement shall be free from any and all taxes and other duties of any country where the Services or work are performed. For the sake of clarification, ARIANESPACE shall be responsible for all taxes or duties of any French tax authority or the authority of any country where Services or work are performed by ARIANESPACE and/or its suppliers.

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ARTICLE 9 - RESERVED

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ARTICLE 10 - - PAYMENT FOR SERVICES

10.1 Payment of the remuneration under Paragraph 8.1 of Article 8 of this Agreement shall be made in accordance with the following payment schedule:

10.1.1 For each Firm Launch Services:

DUE DATE	Total amount in US\$ for each launch referred in the sub-paragraph 8.1 (A) of Article 8 of this Agreement
EDC	[*]
EDC + 6 months	
EDC + 12 months	
L* - 9 months	
L* - 6 months	
L* - 3 months	
Launch Associated Payment	
Total	52 500 000

Where

L* means the first day of the provisional Launch Period as applicable to each respective Firm Launch and as defined (and potentially accelerated) in accordance with sub-paragraph 6.2.1 (A) (ii) or 6.2.1 (B) (ii) of Article 6 of this Agreement whichever is relevant. Except as set forth in Paragraph 11.4 of Article 11, L* is fixed for the duration of this Agreement.

** Pre-Launch Financing in accordance with the terms and conditions of sub-paragraph 10.6 of Article 10 of this Agreement may be applied by CUSTOMER.

The Launch Associated Payment shall be made at L+1 week (L being the actual Launch Day) for any Firm Launch for which a subsequent Firm launch remains to be performed or a subsequent Optional Launch is already exercised.

The Launch Associated Payment related to a Firm Launch for which there is no subsequent Firm Launch remaining to be performed or no subsequent Optional Launch already exercised under this Agreement, shall be made at L – 1 week (L being the actual Launch Day for the said Launch).

If the last contracted launch under this Agreement is delayed by ARIANESPACE by more than THIRTY (30) days after the Launch Associated Payment is made by CUSTOMER ARIANESPACE shall immediately return said Launch Associated Payment if so requested by CUSTOMER. Said Launch Associated Payment shall remain due and payable to ARIANESPACE at L-1 week in accordance with the newly established Launch Day.

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10.1.2 For each Optional Launch Services (taken separately):

DUE DATE	Percentage of the Launch Services Price for each launch referred in the sub-paragraph 8.1 (B) of Article 8 of this Agreement
Optional Launch Date of Exercise	[*]

L* - 18 months	
L* - 15 months	
L* - 12 months	
L* - 9 months	
L* - 6 months	
L* - 3 months	
Launch Associated Payment	
TOTAL	100%

Where

L* means the first day of the provisional Launch Period as applicable to each respective Optional Launch and as defined in accordance with sub-paragraph 6.2.2 of Article 6 of this Agreement. Except as set forth in Paragraph 11.4 of Article 11, once defined at exercise of the Launch Option, L* is fixed for the duration of this Agreement.

The Launch Associated Payment shall be made at L+1 week (L being the actual Launch Day) for any Optional Launch for which a subsequent Optional Launch is already exercised.

The Launch Associated Payment related to the last exercised Optional Launch under this Agreement shall be made at L — 1 week (L being the actual Launch Day of the last Optional Launch).

If the last exercised Optional Launch under this Agreement is delayed by ARIANESPACE by more than THIRTY (30) days after the Launch Associated Payment is made by CUSTOMER, ARIANESPACE shall immediately return said Launch Associated Payment if so requested by CUSTOMER. Said Launch Associated Payment shall remain due and payable to ARIANESPACE at L-1 week in accordance with the newly established Launch Day.

10.2 Payment for Associated Services

10.2.1 Payment for Associated Services ordered by CUSTOMER under Part 6 of Annex 1 to this Agreement, for which a firm fixed price has been established, shall be due as of the date set forth in said Annex.

10.2.2 Payment for Associated Services ordered by CUSTOMER under Part 6 of Annex 1 to this Agreement, for which no total firm fixed price can be determined in advance, shall be due on the date on which CUSTOMER terminates use of the relevant Associated Services.

With respect to the above, payment terms shall be as set forth below in Sub-paragraph 10.3 of Article 10 of this Agreement.

10.3 Terms and Conditions of Payment/ARIANESPACE’s Invoices

10.3.1 Where this Agreement determines a precise payment date, payment has to be made at such date or within THIRTY (30) days from receipt of ARIANESPACE’s corresponding invoice, whichever is later, except for the first payment provided under this Agreement, for which invoice will be presented and paid within FIVE (5) business days following EDC.

10.3.2 Where the Agreement does not determine a precise payment date, payment has to be made at the date when payment becomes due or within THIRTY (30) days of receipt of ARIANESPACE corresponding invoice, whichever is later.

10.3.3 ARIANESPACE invoices shall be sent by electronic mail to:

[*]

With confirming electronic mail to:

[*]

The method for calculating the amount of each invoice shall be shown clearly.

10.3.4 Payments shall be made to the account designated on the relevant invoice by electronic bank transfer, without charge to ARIANESPACE. A notice of such payment shall be sent to ARIANESPACE.

Payment shall be effective as of the date on which the amount of the ARIANESPACE invoice is credited for value to the designated ARIANESPACE’s account.

10.3.5 CUSTOMER’s payments shall be in the amounts invoiced by ARIANESPACE, and shall be made net, free and clear of any and all taxes, duties, or withholdings that may be imposed in the Country of CUSTOMER and the Country from which they are paid so that ARIANESPACE receives each such payment in its entirety as if no such tax, duty, or withholding had been made.

10.4 Late Payment

In the event of late payment, CUSTOMER shall pay ARIANESPACE interest on payment due at the Base Rate starting from the fourth delinquent day up to and including the date payment is made. The computation of interest for late payments shall be made on the basis of THREE HUNDRED SIXTY (360) days and actual days elapsed. In the event of late payment and within SIXTY (60) days of such late payment, ARIANESPACE shall invoice CUSTOMER for interest on such late payment. CUSTOMER shall pay such invoice within FIVE (5) days of receipt.

In the event of non payment, after THIRTY (30) days ARIANESPACE shall be entitled to suspend any and all of its activities in preparation for the Launch Services and to reschedule the Launch Services under Sub-paragraph 11.3.3 of Article 11 of this Agreement provided that ARIANESPACE shall have notified CUSTOMER of its failure to comply with its payment obligation at least FIFTEEN (15) days prior to such suspension and rescheduling.

Notwithstanding the above, during any period of non payment of the Launch Associated Payment related to the last contracted Launch under this Agreement, ARIANESPACE shall be entitled to suspend any and all of its activities in preparation for the Launch Services and to reschedule the Launch Services under Sub-paragraph 11.3.3 of Article 11 of this Agreement, provided that ARIANESPACE shall have notified CUSTOMER of its failure to comply with its payment obligation at least two (2) days prior to such suspension and rescheduling and shall give CUSTOMER opportunity to make payment to avoid the suspension.

Any late payment period in excess of SIXTY (60) days shall constitute CUSTOMER'S material breach of this Agreement and ARIANESPACE shall be entitled to terminate the concerned Launch Services pursuant to the provisions of Article 19.

10.5 Waiver of Deferral, Withholding or Set-off

Unless otherwise specified in this Agreement or agreed to by the Parties, CUSTOMER irrevocably waives any right to defer, withhold, or set-off by counterclaim or other legal or equitable claim, all or any part of any payment under this Agreement for any

reason whatsoever. All payments due under this Agreement shall be made in their entirety and on the dates specified in this Agreement.

10.6 Financing

For each of the FOUR (4) Firm Launches under this Agreement, Pre-Launch Financing shall be made available and repaid in accordance with the following provisions of this Paragraph 10.6.

10.6.1 Pre-Launch Financing shall be made available for the payments due at EDC+6 months, EDC+12 months and L*-9 months, up to 50% of the amount of each such payment and on the respective date of each such payment, in accordance with the following table.

DATE	Total amount in US\$ for each launch referred in the sub-paragraph 8.1 (A) of Article 8 of this Agreement	Minimum CASH (in US\$)	Maximum PRE LAUNCH FINANCING (in US\$) *
EDC + 6 months	[*]	[*]	[*]
EDC + 12 months			
L* - 9 months			
L* - 6 months			

Where:

L* means the first day of the provisional launch period as applicable to each respective Firm Launch and as defined in accordance with sub-paragraph 6.2.1 (A) (ii) or 6.2.1 (B) (ii) of Article 6 of this Agreement whichever is relevant. Except as set forth in Paragraph 11.4 of Article 11, L* is fixed for the duration of this Agreement.

10.6.2 Upon receipt of the cash payments for EDC+6 months, EDC+12 months and L*-9 months, corresponding Pre launch Financing for the unpaid balances shall automatically be made on the respective date of payment in the amount such that, the total amount is paid in full. It shall be made by way of book entry to fund the corresponding payment.

(i) From the date of book entry until the date of repayment, Pre-Launch Financing shall bear interest at a fixed annual interest rate of [*].

(ii) The computation of interest shall be made on the basis of THREE HUNDRED SIXTY (360) days and actual days elapsed.

(iii) Interest shall be compounded on an annual basis on the date such interest is due. Compounded interest shall bear interest at the fixed interest rate of [*].

10.6.3 Pre-Launch Financing together with related compounded interest and other accrued interest shall be repaid at L*-6 months subject to the terms and conditions of sub-paragraph 18.2.3 of Article 18 of this Agreement.

10.6.4 In the event of postponement under subparagraph 11.4 of article 11, the interest due at L*-6 months shall be calculated on the basis of the L* defined in accordance with the sub-paragraphs 6.2.1 (A) (ii) and 6.2.1 (B) (ii) of Article 6 of this Agreement.

ARTICLE 11 - - LAUNCH POSTPONEMENTS

11.1 Each postponement of the Launch Period, the Launch Slot, the Launch Day or the Launch Time, for whatever reason, shall, for each particular Firm and/or Optional Launch under this Agreement, be governed solely by the terms and conditions provided in this Article 11. The Parties hereto expressly waive, renounce, and exclude any and all rights and remedies that may arise at law or in equity with respect to postponements that are not stated in this Article 11 or elsewhere in this Agreement, including but not limited to any right to seek consequential, special, incidental or punitive damages.

11.2 Postponements requested by CUSTOMER

11.2.1 CUSTOMER shall have the right for any reason whatsoever, at any time, to postpone the Launch Period and, once determined, the Launch Slot or the Launch Day. The CUSTOMER's written notice for postponement shall indicate the new requested (i) Launch Period, or (ii) Launch Slot, or (ii) Launch Day, as the case may be.

CUSTOMER shall not be liable for postponement fees or liquidated damages should CUSTOMER decide to postpone either a Launch Period, a Launch Slot or a Launch Day.

Notwithstanding the above, and with the exception of Force Majeure events, it is agreed by the Parties that in the event CUSTOMER requests a postponement in excess of SIXTY (60) consecutive days to the then applicable Launch Day for a particular Launch and such postponement request is made:

- (i) after the start of the related Launch Campaign, or
- (ii) within an intermediate period not exceeding FIFTEEN (15) days separating the last day of said Launch Campaign and the scheduled first day of the subsequent back-to-back Launch Campaign,

then, CUSTOMER shall indemnify ARIANESPACE for the direct additional costs (to the exclusion of incidental and consequential damages, including but not limited to loss of revenue and loss of business) sustained by the ARIANESPACE and its contractors resulting from said Launch Day postponement with respect to said Launch Campaign and the subsequent back-to-back Launch Campaign. The period of time between the last day of said Launch Campaign and the scheduled first day of the subsequent back-to-back Launch Campaign shall not exceed FIFTEEN (15) days.

The indemnification by CUSTOMER of such direct additional costs in compliance with the terms and conditions above shall be capped at [*] in total covering said Launch Campaign and its subsequent back-to-back Launch Campaign.

The Parties hereby agree to control and limit as much as possible those additional costs.

11.2.1.1 If the CUSTOMER's written request relates to a Launch Period or a Launch Slot postponement, within ONE (1) week of receipt of such request, ARIANESPACE shall inform CUSTOMER whether a Launch Opportunity exists within the Launch Period, or within the Launch Slot requested, or will propose a new Launch Period or Launch Slot. CUSTOMER shall have FIFTEEN (15) days following receipt of ARIANESPACE's proposal to consent thereto in writing. In the event

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ARIANESPACE's counterproposal is not acceptable to CUSTOMER, the Parties shall mutually agree within the TWO (2) following weeks to an alternative Launch Opportunity as near as possible to CUSTOMER's request.

11.2.1.2 If the CUSTOMER's written request relates to a Launch Day postponement, the choice of a new Launch Day shall be made by mutual agreement of the Parties, taking into account the technical needs and interests of CUSTOMER and of ARIANESPACE, the time necessary for the revalidation of the launch assembly complex consisting of the SOYUZ Launch Vehicle, the Launch Site, and the payload preparation assembly (EPCU), and meteorological forecasts.

11.2.1.3 Notwithstanding the terms of 11.2.1 CUSTOMER can stop the final countdown sequence until Launch Time – 20 seconds. In the event that CUSTOMER has requested such postponement and technical reasons, including, without limitation, meteorological reasons preventing ARIANESPACE from performing the considered Launch on the Launch Day, the postponement shall be considered to be a postponement of the Launch Day.

In the event that any Firm Launch is postponed by CUSTOMER beyond 31 December 2011, the related Launch Associated Payment and Associated Services prices related to services yet to be performed shall be escalated by [*] per quarter from 01 January 2011 and pro rata to the revised Launch Day.

11.2.1.4 In the event that the aggregate duration of postponements requested by CUSTOMER for any Optional Launch exceeds TWELVE (12) months, the related Launch Associated Payment and Associated Services prices for services yet to be performed shall be escalated by [*] per quarter, starting from the first day of the Launch Period established in accordance with Sub-paragraph 6.2.2(i) of Article 6 under this Agreement and pro rata to the revised Launch Day.

11.3 Launch postponement requested by ARIANESPACE

ARIANESPACE shall not be liable for postponement fees or liquidated damages should ARIANESPACE decide to postpone either a Launch Period, a Launch Slot or a Launch Day.

Notwithstanding the above, and with the exception of Force Majeure events, it is agreed by the Parties that in the event ARIANESPACE requests a postponement in excess of SIXTY (60) consecutive days to the then applicable Launch Day for a particular Launch and such postponement request is made:

- (i) after the start of the related Launch Campaign, or
- (ii) within an intermediate period not exceeding FIFTEEN (15) days separating the last day of said Launch Campaign and the scheduled first day of the subsequent back-to-back Launch Campaign,

then, ARIANESPACE shall indemnify CUSTOMER for the direct additional costs (to the exclusion of incidental and consequential damages, including but not limited to loss of revenue and loss of business) sustained by the CUSTOMER and its contractors resulting from said Launch Day postponement with respect to said Launch Campaign and the subsequent back-to-back Launch Campaign. The period of time between the last day of said Launch Campaign and the scheduled first day of the subsequent back-to-back Launch Campaign shall not exceed FIFTEEN (15) days.

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The indemnification by ARIANESPACE of such direct additional costs in compliance with the terms and conditions above shall be capped at [*] in total covering said Launch Campaign and its subsequent back-to-back Launch Campaign.

The Parties hereby agree to control and limit as much as possible those additional costs.

11.3.1 ARIANESPACE shall have the right to postpone the Launch Period and when determined, the Launch Slot or the Launch Day for the following reasons:

- a) ARIANESPACE or its Associates encounter technical problems that prevent the Launch and/or the Launch Mission from taking place under satisfactory conditions of safety or reliability.
- b) ARIANESPACE is requested to perform a replacement launch or to launch scientific satellite(s) whose missions may be degraded in the event of postponement.
- c) ARIANESPACE postpones another contracted launch having an earlier Launch Period or Launch Slot than CUSTOMER's Satellite(s).

11.3.2 The Parties shall determine by mutual agreement a new Launch Period and/or a new Launch Slot as near as possible to the postponed one in accordance with the following criteria:

- Launch Opportunities;
- launch rank of Customer's Firm Launch or Optional Launch;

The Launch Day and the Launch Time within the new Launch Slot shall be determined by ARIANESPACE according to the technical constraints of ARIANESPACE and CUSTOMER and their respective interests.

11.3.3 Any postponement by ARIANESPACE of the Launch Period, Launch Slot or Launch Day due to CUSTOMER's non-fulfillment of its obligations under this Agreement shall be considered to be requested by CUSTOMER in accordance with Paragraph 11.2 above as of the date of ARIANESPACE's decision to postpone the launch.

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11.4 Any postponement provided for in this Article 11 shall not modify the payment schedule set forth in Paragraph 10.1 of Article 10 of this Agreement.

Notwithstanding the above, in the event of any postponement requested by ARIANESPACE to the first day of the Launch Period or Launch Slot or to the Launch Day, as defined in accordance with sub-paragraph 6.2.1(A)(i), 6.2.1(B)(i), 6.3, 6.4 and 6.5 of Article 6 of this Agreement in excess of ONE HUNDRED FIFTY (150) days in respect to the Launch Period, NINETY (90) days in respect to the Launch Slot or SIXTY (60) days in respect to the Launch Day, and excluding postponements resulting from the occurrence of Force Majeure, the Parties shall meet in good faith to adjust accordingly the L* applicable to the payment plan set forth in Article 10.1.

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ARTICLE 12 - - RIGHT OF OWNERSHIP AND CUSTODY

12.1 The obligations of ARIANESPACE under this Agreement are strictly limited to the Services, and CUSTOMER acknowledges and agrees that at no time shall it have any right of ownership of, any other right in, or title to, the property that ARIANESPACE shall use in connection with the Launch Services, or shall place at CUSTOMER's disposal for the purpose of this Agreement, including, without limitation, the Launch Vehicle and the Launch Site of ARIANESPACE. Said property shall at all times be considered to be the sole property of ARIANESPACE.

12.2 ARIANESPACE acknowledges and agrees that at no time shall it have any right of ownership, or any other right in, or title to, the property that CUSTOMER shall use for the Launch Services and the interface tests, including, without limitation, the Satellites and all equipment, devices and software to be provided by CUSTOMER on the Launch Site. Said property shall at all times be considered to be the sole property of CUSTOMER.

12.3 At all times during the performance by the Parties of this Agreement, each Party shall be deemed to have full custody and possession of its own property.

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ARTICLE 13 - - REPLACEMENT LAUNCH

13.1 Terms

- 13.1.1 For the Firm Launches and Optional Launches, CUSTOMER is entitled to request a Replacement Launch from ARIANESPACE in the event that, following Intentional Ignition, except in the case of Terminated Ignition, either the Launch Mission or the Satellite Mission has not been accomplished for any reason whatsoever. Replacement Launch Services are subject to the conditions set forth in this Article 13. Any and all other rights and remedies of CUSTOMER are excluded whatever their nature.
- 13.1.2 CUSTOMER shall be entitled to have a Launch Slot for a Replacement Launch allocated to it by ARIANESPACE within TWELVE (12) months following the month ARIANESPACE has received a written request for Replacement Launch. Should CUSTOMER request a Launch Period beyond such TWELVE (12) month period, ARIANESPACE shall allocate the nearest Launch Opportunity, provided however that in no way shall the Launch Period requested by CUSTOMER extend beyond the THIRTY SIX (36) month period following the date of request for a Replacement Launch.
- 13.1.3 The written request for a Replacement Launch shall be received by ARIANESPACE no later than the last day of the sixth full calendar month following the month in which the cause of the failure of either the Launch(es) Mission or the Satellite(s) Mission has/have been established, but in no event later than, in the case of a Satellite(s) Mission failure, TWENTY-SEVEN (27) months following the date of Launch.
- The written request for a Replacement Launch shall indicate the Launch Period requested by CUSTOMER within one of the periods specified in Sub-paragraph 13.1.2 above. It is understood that the replacement Satellites and all equipment, devices and software to be made available by CUSTOMER on the Launch Site in order to make the replacement Satellites ready for launch shall be made available to ARIANESPACE pursuant to the schedule of Part 3 of Annex 1 to this Agreement.
- 13.1.4 ARIANESPACE shall inform CUSTOMER, within the month following receipt of CUSTOMER's request for a Replacement Launch, whether or not a Launch Opportunity exists within the requested Launch Period and, in any event, shall allocate a Launch Slot to CUSTOMER, the first day of which shall be before the expiration of the TWELVE (12) calendar month period specified in Sub-paragraph 13.1.2 of Article 13 of this Agreement if the Launch Period requested by CUSTOMER is within that TWELVE (12) month period; otherwise ARIANESPACE shall allocate to CUSTOMER the nearest existing Launch Opportunity. The date allocated shall not begin earlier than the first day of the Launch Period requested by CUSTOMER.
- 13.1.5 The replacement Satellites shall be in accordance with the interface control document (DCI) governing CUSTOMER's Satellites.
- 13.1.6 For any Replacement Launch, ARIANESPACE shall perform Launch Services which are equivalent to those documented in Annex 1 for Optional Launches.

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13.2 General Conditions

The remuneration for the Replacement Launch Services and any Associated Services shall be consistent with remuneration for an Optional Launch under Article 8 of this Agreement and including any charges incurred by ARIANESPACE for modification of equipment associated with the Launch Vehicle designated for the Replacement Launch.

The Replacement Launch shall either be performed under an amendment to this Agreement, or form the subject of a separate launch services agreement substantially in the form of this Agreement.

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ARTICLE 14 - - ALLOCATION OF POTENTIAL LIABILITIES AND RISKS

- 14.1 Allocation of Risks for loss, damage or bodily injury (including death) caused by one Party and/or its Associates to the Other Party and/or its Associates.
- 14.1.1 Due to the particular nature of the Services, the Parties agree that any liability of ARIANESPACE or of CUSTOMER arising from the defective, late, or non-performance of ARIANESPACE's Services and CUSTOMER's technical obligations under this Agreement is, in all circumstances, including termination of this Agreement, in whole or in part, or a Launch Service under this Agreement, strictly limited to the liability expressly provided for in this Agreement. Except as provided in this Agreement, the Parties hereto expressly waive, renounce, and exclude any and all rights and remedies that may arise at law or in equity with respect to the Services, including but not limited to any right to seek consequential, special, incidental or punitive damages.
- 14.1.2 Each Party shall bear any and all loss of or damage to property and any bodily injury (including death) and all consequences, whether direct or indirect, of such loss, damage or bodily injury (including death), and/or of a Launch Mission failure and/or of a Satellite Mission failure, which it or its Associates may sustain, directly or indirectly, arising out of or relating to this Agreement or the performance of this Agreement. Each Party irrevocably agrees to be bound by a no-fault, no-subrogation, inter-party waiver of liability and indemnity for such loss or damage or bodily injury (including death) and such consequences, and waives the right to make any claims or to initiate any proceedings whether judicial, arbitral, or administrative on account of any such loss, damage or bodily injury (including death) and/or Launch Mission failure and/or Satellite Mission failure against the other Party or that other Party's Associates arising out of or relating to this Agreement for any reason whatsoever.

The provisions above exclude, without limitation, any liability of ARIANESPACE or its Associates for any loss or damages to CUSTOMER or its Associates, resulting from the intentional destruction of the Launch Vehicle and the Satellite in furtherance of launch range safety measures.

Each Party agrees to bear the financial and any other consequences of such loss, damage or bodily injury (including death) and/or of a Launch Mission failure and/or a Satellite Mission failure which it or its Associates may sustain, without recourse to the other Party or the other Party's Associates.

If a Party maintains insurance to protect itself against any of the risks indemnified in this Article 14.1, and including insurance policies to be procured by ARIANESPACE pursuant to Article 15, that Party shall cause its insurers covering such risks to waive rights of subrogation against the other Party and against the Associates of each Party. Each Party shall require its Associates to secure identical waivers of subrogation rights from their respective insurers, as provided in Article 14.3.

14.1.3 In the event that one or more Associates of a Party shall proceed against the other Party and/or that Party's Associates as a result of such loss, damage or bodily injury (including death) and/or Launch Mission failure and/or Satellite Mission failure, the first Party shall indemnify, hold harmless, dispose of any claim, and defend, when not contrary to the governing rules of procedure, the other Party and/or its Associates, as the case may be, from any liability, cost or expense, including attorneys' fees, on account of such loss, damage or bodily injury (including death) and/or Launch Mission failure and/or Satellite

Mission failure, and shall pay all costs and expenses and satisfy all judgments and awards which may imposed on or rendered against that other Party and or its Associates.

14.2 RESERVED.

14.3 Indemnification.

Each Party shall take all necessary and reasonable steps to prevent or cause the withdrawal of claims for property loss or damage or bodily injury (including death) by any Associate(s) involved in Launch Services activities. Each Party shall require its Associate(s) to agree to a no-fault, no-subrogation, inter-party waiver of liability and indemnity for such loss or damage or bodily injury (including death) that its Associates sustain, identical to the Parties' respective undertakings under this Article 14.

14.4 Liability for Property Loss or Damages and Bodily Injury Suffered by Third Parties.

14.4.1 Without prejudice to Article 15, each Party shall be solely and entirely liable for all property loss or damage or bodily injury (including death) sustained, whether directly or indirectly, by any Third Party, which is caused by such Party or its Associates arising out of or relating to the performance of this Agreement.

14.4.2 In the event of any proceeding, whether judicial, arbitral, administrative or otherwise, by a Third Party against one of the Parties or its Associates on account of any property loss or damage or bodily injury (including death), caused by the other Party, its property or its Associates or its (their) property, whether directly or indirectly, the latter Party shall indemnify and hold harmless the former Party and/or the former Party's Associates, as the case may be, and shall advance any funds necessary to defend their interests.

14.5 Infringement of Intellectual Property Rights of Third Parties.

14.5.1 ARIANESPACE shall indemnify and hold CUSTOMER harmless with respect to any and all claims resulting from an infringement or claim of infringement of patent rights or any other intellectual property rights of any Third Party which may arise from CUSTOMER's use of ARIANESPACE's Services, including, without limitation, the use of any and all products, processes, articles of manufacture, supporting equipment, facilities, and services by ARIANESPACE in connection with said Services; provided however, that this indemnification shall not apply to an infringement of rights as set forth above that have been mainly caused by an infringement of a right of a Third Party for which CUSTOMER is liable pursuant to Sub-paragraph 14.5.2 of Article 14 of this Agreement.

14.5.2 CUSTOMER shall indemnify and hold ARIANESPACE harmless with respect to any and all claims resulting from an infringement or claim of infringement of the patent rights or any other intellectual property rights of any Third Party arising out of or relating to CUSTOMER and its Associates with respect to the design or manufacture of the Satellite, or ARIANESPACE's compliance with specifications furnished by CUSTOMER with respect to the Launch Mission and the Satellite Mission.

14.5.3 The rights to indemnification provided hereunder shall be subject to the following conditions:

14.5.3.1 The Party seeking indemnification shall promptly advise the other Party of the filing of any suit, or of any written or oral claim against it, alleging

an infringement of any Third Party's rights, which it may receive relating to this Agreement.

14.5.3.2 The Party sued or against whom the claim is otherwise made shall take no steps in the dispute with the Third Party, nor shall it reach a compromise or settlement, without the prior written approval of the other Party, which approval shall not be unreasonably withheld or delayed.

14.5.4 The indemnifying Party shall assist in and assume, when not contrary to the governing rules of procedure, the defense of any claim or suit and/or settlement thereof, shall take all other steps which it may reasonably be expected to take, given the circumstances, and the obligations incurred by it under this Article 14, to avoid, settle, or otherwise terminate the dispute, and shall pay all litigation and administrative costs and expenses incurred in connection with the defense of any such suit, including fees and expenses of legal counsel, shall satisfy any judgments rendered by a court of competent jurisdiction in such suits, and shall make all settlement payments.

- 14.5.5 In the event that ARIANESPACE, with respect to the Launch Services, and CUSTOMER, with respect to the Satellites, shall be the subject of the same court action or the same proceedings based on alleged infringements of patent rights or any other intellectual property rights of a Third Party pursuant to both Sub-paragraphs 14.5.1 and 14.5.2 hereof, ARIANESPACE and CUSTOMER shall jointly assume the defense and shall bear all damages, costs and expenses on a 50:50 basis during the court proceeding, subject to pro rata adjustment according to their respective liability as determined after the court proceeding. In the event of any problems in implementing the pro rata allocation of the amounts referred to in the immediately preceding sentence, the Parties shall undertake in good faith to resolve such problems.
- 14.5.6 Neither Party's execution or performance of this Agreement grants any rights to or under any of either Party's respective patents, proprietary information, and/or data, to the other Party or to any Third Party, unless such grant is expressly recited in a separate written document duly executed by or on behalf of the granting Party.

ARTICLE 15 - - INSURANCE

PART A - - FOR LAUNCH(ES) FROM THE KOUROU LAUNCH SITE

- 15.1.1 ARIANESPACE shall, for all Launch Missions under this Agreement, take out an insurance policy at no cost to CUSTOMER, to protect itself and CUSTOMER against liability for property loss or damage and bodily injury (including death) that Third Parties may sustain and that is caused by
- (i) activities of CUSTOMER and ARIANESPACE, their contractors, sub contractors, agents and/or suppliers, related to the launch services contract, at the Launch Site, and
 - (ii) the Launch Vehicle, and/or the Satellite(s), and/or their components or any part thereof.

Such insurance policy shall name as additional insured:

- 1) The Government of France and, if relevant, the Government of Russia.
- 2) The Centre National d'Etudes Spatiales "C.N.E.S.", ROSCOSMOS if relevant, and any launching state as such term is defined in the Convention on International Liability for Damage Caused by Space Objects of 1972.
- 3) The auxiliaries of any kind, whom ARIANESPACE and/or the C.N.E.S and/or ROSCOSMOS if relevant, would call for in view of the preparation and the execution of the launching operations.
- 4) The European Space Agency "E.S.A." but only in its capacity as owner of certain facility and/or outfits located at the Centre Spatial Guyanais in Kourou and made available to ARIANESPACE and/or to the C.N.E.S. and/or, if relevant, ROSCOSMOS, for the purpose of the preparation and the execution of the launches.
- 5) The firms, who have participated in the design and/or in the execution or manufacturing and/or who have provided the components of the Satellite(s), Launch Vehicle, of its support equipment including propellants and other products either liquid or gaseous necessary for the functioning of the said Satellite(s) or Launch Vehicle or support equipment, their contractors, sub-contractors and suppliers.
- 6) CUSTOMER on whose behalf ARIANESPACE executes or performs the Launch Services as well as its contractors, sub-contractors and suppliers.
- 7) Provided they act within the scope of their duties, the officers and directors, legal representatives, managing director, employees, agents and interim staff employed by ARIANESPACE or by any of additional insured mentioned in the preceding sub-paragraphs from 1 to 6 (inclusive).

15.1.2 The insurance referred to in Paragraph 15.1 shall come into effect as follows:

- (i) for Paragraph 15.1.1 (i) above, as of the day CUSTOMER, its contractors, sub contractors, agents and/or suppliers arrive at the Launch Site until seven (7) days after the Launch, and
- (ii) for Paragraph 15.1.1 (ii) above, as of the day of the Launch concerned, and shall be maintained for a period of the lesser of TWELVE (12) months or so long as all or any part of the Launch Vehicle, and/or the Satellite(s), and/or their components remain in orbit.

15.1.3 The insurance policy shall be in the amount of:

- (i) Under Paragraph 15.1.1 (i) above, SIXTY MILLION NINE HUNDRED AND EIGHTY THOUSAND Euros (€ 60 980 000),
- (ii) Under Paragraph 15.1.1 (ii) above, SIXTY MILLION NINE HUNDRED AND EIGHTY THOUSAND Euros (€ 60 980 000). ARIANESPACE shall settle all liabilities, and shall indemnify and hold CUSTOMER harmless from property loss or damage and bodily injury (including death) arising from the Services when caused to Third Parties by the Launch Vehicle, and/or the Satellite(s), and/or their components or any part thereof including during the period provided for in Paragraph 15.1.2 (ii) above for any amount in excess of the insured limits of said insurance policy.

PART B - - FOR LAUNCH(ES) FROM THE BAÏKONUR LAUNCH SITE

15.2.1 ARIANESPACE shall, for all Launch Missions under this Agreement, take out an insurance policy at no cost to CUSTOMER, to protect itself and CUSTOMER against liability for property loss or damage and bodily injury (including death) that Third Parties may sustain and that is caused by

- (i) activities of CUSTOMER and ARIANESPACE, their contractors, sub contractors, agents and/or suppliers, related to the launch services contract, at the Launch Site, and
- (ii) the Launch Vehicle, and/or the Satellite(s), and/or their components or any part thereof.

Such insurance policy shall name as additional insured:

- 1) The Government of Russia and, if relevant, the Government of France,
- 2) ROSCOSMOS and any launching state as such term is defined in the Convention on International Liability for Damage Caused by Space Objects of 1972.
- 3) The auxiliaries of any kind, whom ARIANESPACE and/or ROSCOSMOS, would call for in view of the preparation and the execution of the launching operations.
- 4) KBOM and Kosmotrans but only in their capacity as owner of certain facilities and/or outfits located at BAÏKONUR launch site and made available to ARIANESPACE and/or ROSCOSMOS, for the purpose of the preparation and the execution of the launches.
- 5) The firms, who have participated in the design and/or in the execution or manufacturing and/or who have provided the components of the Satellite(s), Launch Vehicle, of its support equipment including propellants and other products either liquid or gaseous necessary for the functioning of the said Satellite(s) or Launch Vehicle or support equipment, their contractors, sub-contractors and suppliers.
- 6) CUSTOMER on whose behalf ARIANESPACE executes or performs the Launch Services as well as its contractors, sub-contractors and suppliers.
- 7) Provided they act within the scope of their duties, the officers and directors, legal representatives, managing director, employees, agents and interim staff employed by ARIANESPACE or by any of additional insured mentioned in the preceding sub-paragraphs from 1 to 6 (inclusive).

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15.2.2 The insurance referred to in Paragraph 15.2.1 shall come into effect as follows:

- (i) for Paragraph 15.2.1 (i) above, as of the day CUSTOMER, its contractors, sub contractors, agents and/or suppliers begin the launch campaign and until its end,
- (ii) for Paragraph 15.2.1 (ii) above, as of Intentional Ignition and shall be maintained for a period of the lesser of TWELVE (12) months or so long as all or any part of the Launch Vehicle, and/or the Satellite(s), and/or their components remain in orbit.

15.2.3 The insurance policy shall be in the amount of:

- (i) Under Paragraph 15.2.1 (i) above, SIXTY MILLION United States Dollars (US \$60,000,000.),
- (ii) Under Paragraph 15.2.1 (ii) above, ONE HUNDRED MILLION United States Dollars (US \$100,000,000).

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ARTICLE 16 - OWNERSHIP OF DOCUMENTS AND WRITTEN INFORMATION CONFIDENTIALITY/PUBLIC STATEMENTS

- 16.1 Title to all documents, data, and written information furnished to CUSTOMER by ARIANESPACE or its Associates during the performance of this Agreement shall remain exclusively with ARIANESPACE.
- 16.2 Title to all documents, data, and written information furnished to ARIANESPACE by CUSTOMER or its Associates during the performance of this Agreement shall remain exclusively with CUSTOMER or with said Associates as to their respective documents, data, and written information.
- 16.3 Each Party shall use the documents, data, and written information supplied to it by the other Party or the other Party's Associates solely for the performance of this Agreement and any activities directly related thereto.
- 16.4 To the extent necessary for the performance of this Agreement, each Party shall be entitled to divulge to its own Associates the documents, data, and written information received from the other Party or from the other Party's Associates in connection herewith, provided that such receiving person shall have first agreed to be bound by the nondisclosure and use restrictions of this Agreement.
- 16.5 Subject to the provisions of Paragraph 16.4, neither Party shall divulge any documents, data, or written information that it receives from the other Party or the other Party's Associates, but shall protect all such documents and written information that are marked with an appropriate and valid proprietary or confidentiality legend from unauthorized disclosure except as provided herein, in the same manner as the receiving Party protects its own confidential information; provided, however, that each Party shall have the right to use and duplicate such documents, data, and written information for any Party purpose subject to the nondisclosure requirements and use restrictions provided herein.

If the information disclosed by one Party to the other Party or by or to their respective Associates is deemed confidential by the disclosing Party or Associate and is verbal, not written, such verbal confidential information shall be identified prior to disclosure as confidential and, after acceptance by

and disclosure to the receiving Party, shall be reduced to writing promptly, labeled confidential, but in no event later than TWENTY (20) days thereafter, and delivered to the receiving Party in accordance with this Paragraph.

16.6 The obligation of the Parties to maintain the confidentiality of documents, data, and written information shall not apply to documents, data, and written information that:

- are not properly marked as confidential or proprietary;
- are in the public domain;
- shall come into public use, by publication or otherwise, and due to no fault of the receiving Party;
- the receiving Party can demonstrate were legally in its possession at the time of receipt;

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- are rightfully acquired by the receiving Party from Third Parties;
- are commonly disclosed by ARIANESPACE or its Associates;
- are inherently disclosed in any product or provision of any service marketed by ARIANESPACE or its Associates;
- are independently developed by the receiving Party;
- are approved for release by written authorization of the disclosing Party; or
- are required, but only to the extent necessary, to be disclosed pursuant to governmental or judicial order, in which event the Party concerned shall notify the other Party of any such requirement and the information required to be disclosed prior to such disclosure.

16.7 The provisions of this Article 16 shall survive the completion of performance of Services under this Agreement and shall remain in full force and effect for a period of FIVE (5) years after the term of this Agreement. However, each Party shall be entitled to destroy documents, data, and written information received from the other Party, or to return such documents, data, or written information to the other Party, at any time after Launch.

16.8 This Agreement and each part hereof shall be considered to be confidential by both Parties. Except when disclosed to Associates, any disclosure of the same by one Party shall require the prior written approval of the other Party, which approval shall not be unreasonably withheld or delayed.

Each Party shall obtain the prior written approval of the other Party only through such Party's authorized representative concerning the content and timing of news releases, articles, brochures, advertisements, speeches, and other information releases concerning the work performed or to be performed hereunder by either Party and/or its Associates. Each Party agrees to give the other Party reasonable advance notice for review of any material submitted to the other Party for approval under this Paragraph.

16.9 Nothing contained herein shall be deemed to prohibit either Party from disclosing this Agreement, in whole or in part, or information relating thereto (i) as may be required by the rules and regulations of a government agency with jurisdiction over the disclosing Party or a stock exchange on which the disclosing Party's shares are then listed, (ii) as may be required by a subpoena or other legal process (iii) in any action to enforce its rights under this Agreement, (iv) to its lenders under appropriate assurances of confidentiality for the benefit of the disclosing Party or (v) to its auditors, attorneys and other professional advisors in the ordinary course, provided that such auditors, attorney and advisors have contractual or professional obligations to maintain the confidentiality of the disclosed material. The disclosing Party shall use reasonable efforts to disclose only such information as it believes in good faith it is legally required to disclose pursuant to clauses (i) or (ii), above, and will seek, to the extent reasonably available under applicable rules, to obtain confidential treatment for any information either Party reasonably considers trade secrets and that is required to be disclosed. For the purpose of herein above items (i) through (v), the disclosing Party shall provide the other Party with a reasonable opportunity in advance of disclosure to request redactions or deletions of specific terms and provisions of the Agreement and shall accommodate those requests to the extent reasonably consistent with applicable confidential treatment rules.

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ARTICLE 17 - - PERMITS AND AUTHORIZATIONS - GROUND STATIONS

17.1 The obligations of ARIANESPACE are limited to the Services set forth in this Agreement. CUSTOMER shall be obligated to obtain all required permits, authorizations, or notices of non-opposition from all national or international, public or private authorities having jurisdiction over the Satellites and the Satellite Mission.

17.2 CUSTOMER shall also be obligated to obtain all required government permits and authorizations for delivery of the Satellites and all equipment, devices and software to be provided by CUSTOMER on the Launch Site in order to prepare the Satellite for launch, from its country of origin to the Launch Site, and, the use of the Satellite's ground stations. ARIANESPACE shall make its reasonable efforts to inform CUSTOMER of any specifically required government permits and authorizations and shall assist CUSTOMER in obtaining such documentation.

17.3 ARIANESPACE agrees to assist and support CUSTOMER and its Associates, at no expense, with any administrative matters related to the importation to the Launch Site of the Satellites and all equipment, devices and software to be provided by CUSTOMER on the Launch Site in order to prepare the Satellites for launch, and their storage and possible return, as well as to the entry, stay, and departure of CUSTOMER and its Associates.

ARTICLE 18 - - TERMINATION BY CUSTOMER

- 18.1 CUSTOMER shall have the right to terminate (“Termination for Convenience”) any particular Launch or Services, in whole or in part, under this Agreement at any time, for any reason whatsoever, prior to the Launch concerned. CUSTOMER’s right is not subject to any condition, and shall cover termination situations for reasons of convenience as well as those of delay or impossibility of performance in which one of the Parties may find themselves. Notice of Termination for Convenience shall be given by registered letter or prepaid international courier service, with confirmation of receipt, and termination shall take effect THIRTY (30) days from receipt of such letter by ARIANESPACE. In case of such termination, ARIANESPACE shall immediately stop Services as directed in the notice of termination and make its reasonable best efforts to mitigate costs.
- 18.2 In case of Termination for Convenience by CUSTOMER, ARIANESPACE shall be entitled for the Launch Services terminated to the following termination fees, which shall be the sole remedy available to ARIANESPACE for any and all impacts associated with such termination.

The Parties agree that the Termination Fees are liquidated damages which are intended to compensate ARIANESPACE for its damages, which are difficult or impossible to estimate, and that the Termination Fees are reasonable measures of ARIANESPACE’s damages.

18.2.1 Basic termination fees for the Firm Launches depending of the date of termination as follows:

Effective Date of Termination	Termination Fees Percentage of Launch Services Price for each launch referred to in Sub- paragraph 8.1 (A) of Article 8 of this Agreement
On or before C-21	[*]
From C-21 to C-18	
From C-18 to C-15	
From C-15 to C-10	
From C-10 to C-7	
After C-7	

Where:

For the Firm Launches, C means the first day of the provisional Launch Period for Firm Launch N° 1, 2, 3, and/or 4 as defined in Paragraphs 6.2.1(A)(ii) and 6.2.1.(B)(ii), whichever is applicable, as may be adjusted by the aggregate duration of postponements requested by ARIANESPACE in accordance with Paragraph 11.3 to the actual Launch Period, Launch Slot or Launch Day as defined in accordance with Paragraphs 6.2, 6.3, 6.4 or 6.5.

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18.2.2 Basic termination fees for the Optional Launches depending of the date of termination as follows:

Effective Date of Termination	Termination Fees Percentage of Launch Services Price for each launch referred to in Sub- paragraph 8.1 (B) and 8.2 of Article 8 of this Agreement
On or before C-21	[*]
From C-21 to C-18	
From C-18 to C-15	
From C-15 to C-10	
From C-10 to C-7	
After C-7	

Where:

For the Optional Launches, C means the first day of the provisional Launch Period(s) as defined in Paragraph 6.2.2, whichever is applicable, as may be adjusted by the aggregate duration of postponements requested by ARIANESPACE in accordance with Paragraph 11.3 to the actual Launch Period, Launch Slot or Launch Day as defined in accordance with Paragraphs 6.2, 6.3, 6.4 or 6.5.

- 18.2.3 Plus (i) any other amount(s) due including, without limitation, late payment interest under the Agreement at the effective date of termination, (ii) any and all interest accrued pursuant to Pre-Launch Financing under the sub-paragraph 10.6 of Article 10 of this Agreement and (iii) the price of those Associated Services provided, at CUSTOMER’s cost, which have actually been performed as of the date of termination.
- 18.2.4 Termination fees are due by CUSTOMER to ARIANESPACE as of the effective date of termination and payable within THIRTY (30) days of receipt by CUSTOMER of the corresponding invoice from ARIANESPACE. Any sums paid by CUSTOMER (to the exclusion of interest for late payment) prior to the effective date of termination of the launch concerned shall be credited to the above termination fees amount. Any amount paid by CUSTOMER in excess of said termination fees shall be refunded by ARIANESPACE to CUSTOMER.
- 18.3 In the event that the aggregate of all postponements requested by ARIANESPACE under Sub-paragraph 11.3.1.1 of Article 11 of this Agreement should result in ARIANESPACE delaying any one CUSTOMER’s Launch Services under this Agreement by more than TWELVE (12) months, CUSTOMER shall have the right, upon THIRTY (30) days prior written notice to ARIANESPACE to terminate (“Termination for Cause”) the Launch Services concerned.

In such a case, ARIANESPACE shall promptly refund to CUSTOMER all payments made by CUSTOMER for said Launch Services and such right of refund shall be the CUSTOMER's sole and exclusive remedy on account of such termination. In such an event, CUSTOMER shall be liable only for the payment of Associated Services performed, at CUSTOMER's cost, prior to the date of termination.

However, postponements resulting from (i) events of Force Majeure; and/or (ii) any replacement launch performed or to be performed by ARIANESPACE; and/or (iii) any

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damage caused by CUSTOMER and/or its Associates to the property of ARIANESPACE and/or the property of its Associates; and/or (iv) any bodily injury (including death) caused by CUSTOMER and/or its Associates to ARIANESPACE and/or its Associates shall not be taken into account for the computation of the above mentioned TWELVE (12) month period.

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ARTICLE 19 - - TERMINATION BY ARIANESPACE

19.1 In the event that CUSTOMER fails to comply with its payment obligations pursuant to the payment schedule and other payment dates set forth in this Agreement for the Launch Services under this Agreement, and does not pay within SEVEN (7) days after the date of receipt of a written notice to that effect issued after expiry of the total SIXTY (60) days late payment period referred to in Paragraph 10.4 of Article 10, ARIANESPACE shall be entitled to terminate the Launch Services or the Launch Service Agreement by registered letter or prepaid international courier service, with confirmation of receipt.

19.2 In the event of termination by ARIANESPACE pursuant to the provisions of this Article 19, the Termination Fees set forth in Paragraph 18.2 of Article 18 of this Agreement shall apply. Any sums paid by CUSTOMER (to the exclusion of interest for late payment) prior to the effective date of termination of the launch concerned shall be credited to the above referred termination fees amount. Any amount paid by CUSTOMER in excess of said termination fees shall be refunded by ARIANESPACE to CUSTOMER.

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ARTICLE 20 - - APPLICABLE LAW

This Agreement shall govern the relationship between the Parties as to the subject of this Agreement. To the extent the Parties have failed to address any question arising hereunder, or in the event of the need for any interpretation of any term of this Agreement, the laws of France shall be applied, unless the resulting interpretation is contrary to the explicit terms or the underlying common intentions of the Parties.

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ARTICLE 21 - - ARBITRATION

In the event of any dispute arising out of or relating to this Agreement, the Parties shall use their best efforts to reach an amicable settlement within THIRTY (30) days of one Party notifying the other of a dispute. If an amicable settlement cannot be achieved, the dispute shall be referred to the Chief Executive Officer of ARIANESPACE and of CUSTOMER, who will use their best efforts to reach a settlement within THIRTY (30) days. Should an amicable settlement fail to be resolved within SIXTY (60) days of one Party notifying the other of a dispute, the dispute shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce ("I.C.C.") in Geneva by ONE (1) arbitrator appointed in accordance with the then existing rules of the I.C.C.. The arbitration shall be conducted in the English language. The award of the arbitrator shall be final, conclusive and binding, and the execution thereof may be entered in any court having jurisdiction.

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ARTICLE 22 - - COMPLIANCE WITH U.S. LAWS AND DIRECTIVES

22.1 General

Each Party shall, at its expense, perform its obligations hereunder in accordance with all applicable laws, regulations, and policies of the United States and the conditions of all applicable United States Government approvals, permits, or licenses.

22.2 Compliance with U.S. Export Control Laws

ARIANESPACE shall, at its expense, perform the Services in accordance with all applicable export control laws, regulations, and policies of the United States and the conditions of all applicable United States Government approvals, permits, and licenses.

Any obligation of ARIANESPACE hereunder to perform the Services, including deliverable data, other technical information, technical/defense services, or any access to ARIANESPACE or its subcontractor facilities shall be subject to applicable U.S. Government export control and security

laws, regulations, policies and license conditions. The Parties shall work cooperatively and in good faith to implement this Agreement in compliance with such laws, regulations, policies and license conditions, including without limitation, U.S. Government-approved export agreement(s). ARIANESPACE shall promptly notify CUSTOMER of any occurrence or change in circumstances of which it becomes aware that is relevant to or affects such export licenses, agreements and approvals.

In particular Technical Assistance Agreement (DTC Case TA [*], and all subsequent amendments), as approved by the U.S. Department of State shall have over-riding authority in the implementation of this Agreement.

ARTICLE 23 - - MISCELLANEOUS

23.1 Working language

All communications between the Parties and between CUSTOMER and its Associates on the Launch Site, and between ARIANESPACE and its Associates on the Launch Site with CUSTOMER's personnel and that of its Associates, shall be made in English.

ALL COMMUNICATIONS BETWEEN THE ARIANESPACE AND THE CUSTOMER SHALL BE IN ENGLISH. This includes all contractual exchanges, program documentation released to the Customer, technical interchange meetings, contractual program reviews, meeting minutes, action items and responses, etc. As required, Arianespace shall provide English translation services.

All written communications to the Customer which involve the Russian partner(s), shall be written in English. Notwithstanding, the final released versions of the Mission Analysis Reports will be in dual English and Russian format.

For all meetings with the Customer which involve the participation of the Russian partner(s), Arianespace shall provide English translation services.

English shall be the working language from the effective date of contract through completion of the final launch service.

23.2 Notices

Unless expressly provided otherwise under this Agreement, all communications and notices to be given by one Party to the other in connection with this Agreement shall be in writing and in the language of this Agreement and shall be sent by registered mail or electronic mail or by pre-paid international courier service, with confirmation of receipt, to the following addresses (or to such address as a Party may designate by written notice to the other Party):

ARIANESPACE

Boulevard de l'Europe – BP 177
91006 EVRY- COURCOURONNES
Cedex - FRANCE

Attention: [*]
Telephone: [*]
E-mail: [*]

CUSTOMER

Globalstar, Inc.
461 South Milpitas Blvd.
Milpitas, CA 95035 U.S.A.

Attention: [*]
Telephone: [*]
E-mail: [*]

23.3 Waiver

Waiver on the part of either ARIANESPACE or CUSTOMER of any term, provision, or condition of this Agreement shall only be valid if made in writing and accepted by the other Party. Said acceptance shall not obligate the Party in question to waive its rights in connection with any other previous or subsequent breaches of this Agreement.

23.4 Headings

The headings and sub-headings used in this Agreement are provided solely for convenience of reference, and shall not prevail over the content of the Articles of this Agreement.

23.5 Assignment

Neither Party shall be entitled to assign its rights and obligations under this Agreement, in whole or in part, without the prior written consent of the other Party. Such consent may not be unreasonably withheld or withdrawn.

Notwithstanding the foregoing, either Party shall have the right to assign, in whole and not in part, its rights, title and interest on and to this Agreement to a wholly-owned subsidiary, or to a qualified successor in case of merger, consolidation or reorganization or transfer of all of its assets without the other Party's prior consent, (i) provided such successor shall not be a competitor to or comprise among its significant shareholders a competitor to the other Party (ii) and provided that (a) it can be demonstrated to the reasonable satisfaction of the other party that such assignee has the financial capacity and willingness to meet all contractual obligations to the other Party and (b) the assignee has expressly assumed all the obligations of said Party and all terms and conditions applicable to said Party under this Agreement.

Notwithstanding the above, CUSTOMER shall not be permitted, without Arianespace's consent, to assign its rights, title, interests or obligations under this Agreement with respect to Optional Launches to any other entity than whom the entire Agreement is assigned.

23.6 Entire Agreement and Modifications

This Agreement constitutes the entire understanding between the Parties, and supersedes all prior and contemporaneous discussions between the Parties with respect to the subject matter of this Agreement. Neither Party shall be bound by the conditions, warranties, definitions, statements, or documents previous to the execution of this Agreement, unless this Agreement makes express reference thereto. Any actions subsequent to the execution of this Agreement undertaken pursuant to an agreement shall be in writing and signed by duly authorized representatives of each of the Parties, which agreement shall expressly state that it is an amendment to this Agreement.

23.7 Registration of CUSTOMER's Satellites

CUSTOMER shall be responsible to ensure that the Satellites are properly registered by a state of registry in accordance with the Convention on Registration of Objects Launched into Outer Space of 1974.

ARTICLE 24 - - EFFECTIVE DATE

This Agreement shall take effect upon signature by the TWO (2) Parties.

Executed in Paris, in TWO (2) originals

ARIANESPACE

Name: Jean-Yves LE GALL

Title: Chairman and Chief Executive Officer

Date: September 5, 2007

Signature /s/ Jean-Yves LE GALL

CUSTOMER

Name: James MONROE III

Title: Chairman and Chief Executive Officer

Date: September 5, 2007

Signature /s/ James MONROE III

A N N E X

Certification of Chief Executive Officer

I, James Monroe III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Globalstar, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2007

By: /s/ JAMES MONROE III
James Monroe III
Chief Executive Officer

Certification of Chief Financial Officer

I, Fuad Ahmad, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Globalstar, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2007

By: /s/ FUAD AHMAD
Fuad Ahmad
Chief Financial Officer

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of Globalstar, Inc. (the "Company"), does hereby certify that:

This quarterly report on Form 10-Q for the quarter ended September 30, 2007 of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2007

By: /s/ JAMES MONROE III
James Monroe III
Chief Executive Officer

Dated: November 14, 2007

By: /s/ FUAD AHMAD
Fuad Ahmad
Chief Financial Officer
