UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2014

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	**41-2116508**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

300 Holiday Square Blvd.
Covington, Louisiana 70433
(Address of principal executive offices and zip code)
Registrant's Telephone Number, Including Area Code: **(985) 335-1500**

Indicate by check mark if the Registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act.
Yes ☐ No x

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No x

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 x No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer x
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

As of October 31, 2014, 855,827,575 shares of voting common stock and 134,008,656 shares of nonvoting common stock were outstanding. Unless the context otherwise requires, references to common stock in this Report mean Registrant’s voting common stock.

GLOBALSTAR, INC.
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

GLOBALSTAR, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Revenue:				
Service revenues	$ 18,511	$ 17,056	$ 52,647	$ 47,854
Subscriber equipment sales	4,930	5,493	15,324	13,863
Total revenue	23,441	22,549	67,971	61,717
Operating expenses:				
Cost of services (exclusive of depreciation, amortization, and accretion shown separately below)	7,868	8,181	21,926	22,913
Cost of subscriber equipment sales	3,836	4,148	11,240	10,675
Cost of subscriber equipment sales - reduction in the value of inventory	—	—	7,317	—
Marketing, general, and administrative	8,783	9,079	24,799	22,579
Depreciation, amortization, and accretion	21,047	23,715	66,393	66,114
Total operating expenses	41,534	45,123	131,675	122,281
Loss from operations	(18,093)	(22,574)	(63,704)	(60,564)
Other income (expense):				
Loss on extinguishment of debt	(12,936)	(63,569)	(39,615)	(110,809)
Loss on equity issuance	—	(2,733)	—	(16,701)
Interest income and expense, net of amounts capitalized	(9,067)	(16,901)	(33,853)	(39,869)
Derivative gain (loss)	166,989	(97,534)	(418,663)	(126,911)
Other	2,586	(1,540)	2,207	(1,125)
Total other income (expense)	147,572	(182,277)	(489,924)	(295,415)
Income (loss) before income taxes	129,479	(204,851)	(553,628)	(355,979)
Income tax expense	89	118	1,255	341
Net income (loss)	$ 129,390	$ (204,969)	$ (554,883)	$ (356,320)
Income (loss) per common share:				
Basic	$ 0.13	$ (0.30)	$ (0.61)	$ (0.64)
Diluted	0.11	(0.30)	(0.61)	(0.64)
Weighted-average shares outstanding:				
Basic	987,668	673,546	914,474	559,515
Diluted	1,189,190	673,546	914,474	559,515
Comprehensive income (loss)	$ 128,896	$ (204,417)	$ (555,754)	$ (356,417)

See accompanying notes to unaudited interim condensed consolidated financial statements.

GLOBALSTAR, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except par value and share data)

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 27,221	$ 17,408
Accounts receivable, net of allowance of $4,977 and $7,419, respectively	16,217	15,723
Inventory	29,277	31,817
Advances for inventory	196	9,359
Prepaid expenses and other current assets	7,456	7,059
Total current assets	80,367	81,366
Property and equipment, net	1,120,156	1,169,785
Restricted cash	37,918	37,918
Deferred financing costs	66,816	76,436
Intangible and other assets, net of accumulated amortization of $6,138 and $5,669, respectively	14,703	7,103
Total assets	$ 1,319,960	$ 1,372,608
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 7,271	$ 4,046
Accounts payable, including contractor payables of $6,580 and $7,665, respectively	12,195	14,627
Accrued contract termination charge	22,238	24,133
Accrued expenses	25,866	22,700
Payables to affiliates	443	202
Derivative liabilities	—	57,048
Deferred revenue	22,191	17,284
Total current liabilities	90,204	140,040
Long-term debt, less current portion	623,770	665,236
Employee benefit obligations	3,146	3,529
Derivative liabilities	575,803	405,478
Deferred revenue	6,787	7,079
Debt restructuring fees	20,795	20,795
Other non-current liabilities	13,987	13,696
Total non-current liabilities	1,244,288	1,115,813
Commitments and contingent liabilities (Notes 7 and 8)		
Stockholders' (deficit) equity:		
Preferred Stock of $0.0001 par value; 100,000,000 shares authorized and none issued and outstanding at September 30, 2014 and December 31, 2013:		
Series A Preferred Convertible Stock of $0.0001 par value; one share authorized and none issued and outstanding at September 30, 2014 and December 31, 2013	—	—
Voting Common Stock of $0.0001 par value; 1,200,000,000 shares authorized; 855,827,575 and 535,883,461 shares issued and outstanding at September 30, 2014 and December 31, 2013, respectively	86	54
Nonvoting Common Stock of $0.0001 par value; 400,000,000 shares authorized; 134,008,656 and 309,008,656 shares issued and outstanding at September 30, 2014 and December 31, 2013, respectively	13	31
Additional paid-in capital	1,499,290	1,074,837
Accumulated other comprehensive income	—	871
Retained deficit	(1,513,921)	(959,038)
Total stockholders' (deficit) equity	(14,532)	116,755
Total liabilities and stockholders' (deficit) equity	$ 1,319,960	$ 1,372,608

See accompanying notes to unaudited interim condensed consolidated financial statements.

GLOBALSTAR, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended	
	September 30, 2014	September 30, 2013
Cash flows provided by (used in) operating activities:		
Net loss	$ (554,883)	$ (356,320)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation, amortization, and accretion	66,393	66,114
Change in fair value of derivative assets and liabilities	418,663	126,067
Stock-based compensation expense	2,312	1,850
Amortization of deferred financing costs	7,591	6,256
Provision for bad debts	1,688	1,359
Reduction in the value of inventory	7,317	—
Noncash interest and accretion expense	13,511	22,341
Loss on extinguishment of debt	39,615	110,809
Loss on equity issuance	—	16,701
Discount on future shares issued to vendor	748	—
Other, net	1,426	605
Unrealized foreign currency (gain) loss	(3,017)	635
Changes in operating assets and liabilities:		
Accounts receivable	(2,699)	(4,001)
Inventory	4,403	4,253
Prepaid expenses and other current assets	(961)	(1,353)
Other assets	(2,028)	874
Accounts payable and accrued expenses	1,317	4,617
Payables to affiliates	242	73
Other non-current liabilities	193	(996)
Deferred revenue	5,044	2,450
Net cash provided by operating activities	6,875	2,334
Cash flows (provided by) used in investing activities:		
Second-generation satellites, ground and related launch costs (including interest)	(3,862)	(37,732)
Property and equipment additions	(2,203)	(1,225)
Investment in business	—	(496)
Restricted cash	—	8,838
Net cash used in investing activities	(6,065)	(30,615)
Cash flows provided by (used in) financing activities		
Borrowings from Facility Agreement	—	672
Proceeds from contingent equity agreement	—	1,071
Payments to reduce principal amount of exchanged 5.75% Notes	—	(13,544)
Payments for 5.75% Notes not exchanged	—	(6,250)
Payments to lenders and other fees associated with exchange	—	(2,482)
Proceeds from equity issuance to related party	—	51,500
Payments of deferred financing costs	(164)	(16,904)
Proceeds from issuance of common stock and exercise of warrants	9,303	8,979
Net cash provided by financing activities	9,139	23,042
Effect of exchange rate changes on cash	(136)	90
Net increase (decrease) in cash and cash equivalents	9,813	(5,149)
Cash and cash equivalents, beginning of period	17,408	11,792
Cash and cash equivalents, end of period	$ 27,221	$ 6,643
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	$ 10,335	$ 11,445
Income taxes	95	28
Supplemental disclosure of non-cash financing and investing activities:		
Increase in non-cash capitalized accrued interest for second-generation satellites and ground costs	1,237	3,691

Capitalization of the accretion of debt discount and amortization of prepaid financing costs	1,973	4,716
Payments made in convertible notes and common stock	12,910	4,240
Principal amount of debt converted into common stock	76,040	23,570
Reduction of debt discount and deferred financing costs due to conversion of debt	28,073	13,164
Increase (reduction) in accrued second-generation satellites and ground costs	1,887	(9,688)
Reduction in carrying amount of Thermo Loan agreement due to amendment	—	(35,026)
Fair value of common stock issued upon conversion of debt	269,826	—
Reduction in derivative liability due to conversion of debt	182,051	—
Extinguishment of principal amount of 5.75% Notes	—	(71,804)
Issuance of principal amount of 8.00% Notes Issued in 2013	—	54,611
Issuance of common stock to exchanging note holders	—	12,127

See accompanying notes to unaudited interim condensed consolidated financial statements.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The Company has prepared the accompanying unaudited interim condensed consolidated financial statements in accordance with generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information. Certain information and footnote disclosures normally in financial statements have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission; however, management believes the disclosures made are adequate to make the information presented not misleading. These financial statements and notes should be read in conjunction with the consolidated financial statements and notes thereto included in Globalstar, Inc.’s Annual Report on Form 10-K for the year ended December 31, 2013 and Management's Discussion and Analysis of Financial Condition and Results of Operations herein.

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the 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 estimates on an ongoing basis. Significant estimates include the value of derivative instruments, the allowance for doubtful accounts, the net realizable value of inventory, the useful life and value of property and equipment, the value of stock-based compensation, the reserve for product warranties, and income taxes. Actual results could differ from these estimates.

All significant intercompany transactions and balances have been eliminated in the consolidation. In the opinion of management, the information included herein includes all adjustments, consisting of normal recurring adjustments, that are necessary for a fair presentation of the Company’s condensed consolidated statements of operations, condensed consolidated balance sheets, and condensed consolidated statements of cash flows for the periods presented. These unaudited interim condensed consolidated financial statements include the accounts of Globalstar and its majority owned or otherwise controlled subsidiaries. The results of operations for the three and nine months ended September 30, 2014 are not necessarily indicative of the results that may be expected for the full year or any future period.

The Company evaluates events that occur after the balance sheet date but before the financial statements are issued for potential recognition or disclosure. Based on the evaluation, the Company determined that there were no material subsequent events for recognition or disclosure other than those disclosed herein.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. This standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. ASU 2014-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is currently evaluating the impact this standard will have on its condensed consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing reporting.

2. PROPERTY AND EQUIPMENT

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

	September 30, 2014	December 31, 2013
Globalstar System:		
Space component		
Second-generation satellites in service	$ 1,212,040	$ 1,212,099
Prepaid long-lead items	17,040	17,040
Second-generation satellite, on-ground spare	32,459	32,365
Ground component	48,126	48,378
Construction in progress:		
Space component	11	—
Ground component	129,489	116,377
Other	1,811	1,115
Total Globalstar System	1,440,976	1,427,374
Internally developed and purchased software	15,794	14,931
Equipment	12,670	12,385
Land and buildings	3,719	3,768
Leasehold improvements	1,662	1,644
Total property and equipment	1,474,821	1,460,102
Accumulated depreciation	(354,665)	(290,317)
Total property and equipment, net	$ 1,120,156	$ 1,169,785

Amounts in the above table consist primarily of costs incurred related to the construction of the Company's second-generation constellation and ground upgrades. Amounts included in the Company's second-generation satellite, on-ground spare balance as of September 30, 2014 consist of costs related to a spare second-generation satellite that is capable of being included in a future launch of satellites. As of September 30, 2014, this satellite and the prepaid long-lead items have not been placed into service, and therefore the Company has not yet recorded depreciation expense for these items.

Capitalized Interest and Depreciation Expense

The following tables summarize capitalized interest for the periods indicated below (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Interest cost eligible to be capitalized	$ 10,508	$ 13,119	$ 34,123	$ 38,851
Interest cost recorded in interest expense, net	(8,557)	(10,151)	(28,365)	(24,302)
Net interest capitalized	$ 1,951	$ 2,968	$ 5,758	$ 14,549

The following table summarizes depreciation expense for the periods indicated below (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Depreciation Expense	$ 20,653	$ 23,931	$ 65,040	$ 65,622

3. LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS

Long-term debt consists of the following (in thousands):

	September 30, 2014		December 31, 2013	
	Principal Amount	Carrying Value	Principal Amount	Carrying Value
Facility Agreement	$ 586,342	$ 586,342	$ 586,342	$ 586,342
Thermo Loan Agreement	66,106	30,307	60,383	22,854
8.00% Convertible Senior Notes Issued in 2013	23,032	14,392	46,971	26,291
8.00% Convertible Senior Unsecured Notes Issued in 2009	—	—	51,652	33,795
Total Debt	675,480	631,041	745,348	669,282
Less: Current Portion	7,271	7,271	4,046	4,046
Long-Term Debt	$ 668,209	$ 623,770	$ 741,302	$ 665,236

The above table presents the principal amount and carrying value of long-term debt at September 30, 2014 and December 31, 2013. The principal amounts shown above include payment of in-kind interest as of the date paid-in-kind notes, if any, are issued. The carrying value is net of any discounts to the loan amounts at issuance, including accretion, as further described below. The amount included in the table above as the current portion of long-term debt includes the next scheduled principal repayments under the Facility Agreement, which are due in December 2014 and June 2015.

Facility Agreement

The Company's senior secured credit facility agreement ("Facility Agreement") was amended and restated in August 2013 and is scheduled to mature in December 2022. Semi-annual principal repayments are scheduled to begin in December 2014. The facility bears interest at a floating rate of LIBOR plus 2.75% through June 2017, increasing by an additional 0.5% each year thereafter to a maximum rate of LIBOR plus 5.75%. Ninety-five percent of the Company's obligations under the Facility Agreement are guaranteed by COFACE, the French export credit agency. The Company's obligations under the Facility Agreement are guaranteed on a senior secured basis by all of its domestic subsidiaries and are secured by a first priority lien on substantially all of the assets of the Company and its domestic subsidiaries (other than their FCC licenses), including patents and trademarks, 100% of the equity of the Company's domestic subsidiaries and 65% of the equity of certain foreign subsidiaries.

The Facility Agreement contains customary events of default and requires that the Company satisfy various financial and nonfinancial covenants. Pursuant to the terms of the Facility Agreement, the Company has the ability to cure noncompliance with financial covenants with equity contributions through June 2017. If the Company violates any of these financial and nonfinancial covenants and is unable to obtain waivers or avoid an event of default through an equity cure contribution, the Company would be in default under the agreement, and payment of the indebtedness could be accelerated. The acceleration of the Company's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross-acceleration provisions. The Company was in compliance with all covenants in the Facility Agreement as of September 30, 2014.

The Facility Agreement requires the Company to maintain a total of $37.9 million in a debt service reserve account. The use of the funds in this account is restricted to making principal and interest payments under the Facility Agreement. As of September 30, 2014, the balance in the debt service reserve account was $37.9 million and classified as restricted cash.

Thermo Loan Agreement

The Company has an Amended and Restated Loan Agreement (the "Loan Agreement") with Thermo whereby Thermo agreed to lend the Company $25.0 million for the purpose of funding the debt service reserve account required under the Facility Agreement. In 2011, this loan was increased to $37.5 million. This loan is subordinated to, and the debt service reserve account is pledged to secure, all of the Company's obligations under the Facility Agreement. Amounts deposited in the debt service reserve account are restricted to payments due under the Facility Agreement, unless otherwise authorized by the lenders.

The loan accrues interest at 12% per annum, which is capitalized and added to the outstanding principal in lieu of cash payments. The Company will make payments to Thermo only when permitted under the Facility Agreement. The loan becomes due and payable 6 months after the obligations under the Facility Agreement have been paid in full, or earlier if the Company has a change in control or any acceleration of the maturity of the loans under the Facility Agreement occurs. As of September 30,

2014, $28.6 million of interest was accrued; this amount is included in long-term debt on the Company's condensed consolidated balance sheet.

The Company evaluated the various embedded derivatives within the Loan Agreement. The Company determined that the conversion option and the contingent put feature upon a fundamental change required bifurcation from the Loan Agreement. The conversion option and the contingent put feature were not deemed clearly and closely related to the Loan Agreement and were separately accounted for as a standalone derivative. The Company recorded this compound embedded derivative liability as a non-current liability on its condensed consolidated balance sheet with a corresponding debt discount which is netted against the face value of the Loan Agreement.

The Company is accreting the debt discount associated with the compound embedded derivative liability to interest expense through the maturity of the Loan Agreement using an effective interest rate method. The fair value of the compound embedded derivative liability is marked-to-market at the end of each reporting period, with any changes in value reported in the condensed consolidated statements of operations. The Company determined the fair value of the compound embedded derivative using a blend of a Monte Carlo simulation model and market prices.

8.00% Convertible Senior Notes Issued in 2013

On May 20, 2013, the Company entered into an Exchange Agreement with the beneficial owners and investment managers for beneficial owners (the "Exchanging Note Holders") of approximately 91.5% of its outstanding 5.75% Convertible Senior Notes ("5.75% Notes") and completed the transactions contemplated by the Exchange Agreement. Pursuant to the Exchange Agreement, the Company issued $54.6 million aggregate principal amount of 8.00% Convertible Senior Notes (the "8.00% Notes Issued in 2013") to the Exchanging Note Holders. The 8.00% Notes Issued in 2013 are convertible into shares of common stock at an initial conversion price of $0.80 per share of common stock, or 1,250 shares of the Company's common stock per $1,000 principal amount of the 8.00% Notes Issued in 2013, subject to adjustment as provided in the Fourth Supplemental Indenture between the Company and U.S. Bank National Association, as Trustee (the "New Indenture"). As a result of the exchange and redemption, the Company recognized a loss on extinguishment of debt of approximately $47.2 million in the second quarter of 2013, representing the difference between the old 5.75% Notes and the fair value of the consideration given in the exchange. The conversion price of the 8.00% Notes Issued in 2013 will be adjusted in the event of certain stock splits or extraordinary share distributions, or as a reset of the base conversion and exercise price pursuant to the terms of the New Indenture. Due to common stock issuances by the Company since May 20, 2013 at prices below the then effective conversion rate, the base conversion rate had been reduced to $0.73 per share of common stock as of September 30, 2014.

The 8.00% Notes Issued in 2013 are senior unsecured debt obligations of the Company, with no sinking fund. The 8.00% Notes Issued in 2013 will mature on April 1, 2028, subject to various call and put features, and bear interest at a rate of 8.00% per annum. Interest on the 8.00% Notes Issued in 2013 is payable semi-annually in arrears on April 1 and October 1 of each year. Interest is paid in cash at a rate of 5.75% per annum and additional notes at a rate of 2.25% per annum. The New Indenture provides for customary events of default. As of September 30, 2014, the Company was not in default under the New Indenture with respect to the 8.00% Notes Issued in 2013.

Subject to certain conditions set forth in the New Indenture, the Company may redeem the 8.00% Notes Issued in 2013, with the prior approval of the Majority Lenders, in whole or in part, at any time on or after April 1, 2018, at a price equal to the principal amount of the 8.00% Notes Issued in 2013 to be redeemed plus all accrued and unpaid interest thereon.

A holder of 8.00% Notes Issued in 2013 has the right, at the Holder's option, to require the Company to purchase some or all of the 8.00% Notes Issued in 2013 held by it on each of April 1, 2018 and April 1, 2023 at a price equal to the principal amount of the 8.00% Notes Issued in 2013 to be purchased plus accrued and unpaid interest.

Subject to the procedures for conversion and other terms and conditions of the New Indenture, a holder may convert its 8.00% Notes Issued in 2013 at its option at any time prior to the close of business on the business day immediately preceding April 1, 2028, into shares of common stock (or, at the option of the Company, cash in lieu of all or a portion thereof, provided that, under the Facility Agreement, the Company may pay cash only with the consent of the Majority Lenders).

A holder was permitted to elect to convert up to 15% of its 8.00% Notes Issued in 2013 on each of July 19, 2013 and March 20, 2014. If a holder had elected to convert on either of those dates, it would have received, at the Company's option, either cash equal to the par value of the 8.00% Notes Issued in 2013 plus accrued interest (provided that, under the Facility Agreement, the Company could pay cash only with the consent of the Majority Lenders) or shares of the Company's common stock equal to the principal amount of the 8.00% Notes Issued in 2013 to be converted plus accrued interest divided by the lower of the average price of the common stock in a specified period and $0.50. On July 19, 2013, $7.0 million principal amount (approximately 12.9%

of the outstanding principal amount) of 8.00% Notes Issued in 2013 were converted, resulting in the issuance of 14.3 million shares of common stock. On March 20, 2014, $7.0 million principal amount (approximately 15.0% of the outstanding principal amount) of 8.00% Notes Issued in 2013 were converted, resulting in the issuance of an additional 14.6 million shares. Through September 30, 2014, a total of $32.4 million principal amount of 8.00% Notes Issued in 2013 had been converted, resulting in the issuance of approximately 59.5 million shares of voting common stock relating to the special conversions discussed above as well as normal conversions pursuant to the terms of the New Indenture. The Company recorded a loss on extinguishment of debt of approximately $43.8 million during the nine months ended September 30, 2014 related to these conversions. Pursuant to the terms in the New Indenture for the 8.00% Notes Issued in 2013 for normal conversions, holders receive conversion shares over a 40-consecutive trading day settlement period. As a result of this feature, the portion of converted debt is extinguished on an incremental basis over the 40-day settlement period, reducing the Company's debt balance outstanding. As of September 30, 2014, there were no conversions that had been initiated, but not yet fully settled.

The Company evaluated the various embedded derivatives within the New Indenture. The Company determined that the conversion option and the contingent put feature within the New Indenture required bifurcation from the 8.00% Notes Issued in 2013. The conversion option and the contingent put feature were not deemed clearly and closely related to the 8.00% Notes Issued in 2013 and were separately accounted for as a standalone derivative. The Company recorded this compound embedded derivative liability as a non-current liability on its condensed consolidated balance sheet with a corresponding debt discount which is netted against the face value of the 8.00% Notes Issued in 2013.

The Company is accreting the debt discount associated with the compound embedded derivative liability to interest expense through the first put date of the 8.00% Notes Issued in 2013 (April 1, 2018) using an effective interest rate method. The fair value of the compound embedded derivative liability is being marked-to-market at the end of each reporting period, with any changes in value reported in the condensed consolidated statements of operations. The Company determined the fair value of the compound embedded derivative using a blend of a Monte Carlo simulation model and market prices.

8.00% Convertible Senior Notes Issued in 2009

In June 2009, the Company sold $55.0 million in aggregate principal amount of 8.00% Notes Issued in 2009 and Warrants (the “8.00% Warrants”) to purchase 15.3 million shares of the Company’s common stock. The 8.00% Notes Issued in 2009 were subordinated to all of the Company’s obligations under the Facility Agreement. The 8.00% Notes Issued in 2009 were the Company’s senior unsecured debt obligations and, except as described in the preceding sentence, ranked pari passu with its existing unsecured, unsubordinated obligations, including its 8.00% Notes Issued in 2013. The 8.00% Notes Issued in 2009 were scheduled to mature at the later of the tenth anniversary of closing (June 19, 2019) or six months following the maturity date of the Facility Agreement and bore interest at a rate of 8.00% per annum. Interest on the 8.00% Notes Issued in 2009 was payable in the form of additional notes or, subject to certain restrictions, in common stock at the option of the holder. Interest was payable semi-annually in arrears on June 15 and December 15 of each year.

The 8.00% Warrants contained full ratchet anti-dilution protection, and the exercise price of the Warrants was subject to adjustment under certain circumstances. In the event of certain transactions that involve a change of control, the holders of the 8.00% Warrants maintained the right to make the Company purchase the warrants for cash, subject to certain conditions. The exercise period for the 8.00% Warrants began on December 19, 2009 and ended on June 19, 2014. As a result of the expiration of this period on June 19, 2014, all outstanding 8.00% Warrants were exercised during the second quarter of 2014, resulting in the issuance of 38.2 million shares of Globalstar common stock. Holders of the 8.00% Warrants had the right to exercise on either a cash or cashless basis. The Company received approximately $7.5 million in cash as a result of these exercises.

Pursuant to the terms of the indenture governing the 8.00% Notes Issued in 2009, if at any time the closing price of the common stock were to exceed 200% of the conversion price of the 8.00% Notes Issued in 2009 for 30 consecutive trading days, all of the outstanding 8.00% Notes Issued in 2009 would be automatically converted into common stock. The condition for the automatic conversion was met on April 15, 2014, and all outstanding 8.00% Notes Issued in 2009 (approximately $37.8 million principal amount at that time) converted on that date into approximately 34.5 million shares of the Company’s voting common stock.

Prior to expiration of the 8.00% Warrants and the automatic conversion of the 8.00% Notes Issued in 2009, the exercise price of the 8.00% Warrants was $0.32, and the base conversion price of the 8.00% Notes Issued in 2009 was $1.14.

The Company initially accreted the debt discount associated with the compound embedded derivative liability to interest expense over the outstanding term of the 8.00% Notes Issued in 2009 using an effective interest rate method. Upon the automatic conversion

of the 8.00% Notes Issued in 2009, the remaining debt discount was written off through extinguishment gain (loss). The Company recorded a gain on extinguishment of debt of approximately $4.3 million during the nine months ended September 30, 2014 related to these conversions.

Warrants Outstanding

As a result of the Company's financing arrangements described above, as of September 30, 2014 and December 31, 2013, warrants were outstanding to purchase 45.1 million and 93.5 million shares, respectively, of the Company's common stock as shown in the table below:

	Outstanding Warrants		Strike Price	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
Contingent Equity Agreement (1)	37,088,418	41,467,980	$ 0.01	$ 0.01
Thermo Loan Agreement (2)	—	4,205,608	—	0.01
5.0% Notes (3)	8,000,000	8,000,000	0.32	0.32
8.00% Notes Issued in 2009 (4)	—	39,842,813	—	0.32
	45,088,418	93,516,401		

(1) Pursuant to the terms of the Contingent Equity Agreement, the Company has issued to Thermo warrants to purchase shares of common stock pursuant to the annual availability fee and subsequent reset provisions in the Contingent Equity Agreement. These warrants have a five-year exercise period from issuance. These warrants were issued between June 2009 and June 2012, and the exercise periods expire between June 2014 and June 2017. As of September 30, 2014, Thermo had exercised warrants to purchase approximately 4.4 million of these shares prior to the expiration of the associated warrants.
(2) As consideration for the Loan Agreement with Thermo, the Company issued Thermo warrants to purchase shares of common stock. The exercise period of the warrants issued in connection with the Thermo Loan Agreement was five years from issuance, which expired in June 2014. Thermo exercised all of these warrants in the second quarter of 2014.
(3) The 5.0% Warrants are exercisable until June 2016, which is five years after their issuance.
(4) The exercise period for the 8.00% Warrants began on December 19, 2009 and ended on June 14, 2014. All 8.00% Warrants were exercised in the second quarter of 2014.

Consent Agreement and Common Stock Purchase (and Option) Agreement

As discussed above, on May 20, 2013, the Company exchanged its 5.75% Notes for the 8.00% Notes Issued in 2013. In connection with this exchange, the Company and Thermo entered into various financial arrangements as described below.

The Consent Agreement

On May 20, 2013, the Company entered into the Equity Commitment, Restructuring Support and Consent Agreement dated as of May 20, 2013 among Globalstar, Thermo, BNP Paribas, as agent, and the lenders under the Facility Agreement (the "Consent Agreement") and the Global Deed of Amendment and Restatement (the "GARA") with Thermo. To obtain the lenders' consent to the transactions contemplated by the Exchange Agreement, pursuant to the Consent Agreement, Thermo agreed that it would make, or arrange for third parties to make, cash contributions to the Company in exchange for equity, subordinated convertible debt or other equity-linked securities as follows:

- At the closing of the exchange transaction and thereafter each week until no later than July 31, 2013, an amount sufficient to enable the Company to maintain a consolidated unrestricted cash balance of at least $4.0 million;
- At the closing of the exchange transaction, $25.0 million to satisfy all cash requirements associated with the exchange transaction, including agreed principal and interest payments to the holders of the 5.75% Notes as contemplated by the Exchange Agreement, with any remaining portion being retained by the Company for working capital and general corporate purposes;
- Contemporaneously with, and as a condition to the closing of, any restructuring of the Facility Agreement, $20.0 million (less any amount contributed pursuant to the commitment described above with respect to the Company's minimum cash balance);
- Subject to the prior closing of the Facility Agreement restructuring, on or prior to December 26, 2013, $20.0 million; and

- Subject to the prior closing of the Facility Agreement restructuring, on or prior to December 31, 2014, $20.0 million, less the amount by which the aggregate amount of cash received by the Company under the first, third and fourth commitments described above exceeds $40 million.

In accordance with the terms of the Common Stock Purchase Agreement and Common Stock Purchase and Option Agreement, discussed below, as of September 30, 2014, Thermo had contributed a total of $65.0 million to the Company in exchange for 171.9 million shares of the Company’s nonvoting common stock. As of September 30, 2014, Thermo had fulfilled its obligations under the agreements.

The Common Stock Purchase Agreement

On May 20, 2013, the Company and Thermo entered into a Common Stock Purchase Agreement pursuant to which Thermo purchased 78,125,000 shares of the Company’s common stock for $25.0 million ($0.32 per share). Thermo also agreed to purchase additional shares of common stock at $0.32 per share as and when required to fulfill its equity commitment described above to maintain the Company’s consolidated unrestricted cash balance at not less than $4.0 million until the earlier of July 31, 2013 and the closing of a restructuring of the Facility Agreement. In furtherance thereof, at the closing of the transactions contemplated by the Exchange Agreement, Thermo purchased an additional 15,625,000 shares of common stock for an aggregate purchase price of $5.0 million. In June 2013, Thermo purchased an additional 28,125,000 shares of common stock for an aggregate purchase price of $9.0 million pursuant to the Common Stock Purchase Agreement. Pursuant to its commitment, Thermo invested $6.0 million in July 2013 and $6.5 million in August 2013 on terms determined by a special committee of the Company's board of directors consisting solely of unaffiliated directors as described below.

During 2013, Thermo purchased in total approximately 121.9 million shares of the Company’s common stock pursuant to the Common Stock Purchase Agreement for an aggregate $39.0 million, as discussed in the previous paragraph. As a result of these transactions, during the second quarter of 2013, the Company recognized a loss on the sale of these shares of approximately $14.0 million (included in other income/expense on the condensed consolidated statement of operations), representing the difference between the purchase price and the fair value of the Company’s common stock (measured as the closing stock price on the date of each sale). Pursuant to the Common Stock Purchase Agreement, the shares of common stock are intended to be shares of non-voting common stock. As of May 20, 2013, the Company's certificate of incorporation did not provide for any authorized but unissued shares of non-voting common stock. On July 8, 2013, the Company filed an amendment to its certificate of incorporation increasing the number of authorized shares of non-voting common stock, and the Company subsequently delivered Thermo shares of non-voting common stock for the payments previously made.

The terms of the Common Stock Purchase Agreement were approved by a special committee of the Company’s board of directors consisting solely of the Company’s unaffiliated directors. The committee, which was represented by independent legal counsel, determined that the terms of the Common Stock Purchase Agreement were fair and in the best interests of the Company and its shareholders.

The Common Stock Purchase and Option Agreement

On October 14, 2013, the Company and Thermo entered into a Common Stock Purchase and Option Agreement pursuant to which Thermo agreed to purchase 11,538,461 shares of the Company’s nonvoting common stock at a purchase price of $0.52 per share in exchange for $6.0 million invested in July and an additional $20 million, or 38,461,538 shares, of which $6.5 million was invested in August 2013 and the remaining $13.5 million was invested under the First Option, described below. The Common Stock Purchase and Option Agreement also granted the Company a First Option and a Second Option, as defined in the agreement, to sell to Thermo up to $13.5 million and $11.5 million, respectively, of nonvoting common stock, as and when exercised by the special committee, through November 28, 2013 and December 31, 2013, respectively. The First Option to sell up to $13.5 million in shares to Thermo was at a purchase price of $0.52 per share. The Second Option to sell up to $11.5 million in shares to Thermo was at a price equal to 85% of the average closing price of the voting common stock during the ten trading days immediately preceding the date of the special committee’s exercise of the option. In November 2013, the Company and the special committee amended the Common Stock Purchase and Option Agreement to defer the expiration date of the Second Option to March 31, 2014. The Second Option under the Common Stock Purchase and Option Agreement was not exercised and therefore has expired.

During 2013, Thermo purchased approximately 24.0 million shares of the Company’s common stock pursuant to the terms of the Common Stock Purchase and Option Agreement for an aggregate purchase price of $12.5 million. As a result of these transactions, during the third quarter of 2013, the Company recognized a loss on the sale of these shares of approximately $2.4 million (included in other income/expense on the condensed consolidated statement of operations), representing the difference between the purchase price and the fair value of the Company’s common stock (measured as the closing stock price on the date of each sale).

In November 2013, the Company exercised the First Option, and on December 27, 2013 Thermo purchased 26.0 million shares of common stock at a purchase price of $0.52 per share for a total additional investment of $13.5 million.

The terms of the Common Stock Purchase and Option Agreement were approved by a special committee of the Company's board of directors consisting solely of the Company's unaffiliated directors. The committee, which was represented by independent legal counsel, determined that the terms of the Common Stock Purchase and Option Agreement were fair and in the best interests of the Company and its shareholders.

Terrapin Opportunity, L.P. Common Stock Purchase Agreement

On December 28, 2012 the Company entered into a Common Stock Purchase Agreement with Terrapin pursuant to which the Company may, subject to certain conditions, require Terrapin to purchase up to $30.0 million of shares of voting common stock over the 24-month term following the effectiveness of a resale registration statement, which became effective on August 2, 2013. This type of arrangement is sometimes referred to as a committed equity line financing facility. From time to time over the 24-month term following the effectiveness of the registration statement, and in the Company's sole discretion, the Company may present Terrapin with up to 36 draw down notices requiring Terrapin to purchase a specified dollar amount of shares of voting common stock, based on the price per share per day over ten consecutive trading days (a "Draw Down Period"). The per share purchase price for these shares will equal the daily volume weighted average price of common stock on each date during the Draw Down Period on which shares are purchased, less a discount ranging from 3.5% to 8% based on a minimum price that the Company specifies. In addition, in the Company's sole discretion, but subject to certain limitations, the Company may require Terrapin to purchase a percentage of the daily trading volume of its common stock for each trading day during the Draw Down Period. The Company has agreed not to sell to Terrapin a number of shares of voting common stock which, when aggregated with all other shares of voting common stock then beneficially owned by Terrapin and its affiliates, would result in the beneficial ownership by Terrapin or any of its affiliates of more than 9.9% of the then issued and outstanding shares of voting common stock.

When the Company makes a draw under the Terrapin equity line agreement, it will issue Terrapin shares of common stock calculated using a price per share as specified in the agreement. As of September 30, 2014, Terrapin had purchased a total of 6.1 million shares of voting common stock at a purchase price of $6.0 million pursuant to the terms of the agreement. As of September 30, 2014, $24.0 million remains available under this agreement.

4. DERIVATIVES

In connection with certain borrowings disclosed in Note 3, the Company was required to record derivative instruments on its condensed consolidated balance sheets. None of these derivative instruments are designated as a hedge. The following tables disclose the fair values and classification of the derivative instruments on the Company's condensed consolidated balance sheets (in thousands):

	September 30, 2014	December 31, 2013
Intangible and other assets:		
Interest rate cap	$ 72	$ 185
Total intangible and other assets	$ 72	$ 185
Derivative liabilities, current:		
Warrants issued with 8.00% Notes Issued in 2009	$ —	$ (57,048)
Derivative liabilities, non-current:		
Compound embedded derivative with 8.00% Notes Issued in 2009	$ —	$ (66,022)
Compound embedded derivative with 8.00% Notes Issued in 2013	(109,896)	(109,794)
Compound embedded derivative with the Amended and Restated Thermo Loan Agreement	(465,907)	(229,662)
Total derivative liabilities, non-current:	(575,803)	(405,478)
Total derivative liabilities, current and non-current	$ (575,803)	$ (462,526)

The following table discloses the changes in value during the three and nine months ended September 30, 2014 and 2013 recorded as derivative gain (loss) on the Company's condensed consolidated statement of operations (in thousands):

	Three Months Ended	
	September 30, 2014	September 30, 2013
Interest rate cap	$ (7)	$ (30)
Warrants issued with 8.00% Notes Issued in 2009	—	(6,323)
Compound embedded derivative with 8.00% Notes Issued in 2009	—	(29,986)
Contingent put feature embedded in the 5.0% Convertible Senior Notes	—	848
Compound embedded derivative with 8.00% Notes Issued in 2013	43,050	(25,590)
Compound embedded derivative with the Amended and Restated Thermo Loan Agreement	123,946	(36,453)
Total derivative gain (loss)	$ 166,989	$ (97,534)

	Nine Months Ended	
	September 30, 2014	September 30, 2013
Interest rate cap	$ (113)	$ 86
Warrants issued with 8.00% Notes Issued in 2009	(67,523)	(28,949)
Compound embedded derivative with 8.00% Notes Issued in 2009	(16,406)	(37,233)
Contingent put feature embedded in the 5.0% Convertible Senior Notes	—	2,133
Compound embedded derivative with 8.00% Notes Issued in 2013	(98,376)	(26,495)
Compound embedded derivative with the Amended and Restated Thermo Loan Agreement	(236,245)	(36,453)
Total derivative loss	$ (418,663)	$ (126,911)

Intangible and Other Assets

Interest Rate Cap

In June 2009, in connection with entering into the Facility Agreement, which provides for interest at a variable rate, the Company entered into five ten-year interest rate cap agreements. The interest rate cap agreements reflect a variable notional amount ranging from $586.3 million to $14.8 million at interest rates that provide coverage to the Company for exposure resulting from escalating interest rates over the term of the Facility Agreement. The interest rate cap provides limits on the six-month Libor rate ("Base Rate") used to calculate the coupon interest on outstanding amounts on the Facility Agreement and is capped at 5.50% should the Base Rate not exceed 6.5%. Should the Base Rate exceed 6.5%, the Company's Base Rate will be 1% less than the then six-month Libor rate. The Company paid an approximately $12.4 million upfront fee for the interest rate cap agreements. The interest rate cap did not qualify for hedge accounting treatment, and changes in the fair value of the agreements are included in the condensed consolidated statements of operations.

Derivative Liabilities

The Company has identified various embedded derivatives resulting from certain features in the Company's debt instruments. These embedded derivatives required bifurcation from the debt host instrument. All embedded derivatives that required bifurcation are recorded as a derivative liability on the Company's condensed consolidated balance sheet with a corresponding debt discount netted against the principal amount of the related debt instrument. The Company accretes the debt discount associated with each derivative liability to interest expense over the term of the related debt instrument using an effective interest rate method. The fair value of each embedded derivative liability is marked-to-market at the end of each reporting period with any changes in value reported in its condensed consolidated statements of operations. See below for further discussion for each liability and the features embedded in the debt instrument which required the Company to account for the instrument as a derivative.

Warrants Issued with 8.00% Notes Issued in 2009

Due to the reset features in the 8.00% Warrants issued with the 8.00% Notes Issued in 2009, the Company recorded the 8.00% Warrants as an embedded derivative liability on its condensed consolidated balance sheet with a corresponding debt discount which was netted against the principal amount of the 8.00% Notes Issued in 2009. The Company determined the fair value of the warrant derivative using a Monte Carlo simulation model. The exercise period for the 8.00% Warrants expired in June 2014; accordingly, the derivative liability for the 8.00% Warrants is no longer outstanding.

Compound Embedded Derivative with 8.00% Notes Issued in 2009

As a result of the conversion rights and features and the contingent put feature embedded within the 8.00% Notes Issued in 2009, the Company recorded a compound embedded derivative liability on its condensed consolidated balance sheet with a corresponding debt discount which was netted against the principal amount of the 8.00% Notes Issued in 2009. The Company determined the fair value of the compound embedded derivative using a Monte Carlo simulation model. On April 15, 2014, the remaining principal amount of 8.00% Notes Issued in 2009 was converted into common stock; accordingly, the derivative liability embedded in the 8.00% Notes Issued in 2009 is no longer outstanding.

Contingent Put Feature Embedded in the 5.0% Convertible Senior Notes

As a result of the contingent put feature within the 5.0% Convertible Senior Notes ("5.0% Notes"), the Company recorded a derivative liability on its condensed consolidated balance sheet with a corresponding debt discount which was netted against the principal amount of the 5.0% Notes. The Company determined the fair value of the contingent put feature derivative using a Monte Carlo simulation model. On November 7, 2013, the remaining principal amount of the 5.0% Notes was converted into common stock; accordingly, the derivative liability embedded in the 5.0% Notes is no longer outstanding.

Compound Embedded Derivative with 8.00% Notes Issued in 2013

As a result of the conversion option and the contingent put feature within the 8.00% Notes Issued in 2013, the Company recorded a compound embedded derivative liability on its condensed consolidated balance sheet with a corresponding debt discount which is netted against the face value of the 8.00% Notes Issued in 2013. The Company determined the fair value of the compound embedded derivative liability using a blend of a Monte Carlo simulation model and market prices.

Compound Embedded Derivative with the Amended and Restated Thermo Loan Agreement

As a result of the conversion option and the contingent put feature within the Loan Agreement with Thermo entered into in July 2013, the Company recorded a compound embedded derivative liability on its condensed consolidated balance sheet with a corresponding debt discount which is netted against the face value of the Amended and Restated Loan Agreement. The Company determined the fair value of the compound embedded derivative liability using a blend of a Monte Carlo simulation model and market prices.

5. FAIR VALUE MEASUREMENTS

The Company follows the authoritative guidance for fair value measurements relating to financial and non-financial assets and liabilities, including presentation of required disclosures herein. This guidance establishes a fair value framework requiring the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets and liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Quoted prices in markets that are not active or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

Recurring Fair Value Measurements

The following table provides a summary of the financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2014 and December 31, 2013 (in thousands):

	Fair Value Measurements at September 30, 2014:			
	(Level 1)	**(Level 2)**	**(Level 3)**	**Total Balance**
Assets:				
Interest rate cap	$ —	$ 72	$ —	$ 72
Total assets measured at fair value	**$ —**	**$ 72**	**$ —**	**$ 72**
Liabilities:				
Derivative Liabilities:				
Compound embedded derivative with 8.00% Notes Issued in 2013	$ —	$ —	(109,896)	$ (109,896)
Compound embedded derivative with the Amended and Restated Thermo Loan Agreement	—	—	(465,907)	(465,907)
Total Derivative Liabilities	—	—	(575,803)	(575,803)
Current Liabilities:				
Liability for contingent consideration	—	—	(1,149)	(1,149)
Total liabilities measured at fair value	**$ —**	**$ —**	**$ (576,952)**	**$ (576,952)**

	Fair Value Measurements at December 31, 2013:			
	(Level 1)	**(Level 2)**	**(Level 3)**	**Total Balance**
Assets:				
Interest rate cap	$ —	$ 185	$ —	$ 185
Total assets measured at fair value	**$ —**	**$ 185**	**$ —**	**$ 185**
Liabilities:				
Derivative Liabilities:				
Warrants issued with 8.00% Notes Issued in 2009	$ —	$ —	$ (57,048)	$ (57,048)
Compound embedded derivative with 8.00% Notes Issued in 2009	—	—	(66,022)	(66,022)
Compound embedded derivative with 8.00% Notes Issued in 2013	—	—	(109,794)	(109,794)
Compound embedded derivative with the Amended and Restated Thermo Loan Agreement	—	—	(229,662)	(229,662)
Total Derivative Liabilities	—	—	(462,526)	(462,526)
Current Liabilities:				
Liability for contingent consideration	—	—	(1,923)	(1,923)
Total liabilities measured at fair value	**$ —**	**$ —**	**$ (464,449)**	**$ (464,449)**

Assets

Interest Rate Cap

The fair value of the interest rate cap is determined using observable pricing inputs including benchmark yields, reported trades, and broker/dealer quotes at the reporting date. See Note 4 for further discussion.

Liabilities

The Company has various derivative liabilities in Level 3. The Company marks-to-market these liabilities at each reporting date with the changes in fair value recognized in the Company’s condensed consolidated statements of operations. See Note 4 for further discussion.

The significant quantitative Level 3 inputs utilized in the valuation models as of September 30, 2014 and December 31, 2013 are shown in the tables below:

	Level 3 Inputs at September 30, 2014:				
	Stock Price Volatility	Risk-Free Interest Rate	Note Conversion Price	Warrant Exercise Price	Market Price of Common Stock
Compound embedded derivative with 8.00% Notes Issued in 2013	65% - 95%	1.3%	$ 0.73	N/A	$ 3.66
Compound embedded derivative with the Amended and Restated Thermo Loan Agreement	50% - 90%	2.4%	$ 0.73	N/A	$ 3.66

	Level 3 Inputs at December 31, 2013:				
	Stock Price Volatility	Risk-Free Interest Rate	Note Conversion Price	Warrant Exercise Price	Market Price of Common Stock
Compound embedded derivative with 8.00% Notes Issued in 2009	65% - 100%	1.5%	$ 1.14	N/A	$ 1.75
Warrants issued with 8.00% Notes Issued in 2009	100%	0.1%	N/A	$ 0.32	$ 1.75
Compound embedded derivative with 8.00% Notes Issued in 2013	65% - 100%	1.5%	$ 0.73	N/A	$ 1.75
Compound embedded derivative with the Amended and Restated Thermo Loan Agreement	65% - 100%	3.0%	$ 0.73	N/A	$ 1.75

Fluctuations in the Company’s stock price are a primary driver for the changes in the derivative valuations during each reporting period. As the stock price increases above the current conversion price for each of the related derivative instruments, the value to the holder of the instrument generally increases, thereby increasing the liability on the Company’s condensed consolidated balance sheet. As previously discussed, the Company uses a blend of a Monte Carlo simulation model and market prices to determine the fair value of the derivative valuations. These valuations are sensitive to the weighting applied to each of the simulated values. Additionally, stock price volatility is one of the significant unobservable inputs used in the fair value measurement of each of the Company’s derivative instruments. The simulated fair value of these liabilities is sensitive to changes in the expected volatility of the Company's stock price. Decreases in expected volatility would generally result in a lower fair value measurement.

Probability of a change of control is another significant unobservable input used in the fair value measurement of the Company’s derivative instruments. Subject to certain restrictions in each indenture, the Company’s debt instruments contain certain provisions whereby holders may require the Company to purchase all or any portion of the convertible debt instrument upon a change of control. A change of control will occur upon certain changes in the ownership of the Company or certain events relating to the trading of the Company’s common stock. The simulated fair value of the derivative liabilities above is sensitive to changes in the assumed probabilities of a change of control. Decreases in the assumed probability of a change of control would generally result in a lower fair value measurement.

In addition to the Level 3 inputs described above, the indentures governing the related debt instrument for each of the derivative liabilities included in the Company’s Level 3 fair value measurements have specific features that impact the valuation of each liability at reporting periods. These features are further described below for each of the Company’s derivative liabilities.

Compound Embedded Derivative with 8.00% Notes Issued in 2009

In addition to the inputs described above, the valuation model used to calculate the fair value measurement of the compound embedded derivative within the 8.00% Notes Issued in 2009 included payment in kind interest payments, make whole premiums and automatic conversions. Pursuant to the terms of the 8.00% Notes Issued in 2009, the base conversion rate could not reset to lower than $1.00; therefore if the Company made future equity issuances at prices below the then current conversion price, this conversion price would have been adjusted downward to as low as $1.00. As discussed in Note 3, pursuant to the terms of the indenture governing the 8.00% Notes Issued in 2009, if at any time the closing price of the common stock had exceeded 200% of

the conversion price of the 8.00% Notes Issued in 2009 then in effect for 30 consecutive trading days, all of the outstanding 8.00% Notes Issued in 2009 automatically would have been converted into common stock. This condition for the automatic conversion was met on April 15, 2014, and all outstanding 8.00% Notes Issued in 2009 converted into shares of the Company’s common stock; accordingly, this derivative liability is no longer outstanding.

Warrants Issued with 8.00% Notes Issued in 2009

In addition to the inputs described above, the valuation model used to calculate the fair value measurement of the 8.00% Warrants issued with the 8.00% Notes Issued in 2009 included certain reset features. Pursuant to the terms of the 8.00% Warrants, there was no floor within the reset feature for the exercise price of the 8.00% Warrants; therefore if the Company had made future equity issuances at prices below the current exercise price, this exercise price would have been adjusted downward. If the stock price on the issuance date had been less than the then current exercise price of the outstanding 8.00% Warrants, additional warrants would have been issued, which would have increased the fair value of the warrant liability. The exercise period for the 8.00% Warrants expired in June 2014; accordingly, this derivative liability is no longer outstanding.

Compound Embedded Derivative with 8.00% Notes Issued in 2013

In addition to the inputs described above, the valuation model used to calculate the fair value measurement of the compound embedded derivative within the Company’s 8.00% Notes Issued in 2013 includes payment in kind interest payments, make whole premiums, a 40-day stock issuance settlement period upon conversion and automatic conversions. Pursuant to the terms of the 8.00% Notes Issued in 2013 Indenture, there are also special distributions and certain put and call features within the notes which impact the valuation model. The trading activity in the market provides the Company with additional valuation support. In 2014, the Company implemented a weight factor to the fair value of the embedded derivative to align the fair value produced from the valuation model to the fair value of the notes traded in the market.

As previously described, fluctuations in the Company’s stock price are a primary driver for the changes in the derivative valuations during each reporting period. Given the stock price decline subsequent to September 30, 2014 and through the date of this report, there may be a material decrease in the compound embedded derivative within the Company's 8.00% Notes Issued in 2013 on the condensed consolidated balance sheet, and a material derivative gain on the condensed consolidated statement of operations, if the stock price does not recover prior to the next reporting date of December 31, 2014.

Compound Embedded Derivative with Amended and Restated Thermo Loan Agreement

In addition to the inputs described above, the valuation model used to calculate the fair value measurement of the compound embedded derivative within the Amended and Restated Loan Agreement with Thermo includes payment in kind interest payments, make whole premiums, a 40-day stock issuance settlement period upon conversion and automatic conversions. The compound embedded derivative in the Amended and Restated Loan Agreement with Thermo contains similar features to the 8.00% Notes Issued in 2013. As stated in the previous section, in 2014, the Company implemented a weight factor to the fair value of the embedded derivative in the 8.00% Notes Issued in 2013 to align the fair value produced from the valuation model to the fair value of the notes traded in the market. Due to the similarities in the debt instruments, a similar weight factor was applied to the embedded derivative in the Amended and Restated Loan Agreement with Thermo.

As previously described, fluctuations in the Company’s stock price are a primary driver for the changes in the derivative valuations during each reporting period. Given the decline in the Company's stock price subsequent to September 30, 2014, which has continued through the date of this report, there may be a material decrease in the compound embedded derivative within the Amended and Restated Loan Agreement with Thermo on the condensed consolidated balance sheet, and a material derivative gain on the condensed consolidated statement of operations, for the fourth quarter of 2014, to the extent that the stock price does not recover prior to December 31, 2014.

Other Liabilities

Liability for Contingent Consideration

In connection with the acquisition of Axonn LLC (“Axonn”) in December 2009, the Company is obligated to pay up to an additional $10.8 million in contingent consideration for earnouts based on sales of existing and new products over a five-year earnout period beginning January 1, 2010. The Company will make earnout payments in stock not to exceed 26,684,807 shares of common stock (10% of the Company’s pre-transaction outstanding shares of common stock), but at its option may make payments in cash after 13.0 million shares have been issued. The Company’s initial estimate of the total earnout expected to be paid was $10.8 million. Since the earnout period started, the Company has made revisions to this estimate, which was $9.8 million

at September 30, 2014. Through September 30, 2014, the Company had made $8.7 million in earnout payments by issuing 18.7 million shares of voting common stock. The liability of $1.1 million recorded at September 30, 2014 represents the remaining projected earnout payments to be made under the agreement.

The fair value of the accrued contingent consideration was determined using a probability-weighted discounted cash flow approach at the acquisition date and reporting date. The approach is based on significant inputs that are not observable in the market, which are referred to as Level 3 inputs. The fair value is based on the Company's reaching specific performance metrics through the remaining earnout period. The change in fair value of the contingent consideration is recorded through accretion expense in the Company's condensed consolidated statements of operations.

The significant unobservable inputs used in the fair value measurement of the Company's liability for contingent consideration are projected future sales of existing and new products as well as earnout payments made each quarter determined by actual product sales. Decreases in forecasted sales would result in a lower fair value measurement.

The following table presents a rollforward for all liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three and nine months ended September 30, 2014 as follows (in thousands):

Balance at June 30, 2014	$	(775,361)
Earnout payments made related to liability for contingent consideration		585
Change in fair value of contingent consideration		(189)
Derivative adjustment related to conversions and exercises		31,017
Unrealized gain, included in derivative gain (loss)		166,996
Balance at September 30, 2014	$	(576,952)

Balance at December 31, 2013	$	(464,449)
Earnout payments made related to liability for contingent consideration		1,583
Change in fair value of contingent consideration		(809)
Derivative adjustment related to conversions and exercises		305,274
Unrealized loss, included in derivative gain (loss)		(418,551)
Balance at September 30, 2014	$	(576,952)

6. ACCRUED EXPENSES AND NON-CURRENT LIABILITIES

Accrued expenses consist of the following (in thousands):

	September 30, 2014		December 31, 2013	
Accrued interest	$	5,750	$	1,200
Accrued compensation and benefits		2,552		3,927
Accrued property and other taxes		5,366		5,744
Accrued customer liabilities and deposits		2,822		2,663
Accrued professional and other service provider fees		1,826		705
Accrued liability for contingent consideration		1,149		1,922
Accrued commissions		974		1,316
Accrued telecommunications expenses		918		649
Accrued second-generation constellation costs		1,887		—
Other accrued expenses		2,622		4,574
Total accrued expenses	$	25,866	$	22,700

Other accrued expenses include primarily outsourced logistics services, storage, accruals for inventory in transit, warranty reserve, maintenance and payments to IGOs.

Noncurrent liabilities consist of the following (in thousands):

	September 30, 2014	December 31, 2013
Long-term accrued interest	$ 259	$ 451
Asset retirement obligation	1,158	1,083
Deferred rent and capital lease obligations	433	456
Liabilities related to the Cooperative Endeavor Agreement with the State of Louisiana	1,594	1,575
Uncertain income tax positions	6,704	5,918
Foreign tax contingencies	3,839	4,213
Total noncurrent liabilities	$ 13,987	$ 13,696

7. COMMITMENTS

Contractual Obligations

As of September 30, 2014, the Company had purchase commitments with Thales Alenia Space France (“Thales”), Arianespace, Ericsson Inc. (“Ericsson”) and Hughes Network Systems, LLC (“Hughes”) related to the procurement and deployment of the second-generation network.

Second-Generation Satellites

As of September 30, 2014, the Company had a contract with Thales for the construction of the Company’s second-generation low-earth orbit satellites and related services. The Company has successfully launched all of these second-generation satellites, excluding one on-ground spare. The Company has also incurred additional costs for certain related services, of which a portion are still owed to Thales. Discussions between the Company and Thales are ongoing regarding the remaining amounts owed by both parties under the contract.

As of September 30, 2014, the Company had a contract with Arianespace for the launch of the Company’s second-generation satellites and certain pre and post-launch services under which Arianespace agreed to make four launches of satellites. The Company has successfully completed all of these launches. The Company has also incurred additional costs which are owed to Arianespace for launch delays.

Next-Generation Gateways and Other Ground Facilities

As of September 30, 2014, the Company had a contract with Hughes under which Hughes will design, supply and implement the Radio Access Network (RAN) ground network equipment and software upgrades for installation at a number of the Company’s satellite gateway ground stations and satellite interface chips to be used in various next-generation Globalstar devices.

In May 2014, the Company entered into an agreement with Hughes to incorporate changes to the scope of work for the RAN and UTS being supplied to the Company. The additional work increased the total contract value by $3.8 million. In May 2014, the Company and Hughes also entered into a letter agreement whereby Hughes was granted the option to accept the pre-payment of certain payment milestones in the form of Globalstar stock at a 7% discount from the market value in lieu of cash. These payment milestones totaled $9.9 million. The stock was issued to Hughes on July 1, 2014. In valuing the shares, a loss of approximately $0.7 million was recorded in the Company's condensed consolidated statement of operations during the second quarter of 2014.

In October 2014, the Company and Hughes formally amended the contract to include the revised scope of work agreed to in the May letter agreement. The amendment also adjusted the schedule of the program and the remaining payment milestones and program milestones to incorporate the agreed upon changes. The additional $3.8 million in work agreed to in May is now reflected in the contract through this amendment.

As of September 30, 2014, the Company had an agreement with Ericsson, which will work with the Company to develop, implement and maintain a ground interface, or core network system, that will be installed at a number of the Company's satellite gateway ground stations. In July 2014, the Company and Ericsson entered into an amended and restated agreement for the Company's core network system specifying the remaining contract value of $25.4 million for the work and a new milestone schedule to reflect the new program timeline.

Since 2004, the Company has issued separate purchase orders for additional phone equipment and accessories under the terms of an executed commercial agreement with Qualcomm. This contract was canceled in March 2013 the parties thereafter sought to resolve the issues related to the contract termination. The Company and Qualcomm signed an agreement in July 2014 specifying terms for the sale of the remaining inventory to the Company. The Company previously recorded total advances to Qualcomm for inventory of $9.2 million on its condensed consolidated balance sheet. The Company agreed to pay to Qualcomm $0.1 million to take ownership of the finished goods and raw materials held by Qualcomm, as well as certain limited support services to be provided to the Company. This final payment was made in July 2014 and eliminated Globalstar's obligations to purchase additional equipment from Qualcomm. As a result of certain terms in the July 2014 agreement, the Company recorded a reduction in the value of inventory of $7.3 million related to raw materials that are not likely to be used in the future production of inventory. With the final payment of $0.1 million made in July, the Company assumed title to the inventory; therefore, the remaining balance of approximately $2.0 million, representing primarily finished goods, is included in inventory on the Company's condensed consolidated balance sheet as of September 30, 2014.

8. CONTINGENCIES

Arbitration

On June 3, 2011, Globalstar filed a demand for arbitration against Thales before the American Arbitration Association to enforce certain rights to order additional satellites under the Amended and Restated Contract for the construction of the Globalstar Satellite for the Second Generation Constellation dated and executed in June 2009 ("2009 Contract"). Globalstar did not include within its demand any claims that it had against Thales for work previously performed under the contract to design, manufacture and timely deliver the first 25 second-generation satellites. On May 10, 2012, the arbitration tribunal issued its award in which it determined that Globalstar materially breached the contract by failing to pay to Thales termination charges in the amount of €51,330,875.00 by October 9, 2011, and that absent further agreement between the parties, Thales has no further obligation to manufacture or deliver satellites under Phase 3 of the 2009 Contract. The award also required Globalstar to pay Thales approximately €53 million in termination charges and interest by June 9, 2012. On May 23, 2012, Thales commenced an action in the United States District Court for the Southern District of New York by filing a petition to confirm the arbitration award (the "New York Proceeding"). Thales and the Company entered into a Tolling Agreement as of June 13, 2013 under which Thales dismissed the New York Proceeding without prejudice. Thales may refile the petition at a later date and pursue the confirmation of the arbitration award, which Globalstar will oppose. Should Thales be successful in confirming the arbitration award, this would have a material adverse effect on the Company's financial condition and liquidity.

On June 24, 2012, the Company and Thales agreed to settle their prior commercial disputes, including those disputes that were the subject of the arbitration award. In order to effectuate this settlement, the Company and Thales entered into a Release Agreement, a Settlement Agreement and a Submission Agreement. Under the terms of the Release Agreement, Thales agreed unconditionally and irrevocably to release and forever discharge the Company from any obligation to pay €35,623,770 of the termination charges awarded in the arbitration together with all interest on the award amount effective upon the earlier of December 31, 2012 and the effective date of the financing for the purchase of any additional second-generation satellites. Under the terms of the Release Agreement, Globalstar agreed unconditionally and irrevocably to release and forever discharge Thales from any and all claims related to Thales' work under the 2009 satellite construction contract, including any obligation to pay liquidated damages, effective upon the earlier of December 31, 2012 and the effective date of the financing for the purchase of any additional second-generation satellites. In connection with the Release Agreement, the Company recorded a contract termination charge of approximately €17.5 million which is recorded in the Company's condensed consolidated financial statements for the period ended September 30, 2014. The releases became effective on December 31, 2012.

Under the terms of the Settlement Agreement, Globalstar agreed to pay €17,530,000 to Thales, representing one-third of the termination charges awarded to Thales in the arbitration, subject to certain conditions, on the later of the effective date of the new contract for the purchase of any additional second-generation satellites and the effective date of the financing for the purchase of these satellites. Because the effective date of the new contract for the purchase of additional second-generation satellites did not occur on or prior to February 28, 2013, any party may terminate the Settlement Agreement. If any party terminates the Settlement Agreement, all parties' rights and obligations under the Settlement Agreement shall terminate. However, the Release Agreement

provides that it will survive a termination of the Settlement Agreement. As of September 30, 2014, no party had terminated the Settlement Agreement.

Litigation

Due to the nature of the Company's business, the Company is involved, from time to time, in various litigation matters or subject to disputes or routine claims regarding its business activities. Legal costs related to these matters are expensed as incurred. In management's opinion, there is no pending litigation, dispute or claim, other than the arbitration award discussed above, that may have a material adverse effect on the Company's financial condition, results of operations or liquidity.

9. RELATED PARTY TRANSACTIONS

Payables to Thermo and other affiliates relate to normal purchase transactions and were $0.4 million and $0.2 million at September 30, 2014 and December 31, 2013, respectively.

Transactions with Thermo

Thermo incurs certain expenses on behalf of the Company. The table below summarizes the total expense for the periods indicated below (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
General and administrative expenses	$ 174	$ 74	$ 236	$ 229
Non-cash expenses	137	137	411	411
Loss on equity issuance	—	2,404	—	16,373
Loss on extinguishment of debt related to amendment and restatement of Thermo Loan Agreement	—	66,088	—	$ 66,088
Total	$ 311	$ 68,703	$ 647	$ 83,101

General and administrative expenses are related to expenses incurred by Thermo on the Company's behalf which are charged to the Company. Non-cash expenses are related to services provided by two executive officers of Thermo (who are also directors of the Company) who receive no cash compensation from the Company; these expenses are treated as a contribution to capital. The Thermo expenses are based on actual amounts (with no mark-up) incurred or upon allocated employee time.

Since June 2009, Thermo and its affiliates have also deposited $60.0 million into a contingent equity account to fulfill a condition precedent for borrowing under the Facility Agreement, purchased $20.0 million of the Company's 5.0% Notes, purchased $11.4 million of the Company's 8.00% Notes Issued in 2009, provided a $2.3 million short-term loan to the Company (which was subsequently converted into nonvoting common stock), and loaned $37.5 million to the Company to fund the debt service reserve account.

On May 20, 2013, the Company issued 8.00% Notes Issued in 2013 and other consideration in exchange for its outstanding 5.75% Notes. In connection with this exchange, the Company entered into the Consent Agreement, the Common Stock Purchase Agreement and the Common Stock Purchase and Option Agreement (see Note 3 for further discussion). As a result of these transactions, during 2013 the Company recognized a loss on the sale of shares of approximately $16.4 million (which is included in other income/expense on the condensed consolidated statement of operations), representing the difference between the purchase price and the fair value of the Company's common stock (measured as the closing stock price on the date of each sale).

In August 2013, the Company drew the remaining $1.1 million from the interest earned on the contingent equity account under the Facility Agreement and in October 2013 issued 2,133,656 shares of nonvoting common stock to Thermo. The value of the 20% discount on the shares issued to Thermo was recorded as a deferred financing cost on the Company's condensed consolidated balance sheet as of September 30, 2013.

In July 2013, the Company and Thermo entered into an Amended and Restated Loan Agreement. As a result of this transaction, the Company was required to record this Loan Agreement initially at fair value as the amendment and restatement of the Loan Agreement was considered to be an extinguishment of debt. As of the amendment and restatement date the fair value of the Loan

Agreement was $120.1 million. The Company recorded a loss on extinguishment of debt of $66.1 million in its condensed consolidated statement of operations for the third quarter of 2013. The Company computed this loss as the difference between the fair value of the debt, as amended and restated, and its carrying value just prior to amendment and restatement.

The terms of the Amended and Restated Loan Agreement with Thermo, the Common Stock Purchase and the Common Stock Purchase and Option Agreement were approved by a special committee of the Company's board of directors consisting solely of the Company's unaffiliated directors. The committee, which was represented by independent legal counsel, determined that the terms of these agreements were fair and in the best interests of the Company and its shareholders.

During the second quarter of 2014, Thermo exercised warrants that were scheduled to expire in June 2014. The warrants that were exercised in the second quarter of 2014 included warrants for 4.2 million shares issued as partial consideration for the Thermo Loan Agreement, resulting in the issuance of 4.2 million shares of Globalstar common stock; warrants for 4.4 million shares issued in connection with the annual availability fee for the Contingent Equity Agreement in 2009, resulting in the issuance of 4.4 million shares of Globalstar common stock; and 16.3 million 8.00% Warrants issued in 2009, resulting in the issuance of 14.7 million shares of Globalstar common stock. As of September 30, 2014, warrants to purchase approximately 37.1 million shares issued under the Contingent Equity Agreement and 8.0 million 5.0% Warrants remain outstanding, all of which are held by Thermo and are scheduled to expire between December 2014 and June 2017.

Thermo is required to maintain minimum ownership levels in the Company's common stock as defined in the Facility Agreement. As needed, Thermo may convert shares of nonvoting common stock into shares of voting common stock to ensure compliance with these ownership levels. During August 2014, Thermo converted 75 million shares of nonvoting common stock to voting common stock for this purpose.

See Note 3 for further discussion of the Company's debt and financing transactions with Thermo.

10. INCOME TAXES

The Company follows authoritative guidance surrounding accounting for uncertainty in income taxes. The Company's policy is to recognize interest and applicable penalties, if any, related to uncertain tax positions in income tax expense. For the periods ending September 30, 2014 and December 31, 2013, the net deferred tax assets were fully reserved.

In January 2012, the Company’s Canadian subsidiary was notified that its income tax returns for the years ended October 31, 2008 and 2009 had been selected for audit. The Canada Revenue Agency is in the process of reviewing the information provided by the Canadian subsidiary.

In December 2013, the Company’s Singapore subsidiary was notified that its income tax returns for the years ended 2009 to 2012 had been selected for audit. The Inland Revenue Authority reviewed the submitted information and had minimal adjustments to the Singapore subsidiary's total net operating loss carried forward schedule.

Except for the audits noted above, neither the Company nor any of its subsidiaries is currently under audit by the IRS, any state jurisdiction in the United States or any foreign jurisdiction. The Company's corporate U.S. tax returns for 2010 and subsequent years remain subject to examination by tax authorities. 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.

The Company has not provided United States income taxes and foreign withholding taxes on approximately $12.2 million of undistributed earnings from certain foreign subsidiaries indefinitely invested outside the United States. Should the Company decide to repatriate these foreign earnings, the Company would have to adjust the income tax provision in the period in which management believes the Company would repatriate the earnings.

On September 13, 2013, Treasury and the Internal Revenue Service issued final regulations regarding the deduction and capitalization of expenditures related to tangible property. The final regulations under Internal Revenue Code Sections 162, 167 and 263(a) apply to amounts paid to acquire, produce, or improve tangible property as well as dispositions of such property and are generally effective for tax years beginning on or after January 1, 2014. The Company has evaluated these regulations and determined they will not have a material impact on its consolidated results of operations, cash flows or financial position.

Through a prior foreign acquisition, the Company acquired a tax liability for which the Company has been indemnified by the previous owners. As of September 30, 2014 and December 31, 2013, the Company had recorded a tax liability of $2.1 million and $2.2 million, respectively, to the foreign tax authorities with an offsetting tax receivable from the previous owners.

11. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) includes all changes in equity during a period from non-owner sources. The change in accumulated other comprehensive loss for all periods presented resulted from foreign currency translation adjustments.

The components of accumulated other comprehensive income (loss) were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Accumulated other comprehensive income (loss), June 30, 2014 and 2013 and December 31, 2013 and 2012, respectively	$ 493	$ (2,408)	$ 871	$ (1,758)
Other comprehensive income (loss) :				
Foreign currency translation adjustments	(493)	553	(871)	(97)
Accumulated other comprehensive income (loss), September 30, 2014 and 2013, respectively	$ —	$ (1,855)	$ —	$ (1,855)

No amounts were reclassified out of accumulated other comprehensive income (loss) for the periods shown above.

12. STOCK COMPENSATION

The Company’s 2006 Equity Incentive Plan (“Equity Plan”) provides long-term incentives to the Company’s key employees, including officers, directors, consultants and advisers (“Eligible Participants”) and to align stockholder and employee interests. Under the Equity Plan, the Company may grant incentive stock options, restricted stock awards, restricted stock units, and other stock based awards or any combination thereof to Eligible Participants. The Compensation Committee of the Company’s board of directors establishes the terms and conditions of any awards granted under the plans.

For the three months ended September 30, 2014 and 2013, the Company recorded compensation expense related to these plans of $1.1 million and $1.0 million, respectively. For the nine months ended September 30, 2014 and 2013, the Company recorded compensation expense related to these plans of $2.1 million and $1.7 million, respectively. These expenses are reflected in marketing, general and administrative expenses. In the third quarter 2013, the Company's stock price traded for more than ten consecutive trading days at a price above $0.80, triggering immediate vesting of nonstatutory stock options and restricted stock granted in October 2011. This vesting resulted in recognition of compensation expense of $0.8 million, which is included in the amount of compensation expense above for the three and nine months ended September 30, 2013.

Grants to Eligible Participants of incentive stock options, restricted stock awards, and restricted stock units during the period are indicated in the table below (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Grants of restricted stock awards and restricted stock units	201	14	607	852
Grants of options to purchase common stock	134	1,224	595	1,829
Total	335	1,238	1,202	2,681

Employee Stock Purchase Plan

The Company’s Employee Stock Purchase Plan (the “Plan”) provides eligible employees of the Company and its subsidiaries with an opportunity to acquire shares of its common stock at a discount. The Plan permits eligible employees to purchase shares of common stock during two semi-annual offering periods beginning on June 15 and December 15, unless adjusted by the Board or one of its designated committees (the “Offering Periods”). Eligible employees may purchase shares in an amount of up to 15% of their total compensation per pay period, but may purchase no more than the lesser of $25,000 fair market value of common stock or 500,000 shares of common stock in any calendar year, as measured as of the first day of each applicable Offering Period.

The price an employee pays is 85% of the fair market value of the common stock. Fair market value is equal to the lesser of the closing price of a share of common stock on either the first or last day of the Offering Period.

For each of the three and nine months ended September 30, 2014 and 2013, the Company recorded expense for the fair value of the grant of $0.1 million and $0.2 million, respectively, which is reflected in marketing, general and administrative expenses. Through September 30, 2014, the Company had issued 2,486,902 shares of common stock pursuant to this Plan.

13. GEOGRAPHIC INFORMATION

The Company attributes equipment revenue to various countries based on the location equipment is sold. Service revenue is attributed to the various countries based on where the service is processed. Long-lived assets consist primarily of property and equipment and are attributed to various countries based on the physical location of the asset at a given fiscal year-end, except for the satellites which are included in the long-lived assets of the United States. The Company's information by geographic area is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	**2013**	**2014**	**2013**
Revenues:				
Service:				
United States	$ 12,267	$ 11,660	$ 35,000	$ 33,666
Canada	4,077	3,446	10,946	9,123
Europe	1,655	1,185	4,407	2,736
Central and South America	440	625	1,886	1,918
Others	72	140	408	411
Total service revenue	$ 18,511	$ 17,056	$ 52,647	$ 47,854
Subscriber equipment:				
United States	2,510	3,688	8,340	8,756
Canada	1,418	1,201	4,187	2,964
Europe	540	327	1,628	1,228
Central and South America	437	177	930	712
Others	25	100	239	203
Total subscriber equipment revenue	$ 4,930	$ 5,493	$ 15,324	$ 13,863
Total revenue	$ 23,441	$ 22,549	$ 67,971	$ 61,717

	September 30, 2014	December 31, 2013
Long-lived assets:		
United States	$ 1,114,934	$ 1,164,358
Canada	318	247
Europe	470	408
Central and South America	3,510	3,595
Others	924	1,177
Total long-lived assets	$ 1,120,156	$ 1,169,785

14. EARNINGS (LOSS) PER SHARE

The Company is required to present basic and diluted earnings per share. Basic earnings per share are 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 reconciles basic weighted average common shares to diluted weighted average common shares outstanding for the three months ended September 30, 2014 (in thousands):

	Three Months Ended September 30, 2014
Weighted average common shares outstanding:	
Basic shares outstanding	987,668
Incremental shares from assumed exercises of:	
Stock options, restricted stock, restricted stock units and ESPP	7,340
8% Convertible Senior Notes Issued in 2013	39,625
Thermo Loan Agreement	109,469
Warrants	45,088
Diluted shares outstanding	1,189,190

For the three months ended September 30, 2014, net income was adjusted for interest expense (net of capitalized amounts) related to the 8% Convertible Senior Notes Issued in 2013 and the Thermo Loan Agreement for the computation of diluted earnings per share as these notes were assumed to be converted at the start of the period. There were no anti-dilutive stock options, restricted stock or restricted stock units excluded from diluted shares outstanding for the third quarter of 2014.

For the three months ended September 30, 2013 and nine months ended September 30, 2014 and 2013, diluted net loss per share of common stock was the same as basic net loss per share of common stock because the effects of potentially dilutive securities are anti-dilutive.

15. SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL INFORMATION

In connection with the Company's issuance of the 8.00% Notes issued in 2013, certain of the Company's 100% owned domestic subsidiaries (the "Guarantor Subsidiaries"), fully, unconditionally, jointly, and severally guaranteed the payment obligations under the 8.00% Notes Issued in 2013. The following supplemental financial information sets forth, on a consolidating basis, the balance sheets, statements of operations and statements of cash flows for Globalstar, Inc. ("Parent Company"), for the Guarantor Subsidiaries and for the Parent Company's other subsidiaries (the "Non-Guarantor Subsidiaries").

The supplemental condensed consolidating financial information has been prepared pursuant to the rules and regulations for condensed financial information and does not include disclosures included in annual financial statements. The principal eliminating entries eliminate investments in subsidiaries, intercompany balances and intercompany revenues and expenses.

Globalstar, Inc.
Supplemental Condensed Consolidating Statement of Operations
Three Months Ended September 30, 2014
(Unaudited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Revenues:					
Service revenues	$ 19,258	$ 1,494	$ 6,389	$ (8,630)	$ 18,511
Subscriber equipment sales	71	3,471	5,118	(3,730)	4,930
Total revenue	19,329	4,965	11,507	(12,360)	23,441
Operating expenses:					
Cost of services (exclusive of depreciation, amortization, and accretion shown separately below)	2,903	2,653	2,563	(251)	7,868
Cost of subscriber equipment sales	31	2,962	4,823	(3,980)	3,836
Cost of subscriber equipment sales - reduction in the value of inventory	—	—	—	—	—
Marketing, general and administrative	1,906	3,850	4,408	(1,381)	8,783
Depreciation, amortization, and accretion	19,180	1,879	6,974	(6,986)	21,047
Total operating expenses	24,020	11,344	18,768	(12,598)	41,534
Loss from operations	(4,691)	(6,379)	(7,261)	238	(18,093)
Other income (expense):					
Loss on extinguishment of debt	(12,936)	—	—	—	(12,936)
Interest income and expense, net of amounts capitalized	(9,001)	(10)	(57)	1	(9,067)
Derivative gain	166,989	—	—	—	166,989
Equity in subsidiary earnings	(12,653)	(884)	—	13,537	—
Other	1,782	409	364	31	2,586
Total other income (expense)	134,181	(485)	307	13,569	147,572
Income (loss) before income taxes	129,490	(6,864)	(6,954)	13,807	129,479
Income tax expense	100	7	(18)	—	89
Net income (loss)	$ 129,390	$ (6,871)	$ (6,936)	$ 13,807	$ 129,390
Comprehensive income (loss)	$ 129,390	$ (6,871)	$ (7,430)	$ 13,807	$ 128,896

Globalstar, Inc.
Supplemental Condensed Consolidating Statement of Operations
Three Months Ended September 30, 2013
(Unaudited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Revenues:					
Service revenues	$ 18,726	$ 2,478	$ 4,940	$ (9,088)	$ 17,056
Subscriber equipment sales	127	4,254	1,070	42	5,493
Total revenue	18,853	6,732	6,010	(9,046)	22,549
Operating expenses:					
Cost of services (exclusive of depreciation, amortization, and accretion shown separately below)	3,125	3,126	1,941	(11)	8,181
Cost of subscriber equipment sales	90	3,334	1,819	(1,095)	4,148
Marketing, general and administrative	2,008	4,666	3,774	(1,369)	9,079
Depreciation, amortization, and accretion	19,645	4,914	6,485	(7,329)	23,715
Total operating expenses	24,868	16,040	14,019	(9,804)	45,123
Loss from operations	(6,015)	(9,308)	(8,009)	758	(22,574)
Other income (expense):					
Loss on extinguishment of debt	(63,569)	—	—	—	(63,569)
Loss on equity issuance	(2,733)	—	—	—	(2,733)
Interest income and expense, net of amounts capitalized	(16,636)	(3)	(262)	—	(16,901)
Derivative loss	(97,534)	—	—	—	(97,534)
Equity in subsidiary earnings	(17,090)	(1,729)	—	18,819	—
Other	(1,343)	(171)	(21)	(5)	(1,540)
Total other income (expense)	(198,905)	(1,903)	(283)	18,814	(182,277)
Loss before income taxes	(204,920)	(11,211)	(8,292)	19,572	(204,851)
Income tax expense	49	6	63	—	118
Net (loss) income	$ (204,969)	$ (11,217)	$ (8,355)	$ 19,572	$ (204,969)
Comprehensive (loss) income	$ (204,969)	$ (11,217)	$ (7,803)	$ 19,572	$ (204,417)

Globalstar, Inc.
Supplemental Condensed Consolidating Statement of Operations
Nine Months Ended September 30, 2014
(Unaudited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Revenues:					
Service revenues	$ 56,627	$ 4,859	$ 17,279	$ (26,118)	$ 52,647
Subscriber equipment sales	387	10,966	9,271	(5,300)	15,324
Total revenue	57,014	15,825	26,550	(31,418)	67,971
Operating expenses:					
Cost of services (exclusive of depreciation, amortization, and accretion shown separately below)	7,958	7,101	7,289	(422)	21,926
Cost of subscriber equipment sales	243	8,578	9,415	(6,996)	11,240
Cost of subscriber equipment sales - reduction in the value of inventory	7,258	19	40	—	7,317
Marketing, general and administrative	5,501	11,994	10,910	(3,606)	24,799
Depreciation, amortization, and accretion	57,636	9,589	20,113	(20,945)	66,393
Total operating expenses	78,596	37,281	47,767	(31,969)	131,675
Loss from operations	(21,582)	(21,456)	(21,217)	551	(63,704)
Other income (expense):					
Loss on extinguishment of debt	(39,615)	—	—	—	(39,615)
Interest income and expense, net of amounts capitalized	(33,598)	(30)	(226)	1	(33,853)
Derivative loss	(418,663)	—	—	—	(418,663)
Equity in subsidiary earnings	(42,471)	(5,100)	—	47,571	—
Other	1,250	400	643	(86)	2,207
Total other income (expense)	(533,097)	(4,730)	417	47,486	(489,924)
Loss before income taxes	(554,679)	(26,186)	(20,800)	48,037	(553,628)
Income tax expense	204	34	1,017	—	1,255
Net (loss) income	$ (554,883)	$ (26,220)	$ (21,817)	$ 48,037	$ (554,883)
Comprehensive (loss) income	$ (554,883)	$ (26,220)	$ (22,688)	$ 48,037	$ (555,754)

Globalstar, Inc.
Supplemental Condensed Consolidating Statement of Operations
Nine Months Ended September 30, 2013
(Unaudited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Revenues:					
Service revenues	$ 50,351	$ 8,544	$ 13,320	$ (24,361)	$ 47,854
Subscriber equipment sales	287	10,018	13,264	(9,706)	13,863
Total revenue	50,638	18,562	26,584	(34,067)	61,717
Operating expenses:					
Cost of services (exclusive of depreciation, amortization, and accretion shown separately below)	8,233	7,947	6,791	(58)	22,913
Cost of subscriber equipment sales	90	8,048	14,323	(11,786)	10,675
Marketing, general and administrative	4,555	11,710	9,895	(3,581)	22,579
Depreciation, amortization, and accretion	52,538	15,936	17,167	(19,527)	66,114
Total operating expenses	65,416	43,641	48,176	(34,952)	122,281
Loss from operations	(14,778)	(25,079)	(21,592)	885	(60,564)
Other income (expense):					
Loss on extinguishment of debt	(110,809)	—	—	—	(110,809)
Loss on equity issuance	(16,701)	—	—	—	(16,701)
Interest income and expense, net of amounts capitalized	(38,728)	(39)	(1,098)	(4)	(39,869)
Derivative loss	(126,911)	—	—	—	(126,911)
Equity in subsidiary earnings	(47,313)	(2,794)	—	50,107	—
Other	(909)	(170)	(124)	78	(1,125)
Total other income (expense)	(341,371)	(3,003)	(1,222)	50,181	(295,415)
Loss before income taxes	(356,149)	(28,082)	(22,814)	51,066	(355,979)
Income tax expense	171	35	135	—	341
Net (loss) income	$ (356,320)	$ (28,117)	$ (22,949)	$ 51,066	$ (356,320)
Comprehensive (loss) income	$ (356,320)	$ (28,117)	$ (23,046)	$ 51,066	$ (356,417)

Globalstar, Inc.
Supplemental Condensed Consolidating Balance Sheet
As of September 30, 2014
(Unaudited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination	Consolidated
			(In thousands)		
ASSETS					
Current assets:					
Cash and cash equivalents	$ 22,921	$ 912	$ 3,388	$ —	$ 27,221
Accounts receivable	4,582	6,151	5,227	257	16,217
Intercompany receivables	727,100	436,281	23,711	(1,187,092)	—
Inventory	4,122	12,419	12,736	—	29,277
Advances for inventory	125	28	43	—	196
Prepaid expenses and other current assets	4,374	278	2,804	—	7,456
Total current assets	763,224	456,069	47,909	(1,186,835)	80,367
Property and equipment, net	1,111,237	3,697	6,277	(1,055)	1,120,156
Restricted cash	37,918	—	—	—	37,918
Intercompany notes receivable	13,006	—	4,885	(17,891)	—
Investment in subsidiaries	(241,579)	4,216	29,382	207,981	—
Deferred financing costs	66,816	—	—	—	66,816
Intangible and other assets, net	11,999	671	2,047	(14)	14,703
Total assets	$ 1,762,621	$ 464,653	$ 90,500	$ (997,814)	$ 1,319,960
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Current portion of long-term debt	$ 7,271	$ —	$ —	$ —	$ 7,271
Accounts payable	8,112	2,045	2,038	—	12,195
Accrued contract termination charge	22,238	—	—	—	22,238
Accrued expenses	11,122	7,195	7,549	—	25,866
Intercompany payables	492,868	552,218	144,152	(1,189,238)	—
Payables to affiliates	443	—	—	—	443
Deferred revenue	2,885	16,092	3,214	—	22,191
Total current liabilities	544,939	577,550	156,953	(1,189,238)	90,204
Long-term debt, less current portion	623,770	—	—	—	623,770
Employee benefit obligations	3,147	—	(1)	—	3,146
Intercompany notes payable	—	—	15,448	(15,448)	—
Derivative liabilities	575,803	—	—	—	575,803
Deferred revenue	6,330	457	—	—	6,787
Debt restructuring fees	20,795	—	—	—	20,795
Other non-current liabilities	2,369	293	11,325	—	13,987
Total non-current liabilities	1,232,214	750	26,772	(15,448)	1,244,288
Stockholders' equity	(14,532)	(113,647)	(93,225)	206,872	(14,532)
Total liabilities and stockholders' equity	$ 1,762,621	$ 464,653	$ 90,500	$ (997,814)	$ 1,319,960

Globalstar, Inc.
Supplemental Condensed Consolidating Balance Sheet
As of December 31, 2013
(Audited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination	Consolidated
			(In thousands)		
ASSETS					
Current assets:					
Cash and cash equivalents	$ 12,935	$ 676	$ 3,797	$ —	$ 17,408
Accounts receivable	5,925	5,022	4,602	174	15,723
Intercompany receivables	651,251	414,508	18,280	(1,084,039)	—
Inventory	1,161	14,375	16,281	—	31,817
Advances for inventory	9,287	28	44	—	9,359
Prepaid expenses and other current assets	4,316	311	2,432	—	7,059
Total current assets	684,875	434,920	45,436	(1,083,865)	81,366
Property and equipment, net	1,152,734	11,621	6,889	(1,459)	1,169,785
Restricted cash	37,918	—	—	—	37,918
Intercompany notes receivable	13,629	—	4,285	(17,914)	—
Investment in subsidiaries	(209,592)	7,242	—	202,350	—
Deferred financing costs	76,436	—	—	—	76,436
Intangible and other assets, net	3,964	1,028	2,125	(14)	7,103
Total assets	$ 1,759,964	$ 454,811	$ 58,735	$ (900,902)	$ 1,372,608
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Current portion of long-term debt	$ 4,046	$ —	$ —	$ —	4,046
Accounts payable	9,906	2,041	2,680	—	14,627
Accrued contract termination charge	24,133	—	—	—	24,133
Accrued expenses	6,160	8,203	8,337	—	22,700
Intercompany payables	435,707	521,763	128,496	(1,085,966)	—
Payables to affiliates	202	—	—	—	202
Derivative liabilities	57,048	—	—	—	57,048
Deferred revenue	1,843	13,094	2,347	—	17,284
Total current liabilities	539,045	545,101	141,860	(1,085,966)	140,040
Long-term debt, less current portion	665,236	—	—	—	665,236
Employee benefit obligations	3,529	—	—	—	3,529
Intercompany notes payable	—	—	15,772	(15,772)	—
Derivative liabilities	405,478	—	—	—	405,478
Deferred revenue	6,583	496	—	—	7,079
Debt restructuring fees	20,795	—	—	—	20,795
Other non-current liabilities	2,543	297	10,856	—	13,696
Total non-current liabilities	1,104,164	793	26,628	(15,772)	1,115,813
Stockholders' equity	116,755	(91,083)	(109,753)	200,836	116,755
Total liabilities and stockholders' equity	$ 1,759,964	$ 454,811	$ 58,735	$ (900,902)	$ 1,372,608

Globalstar, Inc.
Supplemental Condensed Consolidating Statement of Cash Flows
Nine Months Ended September 30, 2014
(Unaudited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Net cash provided by (used in) operating activities	$ 6,066	$ 728	$ 81	$ —	$ 6,875
Cash flows from investing activities:					
Second-generation satellites, ground and related launch costs	(3,862)	—	—	—	(3,862)
Property and equipment additions	(1,357)	(492)	(354)	—	(2,203)
Net cash used in investing activities	(5,219)	(492)	(354)	—	(6,065)
Cash flows provided by (used in) financing activities:					
Proceeds from issuance of common stock and exercise of warrants	9,303	—	—	—	9,303
Payment of deferred financing costs	(164)	—	—	—	(164)
Net cash used in financing activities	9,139	—	—	—	9,139
Effect of exchange rate changes on cash and cash equivalents	—	—	(136)	—	(136)
Net increase (decrease) in cash and cash equivalents	9,986	236	(409)	—	9,813
Cash and cash equivalents at beginning of period	12,935	676	3,797	—	17,408
Cash and cash equivalents at end of period	$ 22,921	$ 912	$ 3,388	$ —	$ 27,221

Globalstar, Inc.
Supplemental Condensed Consolidating Statement of Cash Flows
Nine Months Ended September 30, 2013
(Unaudited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Net cash provided used in operating activities	$ 426	$ 814	$ 1,094	$ —	$ 2,334
Cash flows from investing activities:					
Second-generation satellites, ground and related launch costs	(37,732)	—	—	—	(37,732)
Property and equipment additions	—	(706)	(519)	—	(1,225)
Investment in businesses	(496)	—	—	—	(496)
Restricted cash	8,838	—	—	—	8,838
Net cash from investing activities	(29,390)	(706)	(519)	—	(30,615)
Cash flows from financing activities:					
Borrowings from Facility Agreement	672				672
Borrowings from contingent equity account	1,071				1,071
Proceeds from issuance of common stock and stock options	8,979	—	—	—	8,979
Payments to reduce principal amount of exchanged 5.75% Notes	(13,544)	—	—	—	(13,544)
Payments to reduce principal amount of 5.75% Notes not exchanged	(6,250)	—	—	—	(6,250)
Payments to lenders and other fees associated with exchange	(2,482)	—	—	—	(2,482)
Proceeds from equity issuance to related party	51,500	—	—	—	51,500
Payment of deferred financing costs	(16,904)	—	—	—	(16,904)
Net cash used in financing activities	23,042	—	—	—	23,042
Effect of exchange rate changes on cash and cash equivalents	—	—	90	—	90
Net increase (decrease) in cash and cash equivalents	(5,922)	108	665	—	(5,149)
Cash and cash equivalents at beginning of period	10,220	251	1,321	—	11,792
Cash and cash equivalents at end of period	$ 4,298	$ 359	$ 1,986	$ —	$ 6,643

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations Forward-Looking Statements

Certain statements contained in or incorporated by reference into this Report, other than purely historical information, including, but not limited to, estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions, although not all forward-looking statements contain these identifying words. These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Forward-looking statements, such as the statements regarding our ability to develop and expand our business, our anticipated capital spending, 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 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, commercial acceptance of new products, problems relating to the ground-based facilities operated by us or by independent gateway operators, worldwide economic, geopolitical and business conditions and risks associated with doing business on a global basis and other statements contained in this Report regarding matters that are not historical facts, involve predictions. Risks and uncertainties that could cause or contribute to such differences include, without limitation, those described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

New risk factors emerge from time to time, and it is not possible for us to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We undertake no obligation to update publicly or revise any forward-looking statements. You should not rely upon forward-looking statements as predictions of future events or performance. We cannot assure you that the events and circumstances reflected in the forward-looking statements will be achieved or occur. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

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, 2013.

Overview

Globalstar, Inc. (“we,” “us” or “the Company”) provides Mobile Satellite Services (“MSS”) including voice and data communications services globally via satellite. By providing wireless communications services in areas not served or underserved by terrestrial wireless and wireline networks and in circumstances where terrestrial networks are not operational due to natural or man-made disasters, we seek to meet our customers' increasing desire for connectivity. We offer voice and data communication services over our network of in-orbit satellites and our active ground stations (or “gateways”), which we refer to collectively as the Globalstar System.

In 2006 we began a process of designing, manufacturing and deploying a second-generation constellation of Low Earth Orbit (“LEO”) satellites to replace our first-generation constellation. Our second-generation constellation is designed to last twice as long in space, have greater capacity and be built at a significantly lower cost compared to our first-generation satellites. We have integrated all of the new second-generation satellites with certain of our first-generation satellites to form our second-generation constellation. The restoration of our constellation’s Duplex capabilities was complete after the final second-generation satellite was placed into service in August 2013. The restoration of Duplex capabilities has resulted in a substantial increase in service levels, making our products and services more desirable to existing and potential customers. Existing subscribers continue to utilize our service more, measured by minutes of use on the Globalstar System year over year, a trend that we expect to continue. We are gaining new customers and winning back former customers, which continue to contribute to increases in Duplex revenue. We offer a range of price-competitive products to the industrial, governmental and consumer markets. Due to the unique design of the Globalstar System (and based on customer input), we believe that we offer the best voice quality among our peer group.

We define a successful level of service for our customers as measured by their ability to make uninterrupted calls of average duration for a system-wide average number of minutes per month. Our goal is to provide service levels and call success rates equal to or better than our MSS competitors so our products and services are attractive to potential customers. We define voice quality as the ability to easily hear, recognize and understand callers with imperceptible delay in the transmission. Due to the unique design of the Globalstar System, by this measure our system outperforms geostationary (“GEO”) satellites used by some of our

competitors. Due to the difference in signal travel distance, GEO satellite signals must travel approximately 42,000 additional nautical miles, which introduces considerable delay and signal degradation to GEO calls. For our competitors using cross-linked satellite architectures, which require multiple inter-satellite connections to complete a call, signal degradation and delay can result in compromised call quality as compared to that experienced over the Globalstar System.

We compete aggressively on price. In 2004 we were the first MSS company to offer bundled pricing plans that we adapted from the terrestrial wireless industry. We expect to continue to innovate and retain our position as the low cost, high quality leader in the MSS industry.

Our satellite communications business, by providing critical mobile communications to our subscribers, serves principally the following markets: recreation and personal; government; public safety and disaster relief; oil and gas; maritime and fishing; natural resources, mining and forestry; construction; utilities; and transportation.

At September 30, 2014, we served approximately 620,000 subscribers. We increased our net subscribers 9% from September 30, 2013 to September 30, 2014. In 2014 we initiated a process to deactivate subscribers in our Duplex subscriber base who were either suspended or non-paying. We deactivated approximately 26,000 subscribers during the first quarter of 2014. Excluding these deactivated subscribers from our September 30, 2013 subscriber count, total subscribers would have increased 14% from September 30, 2013 to September 30, 2014. We count "subscribers" based on the number of devices that are subject to agreements which entitle them to use our voice or data communications services rather than the number of persons or entities who own or lease those devices.

We currently provide the following communications services via satellite that are available only with equipment designed to work on our network:

- two-way voice communication and data transmissions, which we call “Duplex,” using mobile or fixed devices; and
- one-way data transmissions using a mobile or fixed device that transmits its location and other information to a central monitoring station, which includes certain SPOT and Simplex products.

We designed our second-generation constellation to support our current lineup of Duplex, SPOT and Simplex products. With the improvement in both coverage and service quality for our Duplex product offerings resulting from the deployment of our second-generation constellation, we anticipate further expansion of our subscriber base and increases in our average revenue per user, or “ARPU.”

Our products and services are sold through a variety of independent agents, dealers and resellers, and independent gateway operators (“IGOs”). Our success in marketing these products and services is enhanced through diversification of our distribution channels, consumer and commercial markets, and product offerings.

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;
- average monthly revenue per user, or ARPU, which is an indicator of our pricing and ability to obtain effectively long-term, high-value customers. We calculate ARPU separately for each type of our Duplex, Simplex, SPOT and IGO revenue;
- operating income and adjusted EBITDA, which are both indicators of our financial performance; and
- capital expenditures, which are an indicator of future revenue growth potential and cash requirements.

Comparison of the Results of Operations for the three and nine months ended September 30, 2014 and 2013

Revenue:

Three and Nine Months

Total revenue increased by $0.9 million, or approximately 4%, to $23.4 million for the three months ended September 30, 2014 from $22.5 million for the three months ended September 30, 2013. This increase was due primarily to a $1.5 million increase in service revenue which was partially offset by a $0.6 million decrease in revenue from subscriber equipment sales. Total revenue increased by $6.3 million, or approximately 10%, to $68.0 million for the nine months ended September 30, 2014 from $61.7

million for the nine months ended September 30, 2013. This increase was due primarily to a $4.8 million increase in service revenue and, to a lesser extent, a $1.5 million increase in revenue from subscriber equipment sales. The primary driver for the increase in service revenue for both the three and nine month periods was growth in Duplex service revenue as we continue to see increases in new subscriber activations corresponding to equipment sales over the past 12 months. Demand for our Duplex products and services has continued as we successfully completed the restoration of our second-generation constellation in August 2013 by placing our last second-generation satellite into commercial service. The decrease in revenue from equipment sales for the third quarter of 2014 was due primarily to declining sales of our Duplex and Simplex products. Higher volume Duplex sales during the third quarter of 2013 resulted from initial channel distribution following the release of the SPOT Global Phone in the second quarter of 2013. The decline in Simplex sales resulted from fluctuations in customer demand from the third quarter of 2013 to the third quarter of 2014. The increase in revenue from equipment sales for the first nine months of 2014 was due primarily to increased demand for our SPOT products, including the SPOT Gen3, and successful penetration of the SPOT Trace, a mass market device released in the fourth quarter of 2013. The success of our SPOT products continues to grow as evidenced in part by improving consumer velocity, which is measured by the number of subscriber activations.

The following table sets forth amounts and percentages of our revenue by type of service for the three and nine months ended September 30, 2014 and 2013 (dollars in thousands):

	Three months ended September 30, 2014		Three months ended September 30, 2013		Nine months ended September 30, 2014		Nine months ended September 30, 2013	
	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue
Service Revenue:								
Duplex	$ 7,687	33%	$ 6,235	28%	$ 20,504	30%	$ 16,443	27%
SPOT	7,491	32	6,969	31	21,566	32	20,908	34
Simplex	1,986	8	2,147	9	6,078	9	5,596	9
IGO	214	1	251	1	789	1	739	1
Other	1,133	5	1,454	6	3,710	6	4,168	6
Total	$ 18,511	79%	$ 17,056	75%	$ 52,647	78%	$ 47,854	77%

The following table sets forth amounts and percentages of our revenue for equipment sales for the three and nine months ended September 30, 2014 and 2013 (dollars in thousands):

	Three months ended September 30, 2014		Three months ended September 30, 2013		Nine months ended September 30, 2014		Nine months ended September 30, 2013	
	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue
Equipment Revenues:								
Duplex	$ 1,800	8 %	$ 2,124	10%	$ 4,856	7%	$ 5,156	9%
SPOT	1,603	7	1,217	5	4,685	7	3,081	5
Simplex	1,557	7	1,856	8	4,838	7	4,751	8
IGO	130	—	189	1	739	1	665	1
Other	(160)	(1)	107	1	206	—	210	—
Total	$ 4,930	21 %	$ 5,493	25%	$ 15,324	22%	$ 13,863	23%

The following table sets forth our average number of subscribers, ARPU, and ending number of subscribers by type of revenue for the three and nine months ended September 30, 2014 and 2013. The following numbers are subject to immaterial rounding inherent to calculating averages.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Average number of subscribers for the period (three and nine months ended):				
Duplex (1)	63,774	84,821	74,904	84,775
SPOT (2)	232,658	218,416	228,816	230,722
Simplex	269,110	215,691	252,709	202,907
IGO	38,944	39,859	38,995	40,353
ARPU (monthly):				
Duplex (1)	$ 40.18	$ 24.50	$ 30.42	$ 21.55
SPOT (2)	10.73	10.64	10.47	10.07
Simplex	2.46	3.32	2.67	3.06
IGO	1.83	2.10	2.25	2.03
Number of subscribers (end of period):				
Duplex	65,645	85,219	65,645	85,219
SPOT	235,737	220,363	235,737	220,363
Simplex	274,065	217,655	274,065	217,655
IGO	38,639	39,560	38,639	39,560
Other	5,806	6,631	5,806	6,631
Total	619,892	569,428	619,892	569,428

(1) In 2014 we initiated a process to deactivate certain subscribers in our Duplex subscriber base who were either suspended or non-paying. We deactivated approximately 26,000 subscribers during the first quarter of 2014. For the three and nine months ended September 30, 2013, excluding these 26,000 deactivated subscribers from prior period metrics, average subscribers would have been 58,161 and 58,115, respectively, and ARPU would have been $35.73 and $31.44, respectively. For the nine months ended September 30, 2014, excluding these 26,000 deactivated subscribers from prior period metrics, average subscribers would have been 61,574 and ARPU would have been $37.00.

(2) In 2013 we initiated a process to deactivate certain suspended subscribers in our SPOT subscriber base. We deactivated approximately 36,000 subscribers during the first quarter of 2013. For the nine months ended September 30, 2013, excluding these 36,000 deactivated subscribers from prior period metrics, average subscribers would have been 212,672 and ARPU would have been $10.92.

Other service revenue includes revenue generated from engineering services and third party sources, which are not subscriber driven. Accordingly, we do not present average subscribers or ARPU for other revenue in the above charts.

Service Revenue

Three and Nine Months

Duplex service revenue increased approximately 23% and 25% for the three and nine months ended September 30, 2014, respectively, compared to the same periods in 2013. The increases in Duplex service revenue were due primarily to growth in our revenue-generating Duplex subscriber base and the continued transition of certain of our Duplex customers to higher rate plans commensurate with our improved service levels. As previously stated, we deactivated approximately 26,000 Duplex subscribers from our network in the first quarter of 2014. Total reported Duplex subscribers decreased 23% from September 30, 2013 to September 30, 2014. Excluding these deactivated subscribers from our September 30, 2013 subscriber count, Duplex subscribers would have increased approximately 12% from September 30, 2013 to September 30, 2014. Duplex equipment units sold in the past 12 months have resulted in new subscribers activating units on our network; these new subscribers contribute to increases in both service revenue and ARPU. We also continue to convert our Duplex customers to higher rate plans, which has resulted in higher churn among lower rate paying subscribers.

SPOT service revenue increased 7% and 3% for the three and nine months ended September 30, 2014, respectively, compared to the same periods in 2013. End of period SPOT subscribers increased 7% from September 30, 2013 to September 30, 2014. The growth in our SPOT subscriber base is due to new subscriber activations resulting from equipment sales over the past 12 months.

Simplex service revenue decreased 7% and increased 9% for the three and nine month periods ended September 30, 2014 compared to the same periods in 2013. Our end of period Simplex subscribers increased 26% from September 30, 2013 to September 30, 2014. Revenue growth for our Simplex customers is not necessarily commensurate with subscriber growth due to the various competitive pricing plans we offer as well as variations in customer usage.

Other revenue decreased approximately 22% and 11% for the three and nine months ended September 30, 2014, respectively, compared to the same periods in 2013. The decrease in other revenue for the three months ended September 30, 2014 compared to the same period in 2013 is due primarily to a decrease in third party revenue as well as the amount of engineering service revenue recognized. While we were manufacturing and deploying our second-generation constellation, we purchased service from other satellite providers, which we re-sold to some of our subscribers. We recorded this revenue in other service revenue as third party revenue. As our coverage is now fully restored, we have begun to transition these subscribers to our network, which has contributed in part to the increase in our Duplex service revenue. As third party revenue decreases, other service revenue will also decrease and Duplex revenue will increase.

Equipment Revenue

Three Months

Revenue from Duplex equipment sales decreased by approximately 15% for the three months ended September 30, 2014 compared to the same period in 2013. We introduced SPOT Global Phone in the second quarter of 2013. The release of this product contributed to higher than usual Duplex sales in the third quarter of 2013 due to initial channel distribution.

Revenue from SPOT equipment sales increased 32% for the three months ended September 30, 2014 compared to the same period in 2013. Growth in sales of our SPOT products was due to increased demand for SPOT Gen3, which was released in the third quarter of 2013, and the launch of SPOT Trace during the fourth quarter of 2013.

Revenue from Simplex equipment sales decreased approximately 16% for the three months ended September 30, 2014 compared to the same period in 2013. We experienced higher demand for certain of our commercial applications for M2M asset monitoring and tracking devices during the third quarter of 2013.

Nine Months

Revenue from Duplex equipment sales decreased by approximately 6% for the nine months ended September 30, 2014 compared to the same period in 2013. Driving this decrease was greater demand for the SPOT Global Phone in 2013 following the product's launch in the second quarter of 2013.

Revenue from SPOT equipment sales increased 52% for the nine months ended September 30, 2014 compared to the same period in 2013. We introduced SPOT Gen3 in the third quarter of 2013 and SPOT Trace in the fourth quarter of 2013. Market demand for both of these products has contributed to the increase in SPOT equipment revenue during the first nine months of 2014.

Revenue from Simplex equipment sales increased approximately 2% for the nine months ended September 30, 2014 compared to the same period in 2013.

Operating Expenses:

Three and Nine Months

Total operating expenses decreased $3.6 million, or approximately 8%, to $41.5 million for the three months ended September 30, 2014 from $45.1 million for the same period in 2013. This decrease is due primarily to lower depreciation expense in the third quarter of 2014 compared to the third quarter of 2013. Total operating expenses increased $9.4 million, or approximately 8%, to $131.7 million for the nine months ended September 30, 2014 from $122.3 million for the same period in 2013. We attribute this increase primarily to a $7.3 million non-cash reduction in the value of inventory related to our former contract with Qualcomm, that we recorded during the second quarter of 2014.

Cost of Services

Three and Nine Months

Cost of services decreased $0.3 million, or approximately 4%, to $7.9 million for the three months ended September 30, 2014 from $8.2 million for the same period in 2013 and decreased $1.0 million, or approximately 4%, to $21.9 million for the nine months ended September 30, 2014 from $22.9 million for the same period in 2013. Cost of services comprises primarily network operating costs, which are generally fixed in nature. As stated above, while we were manufacturing and deploying our second-generation constellation, we purchased service from other satellite providers, which we re-sold to some of our subscribers. We recorded the expense related to this service in cost of services. As we continue to transition these subscribers to our network, this cost will decrease. The decrease in cost of services for the nine months ended September 30, 2014 was due in large part to a reduction in this expense. Over the past 12 months, we have experienced cost savings as a result of our increased focus on monitoring telecommunication service expenses. These decreases were offset partially by increases in multiple expense categories as we expand and update our gateway infrastructure.

Cost of Subscriber Equipment Sales

Three and Nine Months

Cost of subscriber equipment sales decreased $0.3 million, or approximately 8%, to $3.8 million for the three months ended September 30, 2014 from $4.1 million for the same period in 2013 and increased $0.5 million, or approximately 5%, to $11.2 million for the nine months ended September 30, 2014 from $10.7 million for the same period in 2013. The fluctuations in cost of subscriber equipment sales are due primarily to the mix of products sold during the respective periods.

Cost of Subscriber Equipment Sales - Reduction in the Value of Inventory

Three and Nine Months

Cost of subscriber equipment sales - reduction in the value of inventory was $7.3 million during the nine months ended September 30, 2014 due to an impairment charge recorded during the second quarter of 2014 following cancellation of our contract with Qualcomm related to finished goods and raw materials previously accounted for as advances for inventory on our condensed consolidated balance sheet. These charges did not occur during the nine months ended September 30, 2013 or during the three months ended September 30, 2014.

As previously disclosed, we had various commercial agreements with Qualcomm since 2004 for the purchase of phone equipment and accessories. This contract was canceled in March 2013, and we entered into an agreement with Qualcomm in July 2014 whereby we paid $0.1 million to Qualcomm for all remaining finished goods and raw materials held at Qualcomm. Our future business plans contemplate using Hughes-based technology in future product development; therefore, many of the raw materials held by Qualcomm are not likely to be used in the future production of additional inventory. As a result, we recorded a reduction in the value of inventory of $7.3 million during the second quarter of 2014.

Marketing, General and Administrative

Three and Nine Months

Marketing, general and administrative expenses decreased $0.3 million, or approximately 3%, to $8.8 million for the three months ended September 30, 2014 from $9.1 million for the same period in 2013 and increased $2.2 million, or approximately 10%, to $24.8 million for the nine months ended September 30, 2014 from $22.6 million for the same period in 2013. The increase was due primarily to strategic investments in our business, including sales and marketing initiatives. Other items that contributed to the increase in expense included an increase in the fair value of stock compensation recognized for new stock options and stock awards granted in the previous 12 months.

Depreciation, Amortization and Accretion

Three and Nine Months

Depreciation, amortization, and accretion expense decreased $2.7 million, or approximately 11%, to $21.0 million for the three months ended September 30, 2014 from $23.7 million for the same period in 2013 and increased $0.3 million, less than 1%,

to $66.4 million for the nine months ended September 30, 2014 from $66.1 million for the same period in 2013. The decrease in depreciation expense from the third quarter of 2013 to the third quarter of 2014 relates primarily to our satellites launched during 2007 as these satellites are reaching the end of their estimated useful lives. The increase in depreciation expense during the nine months ended September 30, 2014 compared to the same period in 2013 relates primarily to additional depreciation expense for the second-generation satellites placed into service during the first eight months of 2013, with our last second-generation satellite placed into service in August 2013. This increase was offset partially by a decrease in depreciation expense related to our 2007 satellites as previously discussed.

Other Income (Expense):

Loss on Extinguishment of Debt

Three and Nine Months

For the three months and nine months ended September 30, 2014, we had loss on extinguishment of debt of $12.9 million and $39.6 million, respectively. For the three months and nine months ended September 30, 2013, we had loss on extinguishment of debt of $63.6 million and $110.8 million, respectively.

Loss on extinguishment of debt during the third quarter of 2014 of $12.9 million was due to the conversion of 8.00% Notes Issued in 2013. Holders of approximately $6.8 million principal amount of our 8.00% Notes Issued in 2013 converted these notes into 11.4 million shares of common stock during the third quarter of 2014, resulting in a non-cash loss on extinguishment of debt of $12.9 million. The fair value of the shares issued to the holders exceeded the derivative liability and principal amount written off due to the conversions resulting in a loss on extinguishment of debt.

Loss on extinguishment of debt during the second quarter of 2014 of $16.5 million was due to the conversion of our 8.00% Notes Issued in 2009 and a portion of our 8.00% Notes Issued in 2013. On April 15, 2014 we met the condition for automatic conversion of our 8.00% Notes Issued in 2009. As a result of this automatic conversion and other conversions prior to April 15, 2014, the remaining principal amount of 8.00% Notes Issued in 2009 converted into shares of common stock resulting in a non-cash gain on extinguishment of debt of $3.9 million during the second quarter of 2014. The derivative liability and principal amount written off exceeded the fair value of shares issued to the holders upon conversion resulting in a gain on extinguishment of debt. Additionally, holders of approximately $10.5 million principal amount of our 8.00% Notes Issued in 2013 converted them into 18.6 million shares of common stock during the second quarter of 2014, resulting in a non-cash loss on extinguishment of debt of $20.4 million. The fair value of the shares issued to the holders exceeded the derivative liability and principal amount written off due to the conversions resulting in a loss on extinguishment of debt.

Loss on extinguishment of debt recorded during the first quarter of 2014 of $10.2 million was due to the conversion during that quarter of certain of 8.00% Notes Issued in 2009 and 8.00% Notes Issued in 2013. Approximately $8.8 million principal amount of our 8.00% Notes Issued in 2009 were converted in the first quarter of 2013, resulting in a non-cash gain on extinguishment of debt of $0.4 million. The derivative liability and principal amount written off exceeded the fair value of shares issued to the holders upon conversion resulting in a gain on extinguishment of debt. Additionally, pursuant to the terms of the indenture for the 8.00% Notes Issued in 2013, approximately 15%, or $7.0 million, of the principal amount of 8.00% Notes Issued in 2013 converted on March 20, 2014, resulting in a non-cash loss on extinguishment of debt of $10.5 million. The fair value of the shares issued to the holders exceeded the derivative liability and principal amount written off due to the conversions resulting in a loss on extinguishment of debt.

Loss on extinguishment of debt during the third quarter of 2013 was due to the Amended and Restated Loan Agreement with Thermo executed in July 2013. As a result of the amendment and restatement, we recorded a loss on extinguishment of debt of $66.1 million in the third quarter of 2013. The fair value of the shares issued to the holders exceeded the derivative liability and principal amount written off due to the conversions resulting in a loss on extinguishment of debt. Additionally, approximately 12.9% of the outstanding principal amount of 8.00% Notes Issued in 2013 was converted on July 19, 2013. As a result of this conversion, we recorded a gain on extinguishment of debt of approximately $2.5 million in the third quarter of 2013. The derivative liability and principal amount written off exceeded the fair value of shares issued to the holders upon conversion resulting in a gain on extinguishment of debt.

Loss on extinguishment of debt during the second quarter of 2013 was due to the Exchange Agreement that we entered into in May 2013 with the holders of approximately 91.5% of our 5.75% Notes. The Exchanging Note Holders received a combination of cash, shares of our common stock and 8.00% Notes Issued in 2013. We redeemed the remaining 5.75% Notes for cash in an amount equal to their outstanding principal amount. As a result of the exchange and redemption, we recorded a loss on extinguishment of debt of approximately $47.2 million in the second quarter of 2013, representing the difference between the net

carrying amount of the old 5.75% Notes and the fair value of consideration given in the exchange (including the new 8.00% Notes Issued in 2013, cash payments to both Exchanging and non-Exchanging Note Holders, equity issued to the Exchanging Note Holders and other fees incurred for the exchange).

Loss on Equity Issuance

Three and Nine Months

For the three months and nine months ended September 30, 2013, we had loss on equity issuances of $2.7 million and $16.7 million, respectively. Similar charges did not occur in 2014.

In May and October 2013, we entered into Common Stock Purchase Agreements with Thermo. As a result of issuing stock under these agreements during the three and nine months ended September 30, 2013, we recognized $2.4 million and $16.4 million, respectively, of non-cash losses on the sale of shares representing the difference between the sale price of our common stock sold to Thermo and its fair value on the date of each sale (measured as the closing stock price on the date of each sale).

In July 2013, a holder of our 5.0% Warrants exercised warrants in a net share exercise. The fair value of the common stock issued with respect to this exercise was recorded as a loss on shares issued of $0.3 million, representing the fair value of the stock issued on the date the warrant was exercised.

Interest Income and Expense

Three and Nine Months

Interest income and expense, net, fluctuated by $7.8 million to an expense of $9.1 million for the three months ended September 30, 2014 from an expense of $16.9 million for the same period in 2013 and fluctuated by $6.0 million to an expense of $33.9 million for the nine months ended September 30, 2014 from an expense of $39.9 million for the same period in 2013.

During the three and nine months ended September 30, 2013, certain holders of our 5% Notes converted approximately $7.9 million and $16.5 million principal amount of Notes, respectively. These conversions resulted in the recognition of approximately $6.0 million and $12.5 million, respectively, in interest expense for the period. Similar charges did not occur in 2014.

Due to a decrease in the outstanding debt balance during the three and nine months ended September 30, 2014 compared to the same periods in 2013, which was driven primarily by conversions of our various convertible notes, interest expense has generally decreased related to certain debt instruments. As discussed in Note 3, this conversion activity has included the remaining 5% Notes in November 2013, the remaining 8.00% Notes Issued in 2009 in April 2014, and a portion of the 8.00% Notes Issued in 2013 at various dates throughout 2013 and 2014.

During the second quarter of 2014, holders of a portion of our 8.00% Notes Issued in 2013 converted them into common stock. Beginning on May 20, 2014, the first anniversary of the issuance of the 8.00% Notes Issued in 2013, the holders have a right to receive make-whole interest payments upon conversion. As a result of conversions in the second quarter of 2014, we recorded approximately $3.0 million of additional interest expense due to make-whole interest payments made upon conversion.

Excluding these isolated items, a reduction in our capitalized interest due to the decline in our construction in progress balance has increased interest expense. As we placed satellites into service, our construction in progress balance related to our second-generation satellites decreased, which reduced the amount of interest we can capitalize under GAAP.

Derivative Gain (Loss)

Three and Nine Months

Derivative gain (loss) fluctuated by $264.5 million to a gain of $167.0 million for the three months ended September 30, 2014 compared to a loss of $97.5 million for the same period in 2013 and by $291.8 million to a loss of $418.7 million for the nine months ended September 30, 2014 compared to a loss of $126.9 million for the same period in 2013.

We recognize gains or losses due to the change in the value of certain embedded features within our debt instruments that require standalone derivative accounting. During 2014, these gains and losses were due primarily to significant movements in our stock price as well as other inputs used in our valuation models. A fluctuation in our stock price is the most significant driver for

the change in value of these derivative instruments. See Note 5 to our condensed consolidated financial statements for further discussion of the impact of stock price on the fair value of derivatives.

Other

Three and Nine Months

Other income (expense) fluctuated by $4.1 million to income of $2.6 million for the three months ended September 30, 2014 from an expense of $1.5 million for the same period in 2013 and fluctuated by $3.3 million to income of $2.2 million for the nine months ended September 30, 2014 from an expense of $1.1 million for the same period in 2013. Changes in other income (expense) are due primarily to foreign currency gains and losses recognized during the respective periods. Furthermore, as previously discussed, in May 2014 Hughes exercised its right to receive the pre-payment of certain payment milestones in the form of our common stock at a 7% discount to market value in lieu of cash. In valuing the shares, we recorded a non-cash loss of approximately $0.7 million in other expense in our condensed consolidated statement of operations during the second quarter of 2014.

Liquidity and Capital Resources

Our principal liquidity requirements include paying remaining amounts outstanding related to the deployment of our second-generation constellation, making improvements to our ground infrastructure, repaying our debt and funding our operating costs. Our principal sources of liquidity include cash on hand, cash flows from operations and funds available under the equity line agreement with Terrapin. See below for further discussion. Additionally, we have approximately $37.9 million in restricted cash which must be maintained through the term of the Facility Agreement and may be used to pay the final principal and interest payments under the Facility Agreement.

Comparison of Cash Flows for the nine months ended September 30, 2014 and 2013

The following table shows our cash flows from operating, investing and financing activities for the nine months ended September 30, 2014 and 2013 (in thousands):

	Nine Months Ended	
	September 30, 2014	September 30, 2013
Net cash provided by operating activities	$ 6,875	$ 2,334
Net cash used in investing activities	(6,065)	(30,615)
Net cash provided by financing activities	9,139	23,042
Effect of exchange rate changes on cash	(136)	90
Net increase (decrease) in cash and cash equivalents	$ 9,813	$ (5,149)

Cash Flows Provided by Operating Activities

Net cash provided by operating activities during the nine months ended September 30, 2014 was $6.9 million compared to $2.3 million during the same period in 2013. We experienced favorable changes in operating assets and liabilities during the nine months ended September 30, 2014, which resulted in more cash provided by operating activities for the first nine months of 2014 than in the same period of 2013.

Cash Flows Used in Investing Activities

Cash used in investing activities was $6.1 million for the nine months ended September 30, 2014 compared to $30.6 million for the same period in 2013. The decrease in cash used in investing activities was due primarily to the decrease in payments related to our second-generation constellation. The decrease in cash used in the construction of our second-generation constellation was due to the satellites being deployed fully by August 2013. We expect to continue to incur capital expenditures throughout 2014 and in future years relating to capital expenditures to upgrade our gateways and other ground facilities. We also experienced a reduction in our restricted cash balance. During 2013, we drew $8.8 million in total of excess funds held in our debt service reserve account to pay launch related expenses.

Cash Flows Provided by Financing Activities

Net cash provided by financing activities for the nine months ended September 30, 2014 was primarily due to cash received as a result of warrant and stock option exercises. We continue to see increased stock option and warrant exercises as our stock

price appreciates and these instruments are more valuable to the holders. The net cash provided by financing activities during the nine months ended September 30, 2013 was due primarily to transactions related to our debt instruments and equity commitments. In May 2013, we exchanged our 5.75% Notes for new 8.00% Notes Issued in 2013. In connection with this exchange, we paid $20.0 million in cash as a reduction of principal outstanding and we received $51.5 million from Thermo pursuant to the Consent Agreement (See Note 3 for further discussion). We also made payments in the third quarter of 2013 for financing costs related to the exchange of the 5.75% Notes and the amendment of our Facility Agreement, which occurred in August 2013.

Cash Position and Indebtedness

As of September 30, 2014, we held cash and cash equivalents of $27.2 million, and $24.0 million was available under the equity line agreement with Terrapin. Additionally, we have approximately $37.9 million in restricted cash which must be maintained through the term of the Facility Agreement and may be used to pay the final principal and interest payments under the Facility Agreement.

As of December 31, 2013, we held cash and cash equivalents of $17.4 million and $24.0 million was available under the equity line agreement with Terrapin.

The carrying amount of the current portion of our long-term debt outstanding was $7.3 million and $4.0 million at September 30, 2014 and December 31, 2013, respectively. The current portion of our long-term debt outstanding at each of these periods represents scheduled principal payments under our Facility Agreement to occur in the next twelve months. See Note 3 to the condensed consolidated financial statements for further discussion.

Facility Agreement

We have a $586.3 million senior secured credit facility agreement (the “Facility Agreement”) that, as described below, was amended and restated effective in August 2013 and is scheduled to mature in December 2022. Semi-annual principal repayments are scheduled to begin in December 2014. The facility bears interest at a floating LIBOR rate plus 2.75% through June 2017, increasing by an additional 0.5% each year to a maximum rate of LIBOR plus 5.75%. Ninety-five percent of our obligations under the Facility Agreement are guaranteed by COFACE, the French export credit agency. Our obligations under the Facility Agreement are guaranteed on a senior secured basis by all of our domestic subsidiaries and are secured by a first priority lien on substantially all of the assets of us and our domestic subsidiaries (other than their FCC licenses), including patents and trademarks, 100% of the equity of our domestic subsidiaries and 65% of the equity of certain foreign subsidiaries. The Facility Agreement contains customary events of default and requires that we satisfy various financial and nonfinancial covenants. We were in compliance with all covenants as of September 30, 2014.

The Facility Agreement requires the Company to maintain a total of $37.9 million in a debt service reserve account. The use of the funds in this account is restricted to making principal and interest payments under the Facility Agreement. As of September 30, 2014, the balance in the debt service reserve account was $37.9 million and classified as restricted cash.

On July 31, 2013, we entered into the GARA with Thermo, our domestic subsidiaries (the “Subsidiary Guarantors”), the Lenders and BNP Paribas as the security agent and COFACE Agent, providing for the amendment and restatement of our Facility Agreement and certain related credit documents. The GARA became effective on August 22, 2013 and, among other things, waived all of our existing defaults under the Facility Agreement and restructured the financial covenants.

The Facility Agreement requires that:

- We not exceed maximum capital expenditures of $42.3 million for the full year 2014, $18.8 million for the full year 2015, $13.2 million for the full year 2016 and $15.0 million for each year thereafter. Pursuant to the terms of the Facility Agreement, if, in any relevant period, the capital expenditures are less than the permitted amount for that relevant period, a permitted excess amount may be added to the maximum amount of capital expenditures in the next period;

- We maintain at all times a minimum liquidity balance of $4.0 million;

- We achieve for each period the following minimum adjusted consolidated EBITDA (as defined in the Facility Agreement):

Period		Minimum Amount
7/1/14-12/31/14	$	14.1 million
1/1/15-6/30/15	$	17.0 million
7/1/15-12/31/15	$	23.5 million

- Beginning in July 2013, we maintain a minimum debt service coverage ratio of 1.00:1; and
- We maintain a maximum net debt to adjusted consolidated EBITDA ratio of 62.00:1, gradually decreasing to 2.50:1 through 2022.

Pursuant to the terms of the Facility Agreement, we have the ability to cure noncompliance with financial covenants with equity contributions through June 2017.

See Note 3 to our condensed consolidated financial statements for further discussion of the Facility Agreement.

The Consent Agreement and the Common Stock Purchase (and Option) Agreement

The Consent Agreement

On May 20, 2013, we entered into the Consent Agreement with Thermo. Pursuant to the Consent Agreement, Thermo agreed that it would make, or arrange for third parties to make, cash contributions to us in exchange for equity, subordinated convertible debt or other equity-linked securities.

In accordance with the terms of the Common Stock Purchase Agreement and the Common Stock Purchase and Option Agreement discussed below, as of December 31, 2013, Thermo contributed a total of $65.0 million to us in exchange for 171.9 million shares of our nonvoting common stock. As of September 30, 2014, Thermo had fulfilled its obligations under the agreements.

The Common Stock Purchase Agreement

On May 20, 2013, we entered into a Common Stock Purchase Agreement with Thermo to price certain equity purchases made by Thermo pursuant to the Consent Agreement. Pursuant to the Consent Agreement, Thermo purchased 78,125,000 shares of our common stock for $25.0 million ($0.32 per share). Thermo also agreed to purchase additional shares of our common stock at $0.32 per share as and when required to fulfill its equity commitment described above to maintain our consolidated unrestricted cash balance at not less than $4.0 million until the earlier of July 31, 2013 and the closing of a restructuring of the Facility Agreement. In furtherance thereof, in May 2013, Thermo purchased an additional 15,625,000 shares of our common stock for an aggregate purchase price of $5.0 million. In June 2013, Thermo purchased an additional 28,125,000 shares of our common stock for an aggregate purchase price of $9.0 million. Pursuant to their commitment, Thermo invested $6.0 million in July 2013 and $6.5 million in August 2013 on terms determined by a special committee of our board of directors consisting solely of unaffiliated directors as described below.

Pursuant to the Common Stock Purchase Agreement, the shares of common stock are intended to be shares of non-voting common stock. As of May 20, 2013, our certificate of incorporation did not provide for any authorized but unissued shares of non-voting common stock. On July 8, 2013, we filed an amendment to our certificate of incorporation increasing the number of authorized shares of non-voting common stock, and we subsequently delivered Thermo shares of our non-voting common stock.

The terms of the Common Stock Purchase Agreement were approved by a special committee of our board of directors consisting solely of our unaffiliated directors. The committee, which was represented by independent legal counsel, determined that the terms of the Common Stock Purchase Agreement were fair to and in the best interests of us and our shareholders.

The Common Stock Purchase and Option Agreement

On October 14, 2013, we entered into a Common Stock Purchase and Option Agreement with Thermo to price certain previously made and anticipated equity purchases made by Thermo pursuant to the Consent Agreement. Pursuant to the terms of the Common Stock Purchase and Option Agreement, Thermo agreed to purchase 11,538,461 shares of our non-voting common stock at a purchase price of $0.52 per share in exchange for $6.0 million invested in July 2013 and an additional 12,500,000 shares of our common stock in exchange for $6.5 million funded in August 2013. During the third quarter of 2013, Thermo purchased

approximately 24.0 million shares of our common stock pursuant to the terms of the Common Stock Purchase and Option Agreement for an aggregate purchase price of $12.5 million.

The Common Stock Purchase and Option Agreement also granted us a First Option and a Second Option, as defined in the agreement, whereby we could require Thermo to purchase an additional $13.5 million of our common stock at a fixed price regardless of the underlying stock price when such stock was purchased and an additional $11.5 million of nonvoting common stock, as and when requested to do so by the special committee through November 28, 2013 and December 31, 2013, respectively. The First Option provided we could sell up to $13.5 million in shares to Thermo at a purchase price of $0.52 per share. The Second Option provided we could sell up to $11.5 million in shares to Thermo at a price equal to 85% of the average closing price of our voting common stock during the ten trading days immediately preceding the date of the special committee's notice of exercise of the option. In November 2013, the special committee and Thermo amended the Common Stock Purchase and Option Agreement to defer the expiration date of the Second Option to March 31, 2014. The Second Option under the Common Stock Purchase and Option Agreement was not exercised and therefore has expired. In November 2013, we exercised the First Option, pursuant to which on December 27, 2013 we sold Thermo 26.0 million shares of our common stock for a total purchase price of $13.5 million.

The terms of the Common Stock Purchase and Option Agreement were approved by a special committee of our board of directors consisting solely of our unaffiliated directors. The Committee, which was represented by independent legal counsel, determined that the terms of the Common Stock Purchase and Option Agreement were fair to and in the best interests of us and our shareholders.

See Note 3 to our condensed consolidated financial statements for further discussion of the Consent Agreement and the Common Stock Purchase and Option Agreement.

Terrapin Common Stock Purchase Agreement

On December 28, 2012 we entered into a Common Stock Purchase Agreement with Terrapin pursuant to which we may, subject to certain conditions, require Terrapin to purchase up to $30.0 million of shares of our voting common stock over the 24-month term following the effective date of a resale registration statement, which became effective on August 2, 2013. This type of arrangement is sometimes referred to as a committed equity line financing facility. From time to time over the 24-month term following the effectiveness of the registration statement, and in our sole discretion, we may present Terrapin with up to 36 draw down notices requiring Terrapin to purchase a specified dollar amount of shares of our voting common stock. We will not sell Terrapin a number of shares of voting common stock which, when aggregated with all other shares of voting common stock then beneficially owned by Terrapin and its affiliates, would result in the beneficial ownership by Terrapin or any of its affiliates of more than 9.9% of our then issued and outstanding shares of voting common stock.

Since entering into this agreement, Terrapin has purchased a total of 6.1 million shares of voting common stock at a purchase price of $6.0 million.

See Note 3 to our condensed consolidated financial statements for further discussion of the Terrapin agreement.

Capital Expenditures

We have entered into various contractual agreements related to the procurement and deployment of our second-generation network, as summarized below. The discussion below is based on our current contractual obligations to these contractors.

Second-Generation Satellites

We have a contract with Thales for the construction of the second-generation low-earth orbit satellites and related services. We successfully completed the launches of our second-generation satellites. We have also incurred additional costs for certain related services, a portion of which is still owed to Thales. Discussions between us and Thales are ongoing regarding the remaining amounts owed by both parties under the contracts. We included these amounts in "Other Capital Expenditures and Capitalized Labor" in the table below.

We have a contract with Arianespace for the launch of these second-generation satellites and certain pre and post-launch services. We have also incurred additional obligations to Arianespace for launch delays. We included these amounts in "Other Capital Expenditures and Capitalized Labor" in the table below.

The amount of capital expenditures as of September 30, 2014 and estimated future capital expenditures (excluding capitalized interest) related to the construction and deployment of the satellites for our second-generation constellation and the launch services contract is presented in the table below (in thousands):

Capital Expenditures	Payments through September 30, 2014	Estimated Future Payments: Remaining 2014	2015	2016	Thereafter	Total
Thales Second-Generation Satellites	$ 622,690	—	$ —	$ —	$ —	$ 622,690
Arianespace Launch Services	216,000	—	—	—	—	216,000
Launch Insurance	39,903	—	—	—	—	39,903
Other Capital Expenditures and Capitalized Labor	54,631	5,851	—	—	—	60,482
Total	$ 933,224	$ 5,851	$ —	$ —	$ —	$ 939,075

As of September 30, 2014, we had recorded $5.9 million of these capital expenditures in accounts payable and accrued expenses.

Next-Generation Gateways and Other Ground Facilities

In May 2008, we entered into an agreement with Hughes to design, supply and implement (a) RAN ground network equipment and software upgrades for installation at a number of our satellite gateway ground stations and (b) satellite interface chips to be used in various next-generation Globalstar devices.

In May 2014, we entered into an agreement with Hughes to incorporate changes to the scope of work for the RAN and UTS being supplied to us. The additional work increases the total contract value by $3.8 million. We also entered into a letter agreement with Hughes whereby Hughes was granted the option to accept the pre-payment of certain payment milestones in the form of our common stock at a 7% discount in lieu of cash. We issued the stock to Hughes on July 1, 2014. The payment milestones totaled $9.9 million. In valuing the shares, we recorded a loss of approximately $0.7 million in our condensed consolidated statement of operations during the second quarter of 2014.

In October 2014, the Company and Hughes formally amended the contract to include the revised scope of work agreed to in the May letter agreement. The amendment also adjusted the schedule of the program and the remaining payment milestones and program milestones to incorporate the agreed upon changes. The additional $3.8 million in work agreed to in May is now reflected in the contract through this amendment.

In October 2008, we signed an agreement with Ericsson, a leading global provider of technology and services to telecom operators. Ericsson will work with us to develop, implement and maintain a ground interface, or core network, system that will be installed at a number of our satellite gateway ground stations. In July 2014, we entered into an amended and restated agreement with Ericsson for our core network system specifying the remaining contract value of $25.4 million for the work and a new milestone schedule to reflect the new program timeline.

The following table presents the amount of actual and contractual capital expenditures (excluding capitalized interest) related to the construction of the ground component and related costs (in thousands) and includes both payments made in cash and stock:

Capital Expenditures	Payments through September 30, 2014	Estimated Future Payments: Remaining 2014	2015	2016	Thereafter	Total
Hughes second-generation ground component (including research and development expense)	$ 93,090	$ 1,569	$ 9,744	$ 1,610	$ —	$ 106,013
Ericsson ground network	6,049	6,774	13,676	5,643	—	32,142
Other Capital Expenditures	1,583	—	—	—	—	1,583
Total	$ 100,722	$ 8,343	$ 23,420	$ 7,253	$ —	$ 139,738

As of September 30, 2014, we recorded $2.6 million of these capital expenditures in accounts payable.

Liquidity

We have a plan to continue to improve operations, maintain our second-generation constellation, and upgrade our next-generation ground infrastructure. We must execute our business plan, which assumes the funding of the financial arrangements with Terrapin. Uncertainties remain related to the timing of this funding. Completion of the foregoing actions is not solely within our control and we may be unable to successfully complete one or all of these actions.

Satisfying our principal long-term liquidity needs depends upon maintaining service coverage levels and continuing to make improvements to our ground infrastructure, funding our working capital and cash operating needs, including any growth in our business, and funding repayment of our indebtedness, both principal and interest, when due. We expect sources of long-term liquidity to include debt and equity financings which have not yet been arranged. We cannot assure you that we can obtain sufficient additional financing on acceptable terms, if at all. We also expect cash flows from operations to be a source of long-term liquidity now that we have fully deployed our second-generation satellite constellation. Additionally, we have approximately $37.9 million in restricted cash which must be maintained through the term of the Facility Agreement and can be used to pay the final principal and interest payments under the Facility Agreement.

Contractual Obligations and Commitments

There have been no other significant changes to our contractual obligations and commitments since December 31, 2013 except those discussed above.

Off-Balance Sheet Transactions

We have no material off-balance sheet transactions.

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, Brazilian Reais 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. We are obligated to enter into currency hedges with the original lenders no later than 90 days after any fiscal quarter during which more than 25% of revenues is denominated in a single currency other than U.S. or Canadian dollars. Otherwise, we cannot enter into hedging agreements other than interest rate cap agreements or other hedges described above without the consent of the agent for the Facility Agreement, and with that consent the counterparties may only be the original lenders.

Our interest rate risk arises from our variable rate debt under our Facility Agreement, under which loans bear interest at a floating rate based on the LIBOR. In order to minimize the interest rate risk, we completed an arrangement with the lenders under the Facility Agreement to limit the interest to which we are exposed. The interest rate cap provides limits on the 6-month Libor rate (Base Rate) used to calculate the coupon interest on outstanding amounts on the Facility Agreement to be capped at 5.50% should the Base Rate not exceed 6.5%. Should the Base Rate exceed 6.5%, our Base Rate will be 1% less than the then 6-month Libor rate. Based on borrowings, the entire $586.3 million under the Facility Agreement, a 1.0% change in interest rates would result in a change to interest expense of approximately $5.9 million annually.

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(b) under the Securities Exchange Act of 1934 as of September 30, 2014, 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. This evaluation was based on the guidelines established in *Internal Control - Integrated Framework* issued in1992 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). 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.

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of September 30, 2014 our disclosure controls and procedures were 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.

We believe that the condensed consolidated financial statements included in this Report fairly present, in all material respects, our condensed consolidated financial position and results of operations as of and for the quarter and nine months ended September 30, 2014.

(b) Changes in internal control over financial reporting.

As of September 30, 2014, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated our internal control over financial reporting. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that no changes in our internal control over financial reporting occurred during the quarter ended September 30, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, except as noted below with respect to a non-cash derivative valuation.

As discussed in *Management's Annual Report on Internal Control over Financial Reporting* included in our Annual Report on Form 10-K for the year ended December 31, 2013, management identified a material weakness in our internal control over financial reporting as it related to an outsourced control performed by an independent valuation firm engaged to calculate the valuation of our non-cash embedded derivative liabilities at each reporting period.

In order to remediate the material weakness described above, we implemented the following steps.

- Updates have been made to the valuation model to correct the identified error.
- Additional analysis and review procedures will be performed by the independent valuation firm and discussed with management.
- Management implemented additional review procedures over the outputs of the valuation model.

We will continue to evaluate the effectiveness of our internal controls and procedures on an ongoing basis and will take further action as appropriate.

PART II: OTHER INFORMATION

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. There have been no material changes to the risk factors disclosed in Part I. Item 1A."Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2013, as filed with the SEC on March 10, 2014.

Item 6. Exhibits

Exhibit Number	Description
10.1†	Purchase Agreement by and between Globalstar, Inc. and Ericsson Inc. effective as of July 22, 2014
10.2†	Amendment No.12 to Contract between Globalstar, Inc. and Hughes Network Systems LLC dated as of October 16, 2014
31.1	Section 302 Certification of the Chief Executive Officer
31.2	Section 302 Certification of the Chief Financial Officer
32.1	Section 906 Certification of the Chief Executive Officer
32.2	Section 906 Certification of the Chief Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document

† Portions of the exhibits have been omitted pursuant to a request for confidential treatment filed with the Commission. The omitted portions 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.

By:
/s/ James Monroe III

Date: November 6, 2014

James Monroe III
Chief Executive Officer (Principal Executive Officer)

Exhibit 10.1

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.

PURCHASE AGREEMENT

BETWEEN

ERICSSON INC.

AND

GLOBALSTAR, INC.

FOR

GLOBALSTAR'S SECOND GENERATION GATEWAY CORE NETWORK DEVELOPMENT

CONTRACT NUMBER ERI-MAS-02007

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<u>PURCHASE AGREEMENT</u>

THIS PURCHASE AGREEMENT, **ERI-MAS-02007** (this "Agreement"), effective as of July 22, 2014 (the "Effective Date of Contract" or "EDC"), is entered into by and between Ericsson Inc., a Delaware corporation ("Ericsson"), with a place of business at 6300 Legacy Drive, Plano TX 75024 and Globalstar, Inc., a Delaware corporation ("Globalstar") with its principal place of business 300 Holiday Square Blvd, Covington LA 70433 (each a "party" and collectively the "parties").

WHEREAS, Globalstar desires to retain a qualified supplier to provide Products and Services with respect to Globalstar's Second Generation Gateway Core Network Development; and

WHEREAS, Globalstar and Ericsson have agreed that the business structure established pursuant to this Agreement will achieve the objectives contemplated by the parties in establishing the terms and conditions upon which Ericsson will provide to Globalstar, and Globalstar will purchase from Ericsson, those certain specified Products and Services.

NOW, THEREFORE, Ericsson and Globalstar hereby agree as follows:

1. Scope of Agreement

Subject to the terms and conditions of this Agreement and payment of $25,364,207 in accordance with the Payment Milestones set forth in Exhibit C, Payment Milestones, Ericsson agrees to deliver to Globalstar the Products and Services listed in the attached Exhibit A, Pricing Schedule, as further set forth in Exhibit D, Statement of Work and defined in Exhibit E, Statement of Compliance.

The following Exhibits are incorporated into this Agreement and made a part hereof:

Exhibit A Pricing Schedule
Exhibit B Termination Liability Schedule
Exhibit C Payment Milestones
Exhibit D Statement of Work for Globalstar 2nd Generation Gateway Core Network Development
Exhibit E Statement of Compliance
Exhibit E-1 Core Network Specification – Lawful Intercept
Exhibit F Expansion Pricing and Options
Exhibit G Amendment Template
Exhibit H Spares List
Exhibit I Definitions
Exhibit J Globalstar Travel Policy

2. Order of Precedence

Should any ambiguity or conflict arise between any Exhibits hereto and the Agreement Articles of this document, such ambiguity or conflict shall be resolved by following order of precedence as set forth below:

Agreement Articles of this document
Exhibit I – Definitions
Exhibit D – Statement of Work for Globalstar 2nd Generation Gateway Core Network Development
Exhibit J – Globalstar Travel Policy
Exhibit E – Statement of Compliance
Exhibit E-1 – Core Network Specification – Lawful Intercept
Exhibit A – Pricing Schedule
Exhibit F – Expansion Pricing and Options
Exhibit B – Termination Liability Schedule
Exhibit C – Payment Milestones
Exhibit H – Spares List
Exhibit G – Amendment Template

3. Options

Globalstar shall have the unilateral right to exercise any option as set forth in Exhibit F, Expansion Pricing and Options. Globalstar may exercise such option by providing written notice to Ericsson no later than the expiration of the Option Validity Period which is hereby defined to be the expiration of the term of this Agreement as set forth in Article 4, Term. The option price is firm fixed price for the duration of the Initial Term of this Agreement. Following the fifth (5th) anniversary of EDC the availability of any optional items hereunder will be subject to mutually agreed terms and conditions. Such exercised options or orders will be incorporated into the Agreement through the written Change Request process set forth in Article 29, Changes. Each Contract Change Notice shall include updates, as required, to the Exhibits of the Agreement. Globalstar shall provide a forecast to Ericsson 3 months in advance of exercise of any option. Delivery of Products under any exercised option is 12 weeks after exercise of option, provided Ericsson has received the forecast 3 months in advance as referenced above. For sake of clarification, Globalstar may still exercise any option without providing a forecast 3 months in advance, but Ericsson shall not be required to make a Delivery of Products in 12 weeks without having received a 3 month forecast.

Upon receipt and conclusion of the Customer Support Services specified in Exhibit D – Statement of Work, Appendix 2 - Customer Support Statement of Work, Globalstar shall have the option to extend the Customer Support as described in Exhibit F – Expansion

Pricing and Options, for additional one (1) year increments at the option prices as set forth in Exhibit F – Expansion Pricing and Options for the remainder of the Initial Term. Support may be provided in additional one year increments beyond the Initial Term subject to the mutual agreement of the parties. Ericsson has the right to reassess the pricing and support scope after the first three years of increments. Globalstar shall deliver written notice of its election to implement such extensions not less than 90 days prior to the end of the applicable period being extended. Payments for such extensions shall be invoiced quarterly in advance of each quarterly period starting at the beginning of the extension period with payment due in accordance with Article 13, Invoicing and Payments.

4. Term

The Initial Term of this Agreement will commence at EDC and will continue for a period of five (5) years, unless sooner terminated in accordance with the provisions hereof. This Agreement will automatically extend for successive one (1) year periods unless sooner terminated in accordance with the provisions hereof.

5. Statement of Work

(A) Under this Agreement, Ericsson shall deliver "Work" as set forth below:

(a) Products as set forth in Exhibit A – Pricing Schedule
- (i) Hardware (including third party hardware);
- (ii) Software (software executable code and firmware, including same from third parties)
- (iii) Documentation (technical data, manuals, drawings and documents, including same from third parties); and

(b) Services (including Customer Support).

(B) Additional Products and Services set forth in Exhibit F - Expansion Pricing and Options, may be provided by Ericsson to Globalstar in accordance with a Statement of Work mutually agreed to by Ericsson and Globalstar from time to time during the term of this Agreement ("Statement of Work for Expansion Products"). Each such Statement of Work for Expansion Products will, at a minimum, include the following:

(a) A reference to this Agreement, which reference will be deemed to incorporate all applicable provisions of this Agreement.

(b) The date as of which the Statement of Work for Expansion Products will be effective, and, if applicable, the term or period of time during which Ericsson will provide the applicable Products and Services to Globalstar pursuant to that Statement of Work for Expansion Products.

(c) A description of the Products and Services to be provided by Ericsson to Globalstar pursuant to the Statement of Work for Expansion Products, including, but not limited to, the deliverables to be provided as part of the applicable Products and Services pursuant to that Statement of Work.

(d) The amounts payable to Ericsson by Globalstar for the Products and Services to be provided under the applicable Statement of Work for Expansion Products.

(e) Additional payment milestones and termination liabilities for the Expansion Products provided under that Statement of Work for Expansion Products that are not otherwise set forth in this Agreement.

No Statement of Work for Expansion Products will become effective until a formal amendment to the Agreement, incorporating such Statement of Work into this Agreement, has been executed using the form designated in Exhibit G – Amendment Template by an authorized representative of both Ericsson and Globalstar.

In the event of any express conflict or inconsistency between the provisions of this Agreement and the provisions of any Statement of Work for Expansion Products, the provisions of this Agreement will control with respect to the interpretation of that Statement of Work.

6. Performance Schedule

The Work, as defined in Article 5, Statement of Work, and as set forth in Exhibit D, Statement of Work, shall be performed in accordance with the schedule detailed in Exhibit D, Statement of Work, and Exhibit E, Statement of Compliance. Such schedule shall be adjusted on an equitable basis pursuant to the Change procedure set out in Article 29, Changes of this Agreement in respect of (i) any delays attributable to any events of excusable delay referenced in Article 31, Force Majeure, of this Agreement or (ii) delays by Globalstar in acting or performing as required under this Agreement including any delay or failure to furnish the required equipment, services or property pursuant to Section 4 of Exhibit D, Statement of Work, of this Agreement

7. Acceptance

A. All deliverable Work specified in Exhibit D, Statement of Work, and all Payment Milestones as defined in Exhibit C, Payment Milestones, shall be subject to acceptance of such Work by Globalstar in accordance with this Article 7.

Postponement of acceptance by Globalstar due to any deficiencies not attributable to Ericsson (or Ericsson's third party providers) will be deemed acceptance of such Milestone.

B. Installation/ Delivery Acceptance

Upon installation of the applicable Products for the lab and sites 1-3, Ericsson will conduct acceptance testing in accordance with the procedures and requirements set forth in Exhibit D – Statement of Work and Exhibit E – Statement of Compliance to demonstrate that such Products operate in material conformance with the applicable specifications in accordance with the applicable acceptance test plan and acceptance criteria as mutually agreed upon 60 days prior to the commencement of the installation. Upon successful completion of the applicable acceptance testing, Ericsson will provide Globalstar with a Certificate of Acceptance for such installation. Within twenty (20) business days following its receipt of the Certificate of Acceptance, Globalstar will either (i) sign and return to Ericsson the Certificate of Acceptance, confirming Globalstar's acceptance of such installation, or (ii) notify Ericsson in writing of Globalstar's rejection of such installation, together with the specific deficiencies constituting the grounds for such rejection; provided that either (1) Globalstar's failure to so provide Ericsson with such written notification of rejection within such 20-business-day period, or (2) Globalstar's commercial use of such Products, or a portion thereof, will constitute acceptance of such installation. Only service-affecting deficiencies shall be grounds for delay of the applicable acceptance of such installation. Prior to or upon Globalstar's acceptance of the installation, Globalstar may provide Ericsson with a written punchlist of the non-conformities of such installed Product (the "Punchlist"). Within twenty (20) days following the acceptance of such Product, Globalstar may update such Punchlist by adding the non-conformities of the Product identified by Globalstar after the acceptance. Ericsson shall promptly correct the non-conformities identified in the Punchlist. Upon Ericsson's successful correction of such non-conformities, Ericsson shall submit to Globalstar, and Globalstar shall sign, a certificate verifying that no further Punchlist items remain unresolved. When Globalstar has completed their installation for sites 4-9 they will need to hand over those sites to Ericsson's support organization. Any Ericsson support for such handover can be obtained through the use of the consultancy hours.

C. Payment Milestone Acceptance

Acceptance of Payment Milestones as defined in Exhibit C – Payment Milestones, to the extent they are not included in 7 B above, shall occur upon successful completion of the Payment Milestone in accordance with the acceptance criteria as mutually agreed upon 60 days prior to the defined completion date of each Payment Milestone. Upon successful completion of the applicable acceptance criteria, Ericsson will provide Globalstar with a Certificate of Acceptance for each such Payment Milestone. Within twenty (20) business days following its receipt of the Certificate of Acceptance, Globalstar will either (i) sign and return to Ericsson the Certificate of Acceptance, confirming Globalstar 's acceptance of such Milestone, or (ii) notify Ericsson in writing of Globalstar's rejection of the Milestone, together with the specific deficiencies constituting the grounds for such

rejection; provided that either (1) Globalstar 's failure to so provide Ericsson with such written notification of rejection within such 20-business-day period, or (2) Globalstar's commercial use of the deliverables included in the above-referenced Milestones, or a portion thereof, or Globalstar's notice to Ericsson to commence work based on a design document for milestones related to design, will constitute acceptance of the Payment Milestone. Prior to or upon Globalstar's acceptance of the Payment Milestone, Globalstar may provide Ericsson with a written punchlist of the non-conformities (the "Punchlist"). Within twenty (20) days following the acceptance of the Payment Milestone, Globalstar may update such Punchlist by adding the non-conformities of the Payment Milestone identified by Globalstar after the acceptance. Ericsson shall promptly correct the non-conformities identified in the Punchlist. Upon Ericsson's successful correction of such non-conformities, Ericsson shall submit to Globalstar, and Globalstar shall sign, a certificate verifying that no further Punchlist items remain unresolved.

8. Access to Work in Progress

A. Globalstar shall have the right, at all reasonable times during the performance of this Agreement, and at Globalstar's sole expense, to monitor the Work in progress at the plants of Ericsson, provided that Globalstar gives reasonable notice to Ericsson. Visits shall be on a non-interfering basis subject to Ericsson's standard security and confidentiality procedures.

B. To the extent necessary to implement this Article, and with the consent of any affected subcontractors, Ericsson shall pass through the provisions hereof into all subcontracts with suppliers of critical path items.

C. In no event shall Ericsson be liable if Globalstar's monitoring delays or otherwise prevents the performance, delivery or acceptance of Ericsson Work under this Agreement.

9. Delivery, Title and Risk of Loss

Except as the parties may otherwise agree to, Ericsson shall deliver the Product according to INCOTERMS 2010, Delivery Duty Unpaid named place of destination and according to the agreed upon delivery schedule. 'Delivery Duty Unpaid' (named place of destination) means that Ericsson delivers the Products to Globalstar, not cleared for import, and not unloaded from any arriving means of transport at the 'named place of destination'. Ericsson has to bear the costs and risks involved in the bringing the Products thereto, other than, where applicable, any 'duty' (which term includes the responsibility for and the risks of carrying out of customs formalities, and the payment of formalities, customs duties, taxes and other charges) for import in the country of destination. Such 'duty' has to be borne by Globalstar as well as any costs and risks caused by Globalstar's failure to clear the Products for import in time. Ericsson will make reasonable commercial efforts to minimize the number of shipments to each site.

Title and risk of loss or damage to the Products will pass to Globalstar upon Ericsson's delivery to the named place of destination, including delivery to a temporary destination in the United States for equipment with a final destination outside the United States. If Ericsson retakes possession of a delivered Product, for example to bring it to an installation site, Ericsson assumes risk of loss until such Product is re-delivered to a Globalstar location.

Notwithstanding the foregoing, Globalstar hereby grants to Ericsson a lien on and a security interest (which, to the fullest extent permitted by law, shall be deemed to be a purchase money security interest) in and to each such Product and any and all proceeds thereof to secure the payment in full of the purchase price for such Product. Globalstar agrees to cooperate with Ericsson to create, preserve, perfect or validate such lien and security interest in any jurisdiction, and Ericsson may at any time file a copy of this Agreement as a financing statement with any filing office in any jurisdiction.

10. Prices and Fees

The Total Purchase Price shall be a firm fixed-price Twenty Five Million Three Hundred Sixty Four Thousand Two Hundred Seven United States Dollars (**$25,364,207**). Globalstar shall issue a Purchase Order for the total amount of Twenty Five Million Three Hundred Sixty Four Thousand Two Hundred Seven Dollars (**$25,364,207)** upon execution of this Agreement. For the sake of clarification, there is an additional time and materials component of the Work in Exhibit F. The commitment for any added Products or Services added to this Agreement, shall arise upon execution of an amendment by the parties in accordance with the form defined in Exhibit G – Amendment Template, without the need to issue any purchase order or other similar documentation in connection herewith.

The commitment for the purchase price of any Expansion Products to be listed in a Statement of Work for Expansion Products shall arise upon execution by an authorized representative of both Ericsson and Globalstar of an amendment incorporating such Statement of Work into this Agreement.

The Services pricing is based on a project duration of 24 months, with each party meeting its obligations as outlined herein. In the event of a delay beyond the 24 month period, due to a delay attributable to Globalstar, Ericsson will be entitled to charge for additional Services (included but not limited to Technical and Project Management) required as an effect of such delay on a monthly basis. In the event of a delay beyond the 24 month period, due to a delay attributable to Ericsson, Ericsson will not be entitled to charge for additional Services required as an effect of such delay.

11. Out-of-Pocket Expenses

With regard to any mutually approved time-and-materials Work, Globalstar will pay or reimburse Ericsson for any reasonable out-of-pocket expenses, such as travel and associated expenses, reasonably incurred by Ericsson in connection with the performance of this Agreement so long as Ericsson requests and estimates the magnitude of such expenses and receives Globalstar approval in advance. All travel must be consistent with Exhibit J, Globalstar Travel Policy, and invoiced as direct “pass through” actual and reasonable costs with no loading for indirect costs or profit.

12. Taxes and Duties

Globalstar shall be responsible for all sales and use taxes and export or import duties or value-added taxes or similar charges under any present or future national, federal, state or local laws which may arise and which become due by reason of the delivery of any Product or Service and by reason of the supply of any Globalstar equipment or other Globalstar property to Ericsson. Globalstar will pay and discharge, either directly to the governmental agency or as billed by Ericsson, the foregoing taxes, duties and charges.

13. Invoicing and Payment

A. The Total Purchase Price referred to in Article 10, Prices and Fees, shall be paid by Globalstar in accordance with Exhibit A, Pricing Schedule, and according to the terms of this Article. The projected payment dates are outlined in Exhibit C, Payment Milestones for planning purposes. Ericsson will submit invoices to Globalstar as follows:

- Solution Design: payment terms to be outlined in a Statement of Work
- Time & Material Professional Services: monthly in arrears based on actual hours
- Program Management – monthly invoicing in arrears
- Technical Management – monthly invoicing in arrears
- Testing and Verification Services – monthly invoicing in arrears
- System Integration Services – monthly invoicing in arrears
- New feature development or Right-To-Use (e g HPA) – payment terms to be outlined in a Statement of Work
- Hardware/Software – 100% on delivery to a US destination
- Installation and Integration services for each site will be invoiced on a monthly basis for each site
- In-Service Support Services – Quarterly in advance
- Training: 100% upon course completion

B. Reserved

C. Globalstar shall pay each invoice within 30 days of receiving such invoice.

Unless otherwise notified in writing by Ericsson, all transfers of funds to Ericsson in accordance with this Agreement shall be sent by wire transfer to the following bank account:

Account of Ericsson Inc.
[*]

D. All invoices shall be submitted by email to [*] with email copy to Globalstar employees to be identified at a later date.

E. Any payment due from Globalstar shall be deemed to have been paid when the funds are disbursed from Globalstar's bank, destined to Ericsson's bank account referenced above. If any payment is due on any day that is not a business day, such payment shall be due on the succeeding business day. A late payment charge, at an annual rate of [*], will be applied to any payment not received by the due date thereof.

F. Invoicing by Ericsson and payment for an early completion of a milestone is subject to Globalstar's prior written approval.

14. Intellectual Property Rights

A. Definitions

As used in this Agreement, the following terms shall have the definitions indicated:

(1) "Ericsson Background IP" means all IP owned or controlled by Ericsson as of EDC, and all IP conceived or developed by Ericsson after EDC (other than in performance under this Agreement), which is incorporated in or necessary for the use (as provided for herein) of the Work being delivered pursuant to this Agreement.

(2) "Ericsson Foreground IP" means all IP conceived or developed by or on behalf of Ericsson arising from Ericsson's performance under this Agreement, which is incorporated in or necessary for the use of (as provided for herein) the Work being delivered pursuant to this Agreement.

(3) "Core Network System" or "CN" means the core network system and other network deliverables being developed and provided by Ericsson pursuant to this Agreement.

(4) "Globalstar IP" means all IP owned or controlled by Globalstar as of EDC or developed by Globalstar (or one of its other subcontractors) during the term of this Agreement.

(5) “Globalstar System” means the system including satellites, CN, Radio Access Network (RAN), ground control network, network control centers, Remote Terminal Diagnostic Monitor and User Terminals operated by Globalstar to provide low earth orbit satellite based wireless telecommunication services worldwide.

(6) “Intellectual Property” or “IP” means all information, data and technology (including all ideas, discoveries, inventions, methods, techniques and processes, designs, improvements and innovations, all specifications, requirements, software and other works of authorship (including documentation such as manuals, drawings and documents), and all know-how), whether or not patentable and whether or not reduced to practice, and all associated rights in and to any patents and patent applications, copyrights and trade secrets, and all other intellectual and industrial property rights and all forms of protection of any similar nature (including all such rights in software) which may subsist in any part of the world for the full term of such rights including any extension to the term of such rights.

(7) “User Terminal” means a mobile satellite terminal used for subscriber communication over the Globalstar satellite network.

B. Ownership of Intellectual Property Rights

(1) All Ericsson Background IP shall remain the sole and exclusive property of Ericsson.

(3) All Ericsson Foreground IP shall be exclusively owned by Ericsson, its suppliers or licensors.

(4) All Globalstar IP shall be and remain the sole and exclusive property of Globalstar.

C. License Rights Granted by Ericsson

Subject to fulfillment by Globalstar of its obligations under this Agreement, Ericsson hereby grants to Globalstar a worldwide, non-exclusive, perpetual, irrevocable, non-transferable, non-assignable (except to the extent of a valid assignment of this Agreement pursuant to Article 25), fully paid-up license to use, duplicate (Documentation and Software (for archival and backup purposes only)) and disclose the Ericsson Background IP and the Ericsson Foreground IP associated with the CN solely for the purposes of the use, operation and maintenance of the Globalstar System. The foregoing license rights include the right of Globalstar to sublicense to third parties and to contract with a third party for the purposes set forth above. For the sake of clarification, Globalstar

shall use the Software solely on or with a single unit or arrangement of Hardware for which the Software was delivered.

D. Other Right and License Considerations

(1) This Agreement applies to all updates, upgrades, maintenance releases, revisions and enhancements for the Software which Ericsson may supply to Globalstar from time to time.

(2) Globalstar may make a backup of any node for backup and archival and restoration purposes. Globalstar may make multiple copies of any Documentation if such copies contain all of the Ericsson proprietary notices contained in the original Documentation.

(3) Globalstar shall not directly or indirectly: (a) modify, copy (except as allowed for backup and archival purposes), transmit, alter, merge, decompile, disassemble, reverse engineer or adapt any portion of the Software; (b) encumber, time-share, rent or lease the rights granted herein; (c) manufacture, adapt, create derivative works of, localize, port or otherwise modify any Software; or (d) disclose or otherwise make available the Software to any third party, without Ericsson's prior written consent, except as permitted in Article 14 C above. For the sake of clarification, Globalstar shall have the right to utilize the open interfaces of the CN to add functionality or features (e.g., HLR/HSS and application servers) to the CN.

(4) Except as expressly set forth in this Agreement, no right or license is either granted or implied by either party to the other with respect to any technical or business information, or with respect to rights in any patents, trademarks, copyrights, trade secrets, mask work protection rights, and other intellectual property.

(5) In the event Ericsson fails to continue to offer or make available to Globalstar support for the 2G/3G roaming solution, as defined in Exhibit E, Statement of Compliance, then Ericsson agrees to grant Globalstar the right to use the design and engineering documentation created for Globalstar hereunder for the purposes of supporting, and/or modifying the 2G/3G roaming solution. For clarification purposes, the rights granted herein do not apply to software or hardware that is not produced by Ericsson except for any third party documentation that Ericsson has been permitted to share with Globalstar.

15. Intellectual Property Rights Indemnity

A. Ericsson shall, at its own expense, (i) indemnify and defend Globalstar in any claim or legal action in the United States and its territories, France, Brazil, and Canada, alleging that the use, sale or offer for sale of any Product provided by Ericsson to Globalstar hereunder or any portion thereof, directly infringes any patent, trademark or

copyright of any third party (“Infringement Claim”); and (ii) pay any settlement reached or final award, including reasonable attorney’s fees, for infringement. As a condition of such defense or payment, Globalstar is required to (i) give Ericsson prompt written notice of any Infringement Claim; (ii) provide Ericsson with the sole control of the defense and/or settlement of the Infringement Claim; (iii) cooperate fully with Ericsson in such defense or settlement. Globalstar may, at its own expense, participate fully in the defense of any such Infringement Claim. For the sake of clarification, the foregoing applies to Infringement Claims involving Ericsson Background IP and Ericsson Foreground IP.

B. In the event Ericsson becomes aware of a potential Infringement Claim, Ericsson shall use its reasonable best efforts to avoid an interruption of Globalstar service and may (or in the case of an award of an injunction, shall) at its sole option and expense: (i) procure for Globalstar the right to continue using the alleged infringing Product(s); (ii) replace or modify the alleged infringing Product(s) with an equivalent product(s) so that Globalstar’s use is non-infringing; or (iii) if the remedies under the foregoing clauses (i) and (ii) are not commercially feasible, require Globalstar to return the affected portion of the Product(s) and refund to Globalstar the full paid value of such Product(s).

C. Ericsson has no obligation or liability in respect to any Infringement Claim in the event that the affected Product: (i) is manufactured, designed or supplied by Ericsson in accordance with any design or special instruction furnished by Globalstar where such forms the basis of the Infringement Claim; (ii) is used by Globalstar in a manner or for a purpose not contemplated by this Agreement or Ericsson’s Product documentation; (iii) is used by Globalstar in combination with other products or applications not provided by Ericsson under this Agreement, including any software developed by Globalstar through the permitted use of Products, provided that the Infringement Claim arises from such combination or the use thereof; or (iv) is modified by Globalstar, provided the Infringement Claim arises from such modification (“Other Claims”). If Globalstar continues use of the affected Product notwithstanding Ericsson’s request to replace or modify pursuant to Article 15(B) (ii) or its requirement to return pursuant to Article 15(B) (iii), Ericsson shall not be liable for such use. Globalstar shall indemnify Ericsson against all liability and costs of defense, including reasonable attorneys' fees, for any and all claims against Ericsson for infringement based upon any of the foregoing.

D. THE PROVISIONS OF THIS ARTICLE 15 CONSTITUTE THE EXCLUSIVE RECOURSE OF EACH PARTY AND THE ENTIRE OBLIGATION AND LIABILITY OF EACH PARTY WITH RESPECT TO ANY CLAIM FOR INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS.

E. Ericsson agrees that the provisions of this Article shall apply to any Product modified by Ericsson pursuant to Paragraph 15 B (ii) of this Article.

F. Globalstar will indemnify Ericsson from any and all damages and costs (including settlement costs) finally awarded or agreed upon for infringement of any United States, United States’ territories, France, Brazil, and Canada patent or copyright in any lawsuit resulting from Other Claims, and for reasonable expenses

incurred by Ericsson in defense of such lawsuit if Globalstar does not undertake the defense thereof.

16. Indemnification and Insurance

A. Ericsson shall indemnify and hold harmless Globalstar, and its subsidiaries and affiliates, and its subcontractors (if any), their respective officers, employees, agents, servants and assignees, or any of them (collectively "Globalstar Indemnitees"), from any direct or indirect loss, damage, liability and expense (including reasonable attorneys fees), on account of loss or damage to tangible personal property and injuries, including death, to all persons, including but not limited to employees or agents of Ericsson, its subcontractors and the Globalstar Indemnitees, and to all other persons, arising from any occurrence to the extent caused by any negligent act or omission or willful misconduct of Ericsson, its subcontractors or any of them.

(1) At Ericsson's expense, Ericsson shall defend any suits or other proceedings brought against the Globalstar Indemnitees on account thereof, and shall pay all reasonable expenses and satisfy all judgments which may be incurred by or rendered against them, or any of them, in connection therewith.

(2) Ericsson shall have the sole right to settle any claim or litigation against which it indemnifies hereunder. Further, the Globalstar Indemnitees shall provide to Ericsson such reasonable cooperation and assistance as Ericsson may request to perform its obligations hereunder.

B. Globalstar shall indemnify and hold harmless Ericsson, and its subsidiaries and affiliates, its subcontractors, their respective officers, employees, agents, servants and assignees, or any of them (collectively "Ericsson Indemnitees"), from any direct or indirect loss, damage (including damage to property and injuries, including death), liability and expense (including reasonable attorneys' fees) incurred by any third party (including employees or agents of Globalstar and Ericsson Indemnitees) and arising from any occurrence caused by any negligent act or omission or willful misconduct of Globalstar, its officers, employees, agents, consultants, servants and assignees.

(1) In addition, Globalstar shall waive any claim against and shall indemnify and hold harmless Ericsson Indemnitees from any direct or indirect loss, damage (including damage to property and injuries, including death), liability and expense incurred by any third party and arising from use, operation or performance of the deliverable Products after Acceptance, resulting from modification or improvements made by Globalstar.

(2) Globalstar shall, at Globalstar's expense, defend any suits brought against the Ericsson Indemnitees referred to above and shall pay all expenses and satisfy all

judgments which may be incurred by or rendered against them, or any of them, in connection therewith. Globalstar shall have the right to settle any claim or litigation against which it indemnifies hereunder. Further, the Ericsson Indemnitees shall provide to Globalstar such reasonable cooperation and assistance as Globalstar may request to perform its obligations hereunder.

C. Ericsson shall, at its own expense, provide and maintain a Commercial General Liability Insurance Policy (“CGL Policy”) which shall cover property damage and injuries, including death, caused to third parties. Upon written request by Globalstar, Ericsson will provide a Certificate of Insurance to Globalstar.

17. Globalstar-Furnished Facilities

With respect to any facilities provided by Globalstar or any of its other contractors pursuant to Exhibit D, Statement of Work, and Exhibit E **-** Statement of Compliance, whether for installation of the items to be delivered by Ericsson under this Agreement or for any other purpose, Ericsson shall exercise all reasonable care to ensure that such facilities are suitable for the purpose intended.

18. Warranty

A. Notwithstanding any prior inspection or acceptance by Globalstar, Ericsson warrants that:

(1) All deliverable Hardware shall be in new or like new condition when first delivered to Globalstar and free from any defects in materials, workmanship and design; and

(2) All deliverable Work shall conform to the requirements specified in this Agreement, including Exhibit D, Statement of Work and Exhibit E, Statement of Compliance**.**

B. Ericsson warrants that each Product provided by Ericsson to Globalstar hereunder will, during the applicable warranty period, perform materially in accordance with the applicable specifications. The warranty period is: (i) twelve (12) months for the hardware components of the Product, commencing upon delivery of the Product, (ii) three (3) months for software and firmware components of the Product (including subsequent releases of the software) commencing upon delivery of the software or firmware, or (iii) twelve (12) months for services, commencing upon the date the Service is performed. If notified by Globalstar of any Product's failure to perform materially in accordance with the applicable specifications within the applicable warranty period, Ericsson shall, at its election and expense, repair or replace any such defective Product. Such repair or replacement includes material, labor and services, and shall be Globalstar's sole and exclusive remedy and Ericsson's sole and exclusive obligation in the event this warranty is

breached. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, THERE ARE NO, AND ERICSSON HEREBY DISCLAIMS ALL, OTHER WARRANTIES, WHETHER IMPLIED, EXPRESS OR STATUTORY, WITH RESPECT TO THE PRODUCTS AND SERVICES PROVIDED TO CUSTOMER HEREUNDER, INCLUDING WITHOUT LIMITATION WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE.

C. Transportation and insurance costs for defective parts returned to Ericsson shall be at Globalstar's charge and transportation and insurance costs for parts replaced or repaired by Ericsson shall be at Ericsson's charge.

In the event an on-site intervention is needed (e.g., fault cannot be located remotely by Ericsson or failure of a non-replaceable unit), Ericsson shall, upon request, provide on-site support at Globalstar's additional cost on a time-and-materials basis at the hourly labor rates set forth in Exhibit F, Expansion Pricing and Options.

All return of defective or non-conforming Work to Ericsson shall follow Ericsson's Return Material Authorization (RMA) process.

D. Any corrections or replacements made pursuant to this Article shall be subject to Article 9, Delivery, Title and Risk of Loss. With respect to any part or component that is corrected or replaced, the warranty period specified in this Article shall be suspended from the date of notification of the defect by Globalstar and shall recommence upon the date of satisfactory completion of the correction or replacement for the unexpired portion of the warranty period. Where such correction or replacement renders the Work or any part thereof non-functional, the warranty period shall be similarly extended for the Work or any part thereof. Notwithstanding the foregoing, any part or component that is corrected or replaced shall have a warranty period that is the greater of three (3) months or the unexpired portion of the warranty period.

E. Notwithstanding the foregoing, Ericsson shall not be obligated to provide the warranty services set forth herein if Globalstar has not satisfied all payment obligations due and outstanding as of the date of any claim by Globalstar under the above warranty. If Globalstar has due but unpaid obligations, Ericsson may, at its sole discretion and without liability to Ericsson, in addition to demanding that Globalstar fulfills all payment obligations contained herein: (i) reject Work sent for repairs; or (ii) hold any Work sent for repairs until Globalstar fulfills all payment obligations contained herein. None of the foregoing options elected by Ericsson shall result in an increase in the duration of the warranty period.

19. Confidentiality

A. Each party shall during the term of this Agreement and for a period of five (5) years thereafter, keep secret and confidential all know-how or other business,

technical or commercial information, in connection with this Agreement disclosed to it by the other party or otherwise belonging to the other party (and shall ensure that any employees or subcontractors are similarly bound) and shall not disclose the same to any person save to the extent necessary to perform its obligations in accordance with the terms of this Agreement. All such information shall be identified as confidential at the time it is so supplied or shall be such that should reasonably have been understood by the receiving party (based on the circumstances of disclosure or the nature of the information itself) to be proprietary and confidential to the disclosing party. For the sake of clarity, each party shall have the right to use, duplicate and disclose, as permitted under this Article, the other party's confidential information as required to fulfill the party's requirements under this Agreement, subject to the nondisclosure and use restrictions provided herein.

B. Reserved

C. The foregoing provisions of this Article shall not apply to know-how and information which:

(1) is or becomes public knowledge without breach of this Agreement;

(2) is already known to the receiving party at the time of its disclosure by the disclosing party and was not otherwise acquired by the receiving party from the disclosing party under any obligations of confidence;

(3) is independently developed by Ericsson or Globalstar, which fact can be shown by competent evidence; or

(4) Globalstar or Ericsson is compelled by legal process or government regulation or order to disclose, provided that the disclosing party is given prompt notice of any proposed release of information under this sub-clause and that the disclosing party be given ample opportunity to engage in legal action to resist and/or restrict any such disclosure.

20. Limitation of Liability

In any event and notwithstanding anything contained within this Agreement, Ericsson's liability in contract, equity, tort (including negligence or breach of statutory duty) or otherwise arising by reason of, or in conjunction with, this Agreement (except in relation to death or personal injury or intellectual property rights indemnity or breaches of confidentiality) shall not exceed the price or fees then already paid by Globalstar to Ericsson for the Products or Services that give rise to such liability.

IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY SPECIAL, EXEMPLARY, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES IN

CONNECTION WITH THIS AGREEMENT, HOWEVER CAUSED AND REGARDLESS OF WHETHER BASED ON ACTION OR CLAIM IN CONTRACT, EQUITY, INDEMNITY, TORT (INCLUDING NEGLIGENCE), INTENDED CONDUCT, STRICT LIABILITY OR OTHERWISE, EVEN IF SUCH DAMAGES ARE FORESEEABLE.

21. Termination for Cause

A. Either party shall have the right to terminate this Agreement, in whole or in part, by notice (the “Termination Notice”) in writing to the other party in the event that:

(1) the other party defaults in the performance of any of its material obligations hereunder and (in the case of a remediable breach) fails to make significant progress in resolving same within sixty (60) working days (the “Cure Period”) of being requested by written notice (the “Default Notice”) to do so; or

(2) the other party becomes insolvent or the subject of proceedings under any law relating to bankruptcy or the relief of debtors or admits its inability to pay its debts as they become due.

The Termination Notice will be effective immediately without further period for cure.

If such termination for cause occurs, upon payment by Globalstar to Ericsson of all amounts owing up to the date of the Termination Notice, Globalstar may elect to take over the completion of the terminated Work either itself or via a third party in which case Ericsson shall be liable for any reasonable cover costs for such Work up to a maximum of [*] of the remaining unpaid amounts due under this Agreement. In addition, Ericsson shall provide up to twelve (12) months of termination assistance to Globalstar or its designee at Globalstar’s request and reasonable expense (not to exceed Ericsson’s labor rate specified in Exhibit F, Expansion Pricing and Options).

B. If Globalstar issues a Termination Notice to Ericsson pursuant to this Article and it is subsequently determined that Ericsson was not in breach, the rights and obligations of the parties shall be the same as if Globalstar had terminated for convenience pursuant to Article 22, Termination for Convenience/Stop Work Orders, unless the parties mutually agree to reinstate the Agreement.

22. Termination for Convenience/ Stop Work Orders

A. Globalstar may terminate this Agreement, in whole or in part, for Globalstar’s convenience, at any time prior to completion, upon thirty (30) days written notice to Ericsson. In such case, Ericsson shall immediately stop Work as

directed in the termination notice and make its reasonable best efforts to mitigate costs.

B. In the event of such termination by Globalstar, Globalstar agrees to pay termination fees as set forth in Exhibit B, Termination Liability Schedule.

C. Title to items that Globalstar has taken possession of shall transfer to Globalstar after payment.

D. Stop Work Orders

(1) Globalstar may, at any time, upon reasonable prior written notice to Ericsson ("the Stop Work Order"), direct Ericsson to suspend performance of the Work for a maximum cumulative duration of six (6) months and with a maximum number of suspensions of two (2). Said Stop Work Order shall specify the date of suspension and the estimated duration of the suspension. Upon receiving any such Stop Work Order, Ericsson shall promptly suspend further performance of the Work to the extent specified, and during the period of such suspension shall properly care for and protect all Work in process and materials, supplies, and hardware Ericsson has on hand for performance of the Work.

(2) Globalstar may, at any time during the stop Work, either (a) direct Ericsson to resume performance of the Work by written notice to Ericsson, and Ericsson shall resume diligent performance of the Work, provided that (x) the Delivery Schedule is adjusted to reflect the stop Work and the time required by Ericsson to recommence performance, (y) other affected provisions of the Agreement shall be adjusted, and (z) Ericsson is compensated for its Work stoppage costs as defined in Paragraph (3) below; or (b) terminate the Agreement for convenience in accordance with the foregoing provisions of this Article in which case the costs incurred by Ericsson and its subcontractors as a result of the stop Work as defined below shall be added to the termination charges to be paid pursuant to the foregoing provisions of this Article.

(3) The Total Purchase Price of this Agreement shall be equitably adjusted to compensate Ericsson for actual costs reasonably incurred by Ericsson or its subcontractors as a result of such suspension and resumption of Work plus a markup of [*]. Ericsson shall invoice Globalstar for such costs, and Globalstar shall pay such invoice within thirty (30) days from the date of invoice. Invoices will not be issued more frequently than one (1) per month during a stop Work. If after a period of 6 months from receipt of a Stop Work Order, Globalstar does not direct Ericsson to resume Work, Globalstar shall be deemed to have terminated the Agreement for convenience under the foregoing provisions of this Article and the applicable termination charges shall apply.

23. Government Authorizations

A. Site Licenses

Globalstar shall be responsible for obtaining and complying with all national authorizations or licenses as may be required to introduce the Product at the sites. This includes, but is not limited to, obtaining and maintaining any license, permits, and/or other authorizations of any kind required for installation, maintenance, testing, or operation of the Work, or any portion thereof, including Services related thereto. Globalstar shall pay all costs of such licenses, permits and authorizations and all costs and expenses incurred in obtaining and maintaining them. Globalstar’s obligation to pay Ericsson shall not in any manner be waived by delay or failure to secure or renew, or by the cancellation of, any required licenses, permits or authorizations.

B. Export Control Regulations

(1) It is expressly agreed that the execution of this Agreement and the subsequent delivery of Products and Services under this Agreement will be subject to all applicable export controls imposed or administered by the U. S. Government. The parties shall comply with all applicable U.S. export control laws and regulations and with all applicable administrative acts of the U.S. Government pursuant to such laws and regulations (cumulatively, “Export Laws”).

(2) Performance by Ericsson under this Agreement is subject to appropriate authorization by the U.S. Government as may be required, including receipt and continued effectiveness of any export privileges/licenses.

(3) For work in the U.S. involving U.S. persons (defined as U.S. citizens and U.S. lawful permanent residents), export licenses or other export authorizations will not be required.

(4) Ericsson shall submit requests for commodity classifications for the Products, including any encryption algorithms, as may be required under the Export Administration Regulations (“EAR”) of the U.S. Department of Commerce, Bureau of Industry and Security (“BIS”). As applicable, Ericsson shall submit requests for authorization to use license exceptions. Globalstar shall cooperate with Ericsson to obtain such commodity classifications and authorizations, including providing Ericsson with any required information in Globalstar's possession. Ericsson agrees to provide copies of such requests and the formal determination (including, as applicable, identification of all Export Classification Control Numbers (“ECCNs”) and all cases of No License Required (“NLR”) and License Exception) of BIS to Globalstar. Once BIS has issued a formal determination, any use of such classifications and/or license exceptions by Globalstar shall be without recourse to Ericsson, and shall be at Globalstar's

own risk. Ericsson assumes no liability for any damages whether direct, consequential, incidental, or otherwise, that may be suffered by Globalstar as a result of Globalstar's using or relying upon such classifications or license exceptions for any purpose whatsoever.

(5) To the extent a U.S. export license is required for any deliverable Products, Ericsson will apply for the required U.S. export license and will export such deliverable Products in accordance with the export license as approved by BIS.

(6) Notwithstanding any other provision of this Agreement, Globalstar shall not use, distribute, transfer or transmit the Products (even if incorporated into other items) provided to it by Ericsson under this Agreement except in compliance with Export Laws. Globalstar shall not, directly or indirectly, export or re-export the Products to any country without the appropriate export authorization, as specified in the Export Laws. The obligations stated herein shall survive the expiration, cancellation or termination of this Agreement or any other related agreement or contract. If requested by Ericsson, Globalstar also agrees to sign written assurances and other export-related documents as may be required for Ericsson to comply with the Export Laws.

24. Restriction of Hazardous Substances (“ROHS”); Waste Electrical and Electronic Equipment (“WEEE”); and Packaging and Packaging Waste

A**.** Deliverable Hardware shall comply with environmental standards required by Directive 2002/95/EC of the European Parliament and of the Council of 27 January 2003 on the restriction of the use of certain hazardous substances in electrical and electronic equipment (the “ROHS Directive”); Directive 2002/96/EC of the European Parliament and of the Council of 27 January 2003 on waste electrical and electronic equipment (the “WEEE Directive”); and Directive 94/62/EC of the European Parliament and of the Council of 20 December 1994 on packaging and packaging waste (the “Packaging Directive”), including any amendments by Commission Decision, Joint Declaration of EU authorities and Directive 2003/108/EC of 8 December 2003 as well as any statute or statutory provision or subordinate legislation introduced or modified from time to time to implement such Directives into EU Member State Law.

B. Ericsson shall take all reasonable steps and exercise all due diligence needed to comply with the ROHS Directive, including without limitation, utilizing only ROHS-compliant subcontractors, auditing of subcontractors for compliance, establishing quality assurance processes and procedures for compliance, and maintaining proper documentation of compliance. At the earliest opportunity but in any case no later than shipment of the first deliverable Hardware, Ericsson shall provide Globalstar with (a) Certificate of Compliance with the ROHS Directive, the WEEE Directive and the Packaging Directive; and (b) Material Composition Declarations from suppliers in

accordance with Forms IPC-1752-1 v1.0 and IPC-1752-2 v1.0 or approved updates. Ericsson shall keep records for traceability and compliance documentation purposes for at least five (5) years.

C. Ericsson shall take commercially reasonable steps to comply with the WEEE Directive information and product marking requirements, where applicable, including a symbol of the crossed-out wheelie bin, with a horizontal bar underneath signifying that the Hardware has been manufactured after the WEEE Directive came into force, and a marking properly identifying Ericsson as the producer of the Hardware, as instructed by Globalstar.

D. Upon request, Ericsson will furnish to Globalstar, as soon as reasonably practical but in any event within 15 business days of such request, any information and assistance as Globalstar, in its reasonable opinion, requires to comply with Globalstar's obligations under the ROHS Directive, the WEEE Directive and the Packaging Directive, including without limitation, the following:

(a) information or evidence of compliance as may from time to time be required by any EU Member State Government relating to the Hardware;
(b) Hardware or component design;
(c) marking and labeling Hardware; and
(d) EU audit requests of Globalstar.

25. Assignment of Agreement

Each party hereby agrees that it will not, without the prior written approval of the other party (such approval not to be unreasonably withheld or unduly delayed), assign or delegate any of their rights, duties, and obligations under this Agreement. Notwithstanding the foregoing sentence, either party may assign this Agreement to (i) any Affiliate; (ii) a successor in interest or as part of a corporate reorganization, consolidation or merger; or (iii) a purchaser of all or substantially all of a party's assets; provided, however, that in the case of assignment by Globalstar, Globalstar shall demonstrate to Ericsson's satisfaction that its successor or assignee possesses the financial resources to fulfill Globalstar's obligations under this Agreement, before such assignment will be allowed. Upon such assignment, the assignee shall assume all rights and obligations of the assignor existing under this Agreement at the time of such assignment. This Article shall not preclude the granting of a security interest by a party to a lender. As used herein, "Affiliate(s)" shall mean any person who either directly or indirectly controls, is controlled by, or is under common control with a party. For the purposes of this definition, the term "**control**" (including its correlative meanings, the terms "**controlling**", "**controlled by**" and "**under common control with**"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

26. Key Personnel

A. No later than EDC, Ericsson shall identify the Key Personnel to perform the services and staff the Work, until successful completion of the Work performed hereunder (individually a “Key Person” and collectively the “Key Personnel”).

Position	Name
Program Manager	[*]
System Integration and Services	[*]

B. Key Personnel shall not be removed from performance of the Work under this Agreement unless replaced with personnel of substantially equal qualifications and ability. Globalstar shall have the right to review the qualifications of any proposed replacements. If Globalstar deems, in its reasonable judgment, the proposed replacements to be unsuitable, Globalstar may require Ericsson to offer alternative candidates. Notwithstanding its role in reviewing Key Personnel and their replacements, Globalstar shall have no supervisory control over their performance and nothing in this Article shall relieve Ericsson of any of its obligations under this Agreement or of its responsibility for any acts or omissions of its personnel.

27. Communication and Authority

A. [*] is assigned as Globalstar's Program Manager with authority to issue technical direction within the scope of this Agreement. [*] is assigned as Ericsson's Program Manager with authority to accept such direction. Notwithstanding Article 26(A), Key Personnel, the foregoing Program Managers are authorized (i) to initial the Exhibits and any modifications thereto (except Exhibit A - Pricing Schedule and Exhibit F - Expansion Pricing and Options), and (ii) to execute the waivers of technical compliance with the specifications in the Exhibits.

B. All contractual correspondence to Globalstar will be addressed to (with copy to the Program Manager):

[*]

All technical correspondence to Globalstar will be addressed to:

[*]

All notices to Ericsson required to be sent pursuant to Article 15, Intellectual Property Rights Indemnification, Article 19, Confidentiality, Article 21, Termination for Cause and Article 22, Termination for Convenience/ Stop Work Orders, shall be addressed to:

[*]

All other contractual correspondence to Ericsson will be addressed to (with copy to the Program Manager):

[*]

All program and technical correspondence to Ericsson will be addressed to the Program Manager.

C. In a time critical situation, such as operational or technical matters requiring immediate attention, notice may be given by telephone. Any notice given verbally will be confirmed in writing as soon as practicable thereafter in accordance with Paragraph D of this Article.

D. Except as provided in Paragraph C of this Article, all notices, demands, reports, orders and requests hereunder by one party to the other shall be in writing and deemed to be duly given on the same business day if sent by electronic means (i.e., electronic mail) or delivered by hand during the receiving party's regular business hours, or on the date of actual receipt if sent by pre-paid overnight, registered or certified mail.

E. The parties agree to cooperate in implementing the use of electronic signatures, provided that such use is consistent with applicable law.

28. Dispute Resolution

The parties shall attempt to resolve any dispute, controversy or difference that may arise between them through good faith negotiations. In the event the parties fail to reach resolution of such dispute within thirty (30) days of entering into negotiations, either party may refer such dispute to arbitration as set forth below.

Any disputes arising under or relating to this Agreement shall be resolved in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Arbitration shall be held in the City of Denver, Colorado, or such other place as the parties may agree and shall include an award of reasonable attorneys' fees (and the amount of such fees) to the prevailing party. The arbitration shall be conducted by one arbitrator whose selection shall be based upon mutual agreement of the Parties. The arbitrator’s award shall be final and binding, and judgment thereon may be entered in any court having jurisdiction over the party against which enforcement is sought; provided that any such award rendered by the arbitrators shall be strictly in conformance to and in accordance with the terms and conditions of this Agreement, including without limitation

the limitation of liability provisions contained herein. Other than those matters involving injunctive relief as a remedy or any action necessary to enforce the award of the arbitrators, the parties agree that the provisions of this Section are a complete defense to any suit, action or other proceedings instituted in any court or before any administrative tribunal with respect to any dispute or controversy arising under or relating to this Agreement. Nothing in this Section shall prevent either party from exercising its rights to terminate this Agreement as specified herein. The provisions of this Section shall survive the expiration or termination of this Agreement for any reason.

29. Changes

A. At any time during this Agreement, Globalstar may request changes in the Work, so long as such changes are within the general scope of the Agreement. Ericsson may also propose changes for consideration by Globalstar.

B. A change request from Globalstar must be identified as such, must be made or confirmed in writing, and must be signed by the responsible officer identified in Article 27, Communication and Authority. If any other conduct by the responsible officer or any other representative of Globalstar is construed by Ericsson as possibly constituting a change request or an interpretation of the Agreement requirements inconsistent with Ericsson's understanding of those requirements, Ericsson shall promptly notify Globalstar and request clarification.

C. Within thirty (30) days after receiving a change request from Globalstar, Ericsson shall submit to Globalstar a written proposal in accordance with the requirements of Paragraph D of this Article. On a case-by-case basis, Ericsson may request a longer period to prepare the proposal. Globalstar shall not unreasonably withhold its consent to a request for such a longer period, taking into account the nature of the change request, but Globalstar may also take into account the impact of such an extension on the performance schedule.

D. Whether submitted in response to a change request initiated by Globalstar, or initiated by Ericsson, the proposal shall itemize, in a reasonable format specified by Globalstar, any impact that the change would have on the technical requirements, price, performance schedule, or other terms and conditions of this Agreement. Where appropriate, the proposal shall also suggest any revised language for the Agreement, including any of its Exhibits, which would be necessary to implement the change.

E. Any claim by Ericsson for adjustment of the technical requirements, price, performance schedule, or other terms and conditions of this Agreement, attributable to a change, shall be deemed waived unless asserted in the proposal.

F. If the cost of any materials that would be made obsolete as a result of a change is included in Ericsson's claim for adjustment:

(1) To the extent that such materials have resale, reuse, or salvage value to Ericsson or its subcontractors or suppliers, Globalstar shall be entitled to a credit.

(2) If such materials have no such resale, reuse, or salvage value, Globalstar shall have the right to prescribe their manner of disposition.

G. After Globalstar receives a sufficiently detailed proposal, and after any negotiations with respect to the adjustments claimed by Ericsson, the following outcomes are possible:

(1) Globalstar may decide not to proceed with implementation of the change.

(2) Globalstar may decide to implement the change, in which case:

(a) If the parties have reached agreement about the adjustments to be made in the Agreement, the parties shall execute a formal amendment to the Agreement and Ericsson shall proceed with implementation as agreed; or

(b) Globalstar and Ericsson may agree to proceed with implementation of a change prior to execution of a formal amendment, subject to any adjustments subsequently agreed or awarded.

30. Public Release of Information

Each party agrees to submit to the other party all press releases and other publicity matters wherein the other party’s names or marks are mentioned or language from which the connection of said names or marks therewith may be inferred or implied. Each party agrees not to publish such press releases or publicity matters without the other party's prior written approval.

A. During the term of this Agreement, neither party, nor its affiliates, subcontractors, employees, agents and consultants, shall release items of publicity of any kind including, without limitation, news releases, articles, brochures, advertisements, prepared speeches, company reports or other information releases related to the Work performed hereunder, including the denial or confirmation thereof, without the other party's prior written consent.

B. 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 commercial 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. To the extent practicable, 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.

C. Within a reasonable time prior to a proposed issuance of news releases, articles, brochures, advertisements, prepared speeches, and other such information releases concerning the Work performed hereunder, the party desiring to release such information shall request the written approval of the other party concerning the content and timing of such releases. The parties anticipate the issuance of press releases in connection with the execution of the Agreement, which press releases shall be subject to approval by both parties prior to release.

31. Force Majeure

Each party will be excused from performance hereunder (except for payment obligation) for any period and to the extent that it is prevented from such performance, in whole or in part, as a result of delays caused by the other party or an act of God, natural disaster, war, civil disturbance, court order, labor dispute, or other cause beyond its reasonable control and which it could not have prevented by reasonable precautions, including failures or fluctuations in electrical power, heat, light, air conditioning or telecommunications equipment, and such non-performance will not be a default hereunder or a ground for termination hereof.

32. Relationship

The relationship between Globalstar and Ericsson is that of independent contractor. This Agreement does not create any employer-employee, agency, joint venture, or partnership relationship between Globalstar and Ericsson.

33. Miscellaneous

This Agreement shall be governed by the laws of the State of Delaware other than the choice of law rules. The provisions of this Agreement shall be severable, and if any provisions shall be held unenforceable the remaining provisions shall remain in full force and effect. Expiration or termination of this Agreement for any reason shall not release either party from any liability or obligation set forth in this Agreement which (i) the parties have expressly agreed will survive any such expiration or termination, or (ii) remain to be performed or by their nature would be intended to be applicable following such expiration or termination. This Agreement, each Statement of Work (or purchase order submitted by Globalstar and accepted by Ericsson), and all Exhibits attached hereto or thereto, each of which is hereby incorporated herein or therein, as applicable, for all purposes, constitute the entire agreement between Ericsson and Globalstar with respect to the subject matter hereof and thereof, and there are no understandings or agreements relative hereto or thereto that are not fully expressed herein or therein. Any other terms or conditions included in any quotes, acknowledgements, bills of lading, purchase orders, invoices or other forms utilized or exchanged by the parties hereto that are in addition to or in conflict with those set forth in this Agreement or the applicable Statement of Work will be of no force or effect and will not be incorporated herein or be binding unless specifically and expressly agreed to in writing by both parties. No change, waiver or discharge will be valid unless in writing signed by an authorized representative of the party against whom such change, waiver or discharge is sought to be enforced.

IN WITNESS WHEREOF, the parties to this Agreement have caused their authorized representatives to execute this Agreement as of the Effective Date.

ERICSSON INC.

By: /s/ Johan Westerberg

Printed Name: Johan Westerberg

Title: Vice President of Sales

GLOBALSTAR, INC.

By: /s/ Paul A. Monte

Printed Name: Paul A. Monte

Title: Vice President, Engineering & Operations

Exhibit A
Pricing Schedule

[*]

Exhibit B
Termination Fees

[*]

Exhibit C
Payment Milestones

[*]

Exhibit D
Statement of Work

[*]

Exhibit E
Statement of Compliance

[*]

Exhibit E-1
Core Network Specification

[*]

Exhibit F
Expansion Pricing and Options

[*]

Exhibit G
Amendment Template

Amendment
NO. X
to
Core Network Contract ERI-MAS-02007

Amendment No. 1

This Amendment No.X to Contract Number # ERI-MAS-02007 (the “Contract” or the “Core Network Contract”) effective as of ____________, 2014 (“Amendment No. X Effective Date”) is entered into by and between Ericsson Inc., a Delaware corporation (“Ericsson”), with a place of business at 6300 Legacy Drive, Plano TX 75024 and Globalstar, Inc., a Delaware corporation (“Globalstar”) with its principal place of business 300 Holiday Square Blvd, Covington LA 70433 (each a “party” and collectively the “parties”).

WHEREAS, the parties desire to amend the Contract to [include description of the amendment here]

THEREFORE, the following changes and/or additions to the Contract are hereby agreed to by the parties:

1. [This paragraph If applicable] The revised Exhibit X, [Description of Exhibit], dated _____________ and attached hereto replaces Exhibit X, [Description of exhibit] of the original Contract.
2. The new Pricing Schedule, Exhibit Y, for additional work to be performed under the Contract for [description of work] attached hereto, is hereby incorporated into the Contract.
3. [This paragraph If applicable] The new Statement of Work, Exhibit Z, for additional work to be performed under the Contract for [description of work], attached hereto, is hereby incorporated into the Contract.
4. [This paragraph If applicable] The new Statement of Compliance - Requirements, Exhibit T, for additional work to be performed under the Contract for [description of work], attached hereto, is hereby incorporated into the Contract.

IN WITNESS WHEREOF, the parties to this Amendment No. X have caused their authorized representatives to execute this Amendment No. X.

ERICSSON INC.	GLOBALSTAR, INC.
By:	By:
Name:	Name:
Title:	Title:

Exhibit H
Spare Parts List

Node	Product group	Part Number	Product Name	Description	North America	France	Brazil
CSCF	CSCF|ESAPC 13B|HSS|MTAS	ROJ 208 844/3	Printed Board Assemb	GEP3-HD600	[*]	[*]	[*]
	CSCF|HSS|MTAS|SAPC	ROJ 208 814/2	Printed Board Assemb	GEP2-12GB	[*]		
	CSCF|HSS|MTAS|SAPC	ROJ 208 815/2	Printed Board Assemb	GEP2-12G-SAS	[*]		
	CSCF|HSS|MTAS|SAPC|SBG	ROJ 208 368/10	Printed Board Assemb	MXB5-LE PIU	[*]		
CUDB	CUDB 11B|PG 7.0	ROJ 208 465/1	Printed Board Assemb	NWI-E 450A	[*]		
	CUDB 11B|ESAPC 13B|PG 7.0	BFB 140 13/2	Plug-in Unit	PFM LOD	[*]		
GGSN	EPG 2012A-M	1/ROA 219 7793	Printed Board Assemb	SFP 1000Base-T	[*]	[*]	[*]
	EPG 2012A-M	ROA 219 7813/3	Printed Board Assemb	M120 Control Board, Spare	[*]	[*]	[*]
	EPG 2012A-M	ROA 219 7814/3	Printed Board Assemb	Routing Engine Board, Redundant and Spare	[*]	[*]	[*]
	EPG 2012A-M	ROA 219 7815/1	Printed Board Assemb	M120 Flexible PIC Concentrator (accepts	[*]	[*]	[*]
	EPG 2012A-M	ROA 219 7817/1	Printed Board Assemb	Forwarding Engine Board (FEB)	[*]	[*]	[*]
	EPG 2012A-M	ROA 219 7819/1	Printed Board Assemb	4 Port Gigabit Ethernet PIC - Type 2	[*]	[*]	[*]
	EPG 2012A-M	ROA 219 7820/1	Printed Board Assemb	Multi Services 400 PIC, Type 2	[*]	[*]	[*]
	EPG 2012A-M	ROA 219 7821/1	Printed Board Assemb	GGSN3 Services PIC Type-2	[*]	[*]	[*]
	EPG 2012A-M	BMR 910 426/3	D.c. Converter	M120 DC Power Entry Module, Spare	[*]	[*]	[*]
	GGSN-MPG 2010A	1/ROA 219 7793	Printed Board Assemb	SFP 1000Base-T	[*]		
	GGSN-MPG 2010A	BMR 910 426/3	D.c. Converter	M120 DC Power Entry Module, Spare	[*]		
	GGSN-MPG 2010A	ROA 219 7813/3	Printed Board Assemb	M120 Control Board, Spare	[*]		
	GGSN-MPG 2010A	ROA 219 7814/3	Printed Board Assemb	Routing Engine Board, Redundant and Spare	[*]		
	GGSN-MPG 2010A	ROA 219 7815/1	Printed Board Assemb	M120 Flexible PIC Concentrator (accepts	[*]		
	GGSN-MPG 2010A	ROA 219 7817/1	Printed Board Assemb	Forwarding Engine Board (FEB)	[*]		
	GGSN-MPG 2010A	ROA 219 7819/1	Printed Board Assemb	4 Port Gigabit Ethernet PIC - Type 2	[*]		
	GGSN-MPG 2010A	ROA 219 7820/1	Printed Board Assemb	Multi Services 400 PIC, Type 2	[*]		
	GGSN-MPG 2010A	ROA 219 7821/1	Printed Board Assemb	GGSN3 Services PIC Type-2	[*]		
HLR-FE	HLR-FE	BFB 140 13/1	Plug-in Unit	PFM HOD	[*]		
	HLR-FE	ROJ 208 385/1	Printed Board Assemb	EXB5	[*]		
	HLR-FE	BFD 508 020/1	Equipped Magazine	EGEM Subrack+Backplane no PIU	[*]		
	HLR-FE	BFD 509 08/6	Fan	FAN	[*]		
	HLR-FE	ROJ 208 817/2	Printed Board Assemb	CPUB2-24QC	[*]		
	HLR-FE	ROJ 208 841/21	Printed Board Assemb	APUB2	[*]		
	HLR-FE	ROJ 208 882/2	Printed Board Assemb	GED-DVD	[*]		
HSS	CSCF|ESAPC 13B|HSS|MTAS	ROJ 208 844/3	Printed Board Assemb	GEP3-HD600	[*]		
	CSCF|HSS|MTAS|SAPC	ROJ 208 814/2	Printed Board Assemb	GEP2-12GB	[*]		
	CSCF|HSS|MTAS|SAPC	ROJ 208 815/2	Printed Board Assemb	GEP2-12G-SAS	[*]		
	CSCF|HSS|MTAS|SAPC|SBG	ROJ 208 368/10	Printed Board Assemb	MXB5-LE PIU	[*]		
MTAS	CSCF|ESAPC 13B|HSS|MTAS	ROJ 208 844/3	Printed Board Assemb	GEP3-HD600	[*]	[*]	[*]
	CSCF|HSS|MTAS|SAPC	ROJ 208 814/2	Printed Board Assemb	GEP2-12GB	[*]		

Node	Product group	Part Number	Product Name	Description	Quantity of Spares		
					North America	France	Brazil
	CSCF|HSS|MTAS|SAPC	ROJ 208 815/2	Printed Board Assemb	GEP2-12G-SAS	[*]		
	CSCF|HSS|MTAS|SAPC|SBG	ROJ 208 368/10	Printed Board Assemb	MXB5-LE PIU	[*]		
PG	CUDB 11B|PG 7.0	ROJ 208 465/1	Printed Board Assemb	NWI-E 450A	[*]		
	CUDB 11B|ESAPC 13B|PG 7.0	BFB 140 13/2	Plug-in Unit	PFM LOD	[*]		
SAPC	CUDB 11B|ESAPC 13B|PG 7.0	BFB 140 13/2	Plug-in Unit	PFM LOD	[*]	[*]	[*]
	CSCF|ESAPC 13B|HSS|MTAS	ROJ 208 844/3	Printed Board Assemb	GEP3-HD600	[*]		
	CSCF|HSS|MTAS|SAPC	ROJ 208 814/2	Printed Board Assemb	GEP2-12GB	[*]		
	CSCF|HSS|MTAS|SAPC	ROJ 208 815/2	Printed Board Assemb	GEP2-12G-SAS	[*]		
	CSCF|HSS|MTAS|SAPC|SBG	ROJ 208 368/10	Printed Board Assemb	MXB5-LE PIU	[*]		
SBG	SBG	ROJ 208 135/20	Printed Board Assemb	ISER GigE FX SX	[*]		
	SBG	ROJ 208 813/2	Printed Board Assemb	GEP2-12GB4F	[*]		
	SBG	ROJ 208 841/1	Printed Board Assemb	GEP_SCD2GBS	[*]		
	CSCF|HSS|MTAS|SAPC|SBG	ROJ 208 368/10	Printed Board Assemb	MXB5-LE PIU			
	SBG	BFB14013/2	Plug-in Unit	PFM LOD			
	SBG	ROJ208135/20	Printed Board Assemb	ISER GigE FX SX			
	SBG	ROJ208371/4	Printed Board Assemb	MPP4-GE			
	SBG	ROJ208386/2	Printed Board Assemb	SCXB2			
	SBG	ROJ208840/3	Printed Board Assemb	GEP3-HD300			
	SBG	ROJ208841/2	Printed Board Assemb	GEP2-4-QC-HD			
SE100	SMARTEDGE 100	BFL 901 027/1	Subrack	CHASSIS DC, SE100	[*]	[*]	[*]
	SMARTEDGE 100	ROA 128 3207/1	Printed Board Assemb	2XGBIT ETH, COPPER MEDIA IF, SE100	[*]	[*]	[*]
SGSN MME	SGSN-MME 2013A MKVIII	KDU 137 557/5	Converter	O/E conv.; 6x1G, 6x10G	[*]	[*]	[*]
	SGSN-MME 2013A MKVIII	RDH 102 44/1	Optical Transceiver	TRX MM 1000Base-SX LC-SFP -5/+85C (1400421-0010)	[*]	[*]	[*]
	SGSN-MME 2013A MKVIII	RDH 102 50/1	Optical Transceiver	SFP+ MM 10GB-SR/SW 2-300m 850nm 0/+70C VCSEL 3.3V	[*]	[*]	[*]
	SGSN-MME 2010A MKVI	ROJ 208 137/1	Printed Board Assemb	FSBv4	[*]		
	SGSN-MME 2010A MKVI	ROJ 208 138/1	Printed Board Assemb	PEBv4	[*]		
	SGSN-MME 2010A MKVI	ROJ 208 143/1	Printed Board Assemb	IBTEv4	[*]		
	SGSN-MME 2010A MKVI	ROJ 208 143/10	Printed Board Assemb	IBASv4	[*]		
	SGSN-MME 2010A MKVI	ROJ 208 143/2	Printed Board Assemb	IBENv4	[*]		
	SGSN-MME 2010A MKVI	ROJ 208 143/9	Printed Board Assemb	IBS7v4	[*]		
Extreme	X460	16408	Switch	Summit X460-48tDC	[*]		

Exhibit I
Definitions

As used in this Agreement, the following terms have the meanings indicated:

“Core Network System” shall mean a combination of any or all of the following: a) Core, b) Gateway, c) HSS/HLR/PGM and/or d) Application Servers.

“Node” shall mean any one of the following a) Core or b) Gateway or c) HSS/HLR/PGM.

“Option Validity Period” shall mean the period of time commencing at EDC and continuing until the expiration of the term of this Agreement as set forth in Article 4, Term.

“Right To Use” (RTU) shall mean quantity of software licenses purchased, as measured by the number of users or transactions within the Core Network System.

“Site” shall mean a location with a Globalstar chosen combination of Ericsson provided Products: a) Core and/or, b) Gateway and/or, c) HSS/HLR/PGM and/or, d) Application Servers.

“EIR” - Equipment Identity Register

“**Product**” means any Equipment, Software or Deliverables provided by Ericsson to Purchasers under this Agreement (including Equipment, Software or Deliverables provided to, installed by or licensed to Purchasers prior to or as of the Effective Date).

“**Services**” means the configuration, installation, testing, integration, implementation, training, warranty, support, maintenance, repair, and all other services to be provided by Ericsson to Purchasers under this Agreement and/or a Statement of Work (including any such services provided to Purchasers prior to or as of the Effective Date).

“Equipment” means the hardware, equipment and other items sold by or through Ericsson to Purchasers under this Agreement, including those items set forth in The Core Network Purchase Agreement No. ERI-MAS-02007 or any annexes thereto (but excluding Software), regardless of whether provided for use on a standalone basis or for integration and/or use with other equipment, hardware, software or Products. For purposes of clarity, “Equipment” includes any items manufactured or provided by a party other than Ericsson, but that are sold or provided by or through Ericsson under this Agreement.

Exhibit J
Summary of Globalstar Travel Policy

1. Each party traveling on Globalstar business is responsible for ensuring that all of his or her travel and other business expenses are necessary and proper and that such expenses are minimized.

2. Globalstar expects all persons traveling at its expense to use good business judgment in order to assure that no unnecessary expenses are incurred, and that necessary expenses are limited to amounts that are directly related to and materially advance the business purpose of the travel.

3. Globalstar expects all persons traveling at its expense to utilize Internet vendors, promotional packages, alternative travel hours and arrival / departure locations, as well as reduced fares with restrictions and limited availability whenever consistent with the business purpose of the travel.

4. The traveler should, in a timely manner, make all the necessary reservations in the traveler's own name.

5. In the absence of valid business reasons to the contrary, early reservations are encouraged in those instances in which they are likely to reduce costs. Except in cases where a trip is likely to be cancelled, the lowest available non-refundable fares should be utilized. If changes in itinerary are required, the change fees will be reimbursed.

6. Coach (i.e. economy) air travel, for both domestic and international travel, at the lowest fare basis available to the traveler for an itinerary that is conducive to the business nature of the travel, is authorized. For any flight more than six hours, travel may be arranged so as to arrive the day before the commencement of work.

7. All expenses associated with personal activities (e.g., stopovers, side trips and non-business related activities) are the personal responsibility of the traveler.

8. All incremental costs of spouses or other traveling companions accompanying the traveler are the responsibility of the traveler.

9. Commercial ground transportation costs in excess of the higher of local taxi or rental car costs is not authorized.

10. Lodging arrangements should be appropriate for business and should not exceed moderate cost for the local area.

11. Actual and reasonable cost of meals and reasonable and customary beverage actually consumed shall be reimbursed. Costs of indulgent or lavish dining will not be reimbursed.

12. Laundry and dry cleaning charges are reimbursable only for travel assignments exceeding 3 consecutive days and then only if necessary and reasonable for business purposes.

13. Service gratuities should not exceed reasonable and customary.

14. All entertainment expenses (including business lunches, dinners, etc.) must serve definite business purposes with a reasonable expectation of deriving business benefits. Entertainment expenses other than dining must be authorized in advance.

15. Receipts must be originals.

16. Miscellaneous expenses need a detailed explanation.

17. All expenses except long-term parking and car rental need to be broken out on a daily basis.

18. Travel reimbursement must show cities to and from and purpose of travel.

19. Conference expenses must be documented with a listing of attendees and subject of discussion.

20. In-room movies and mini-bar purchases are the traveler's expense and will not be reimbursed.

21. Car rental should be a standard compact-size car. Mid-size is authorized if two or more people are traveling together.
    i. Domestic car rental - Globalstar will reimburse for the extra car insurance, if that is elected consistent with Ericsson policy.
    ii. International car rental - Globalstar will reimburse for all available extra insurance, which should be taken.

22. For international travel, currency exchange rate must be documented with an exchange rate receipt or copy of web page used.

Exhibit 10.2

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.

AMENDMENT NO. 12

TO

CONTRACT NUMBER GINC-C-08-0390

BETWEEN

GLOBALSTAR, INC.

AND

HUGHES NETWORK SYSTEMS, LLC

FOR

RADIO ACCESS NETWORK (RAN)
AND USER TERMINAL SUBSYSTEM

HUGHES AND GLOBALSTAR CONFIDENTIAL AND PROPRIETARY

This Amendment No. 12 (“Amendment”) is entered into effective as of October 16, 2014 (“Effective Date”), by and between Hughes Network Systems, LLC, a limited liability company organized under the laws of Delaware (hereinafter referred to as the “Contractor”) with its principal place of business at 11717 Exploration Lane, Germantown, Maryland 20876 USA, and Globalstar, Inc., a company incorporated under the laws of Delaware with its principal place of business at 300 Holiday Square Blvd., Covington, Louisiana 70433 (hereinafter referred to as “Globalstar” or “Customer”). As used herein, Contractor and Globalstar may be referred to individually as a “Party” and collectively as the “Parties”.

WHEREAS, Contractor and Globalstar entered into Contract No. GINC-C-08-0390 for the delivery of the Radio Access Network (“RAN”) and the User Terminal Subsystem (“UTS”) (“Contract”) effective May 1, 2008;

WHEREAS, Contractor and Globalstar entered into a Letter Agreement, dated September 22, 2008, for the deferral of payment of certain Payment Milestones (“Deferred Payments”) under the Contract, subject to interest;

WHEREAS, Contractor and Globalstar entered into Amendment No. 1, dated June 16, 2009, for the payment of the Deferred Payments with interest, the PDR Payment Milestone and advance payments;

WHEREAS, Contractor and Globalstar entered into Amendment No. 2, dated August 28, 2009, to extend the schedule of the RAN and UTS program and to revise certain payment milestones and program milestones to reflect the revised program timeline;

WHEREAS, Contractor and Globalstar entered into Amendment No. 3, dated September 21, 2009, to incorporate the revised the program management schedule;

WHEREAS, Contractor and Globalstar entered into Amendment No. 4, dated March 24, 2010, to implement certain Contract Change Notices;

WHEREAS, Contractor and Globalstar entered into a Letter Agreement, dated March 21, 2011, for the deferral of payment of certain amounts due under the Contract, subject to interest, as amended (“March 2011 Deferral Letter”);

WHEREAS, Contractor, Globalstar Canada Satellite Co. (“Globalstar Canada”) and Globalstar, Inc. entered into Amendment No. 5, dated April 5, 2011, to substitute Globalstar Canada for Globalstar under the Contract and with certain exceptions, for all of Globalstar’s rights and obligations under the Contract to be assigned to and assumed by Globalstar Canada;

WHEREAS, Contractor and Globalstar Canada entered into Amendment No. 6, dated November 4, 2011, to extend the schedule of the RAN and UTS program and revise the remaining payment milestones and program milestones to reflect the revised program timeline;

WHEREAS, Contractor and Globalstar Canada entered into Amendment No. 7, dated February 1, 2012, to extend the schedule of the RAN and UTS program and revise the remaining payment milestones and program milestones to reflect the revised program timeline;

WHEREAS, Contractor and Globalstar Canada entered into Amendment No. 8, dated September 6, 2012, to extend the schedule of the RAN and UTS program and revise the remaining payment milestones and program milestones to reflect the revised program timeline;

WHEREAS, Contractor and Globalstar Canada entered into Amendment No. 9, dated January 18, 2013, to further extend the schedule of the RAN and UTS program and revise the remaining payment milestones and program milestones to reflect the revised program timeline;

WHEREAS, on July 9, 2013, Globalstar Canada exercised its right pursuant to Amendment No. 5, dated April 5, 2011, to unilaterally terminate Amendment No. 5 and reassign the Contract to Globalstar (the “July 9 Assignment”);

WHEREAS, following the July 9 Assignment, Contractor, Globalstar and Globalstar Canada entered into Amendment No. 10, dated August 7, 2013, confirming the assignment of the Contract from Globalstar Canada to Globalstar, effective as of July 9, 2013 and other matters;

WHEREAS, Contractor and Globalstar entered into a Letter Agreement, dated August 7, 2013, (“August 2013 Letter Agreement”) for the deferral of payment of certain amounts due under the Contract, subject to interest, which replaced and superseded the March 2011 Letter Agreement, and which was amended as of December 16, 2013;

WHEREAS, Globalstar has made certain payments to Contractor in accordance with the August 2013 Letter Agreement, including payment of Payment Milestone #13a;

WHEREAS, the Parties entered into Amendment No. 11, dated December 17, 2013, to further revise and extend the program and payment milestones for commencing and completing the remaining work under the Contract;

WHEREAS, on May 30, 2014, the Parties executed a letter agreement covering scope of work changes and another letter agreement covering equity payments;

WHEREAS, the Parties seek to enter into the formal Contract amendment provided for in the letter agreement covering scope of work changes.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and intending to be legally bound hereby, the Parties agree to amend the Contract as follows:

1. Exhibit C, Pricing Schedule and Payment Plan (Revision J), dated December 17, 2013, shall be deleted and replaced in its entirety by a new Exhibit C, Pricing Schedule and Payment Plan (Revision K), dated October 16, 2014.

2. Exhibit A, Statement of Work (Revision G), dated December 17, 2013 shall be deleted and replaced in its entirety by a new Exhibit A, Statement of Work (Revision H), dated October 16, 2014.

3. Exhibit B1, System Technical Specifications (Revision C), dated February 1, 2012, shall be deleted and replaced in its entirety by a new Exhibit B1, System Technical Specifications (Revision D), dated October 16, 2014.

4. Exhibit B2, RAN Technical Specifications (Revision C), dated February 1, 2012, shall be deleted and replaced in its entirety by a new Exhibit B2, RAN Technical Specifications (Revision D), dated October 16, 2014.

5. Exhibit B3, UTS Technical Specifications (Revision C), dated February 1, 2012, shall be deleted and replaced in its entirety by a new Exhibit B3, UTS Technical Specifications (Revision D), dated October 16, 2014.

6. The Parties acknowledge and agree that Globalstar has paid through Payment Milestone Number 15a (set forth in Section 2.1 of Exhibit C) in full and has paid Payment Milestone Number 1 (set forth in Section 2.3 of Exhibit C) in full as of the Effective Date of this Amendment.

6. This Amendment shall be governed by and interpreted according to the laws of the State of New York.

7. This Amendment may be signed in counterparts and each original counterpart shall be deemed binding on each Party collectively and individually.

8. Except as amended herein, all terms and conditions of the Contract shall remain in full force and effect.

(*signature page follows on next page)*

IN WITNESS WHEREOF, the Parties hereto have signed this Amendment.

GLOBALSTAR, INC.	**HUGHES NETWORK SYSTEMS, LLC**
BY: /s/ Paul A. Monte	BY: /s/ Sean P. Fleming
Name: Paul A. Monte	Name: Sean P. Fleming
Title: Vice President, Engineering & Operations	Title: VP & Associate General Counsel

H36750

RADIO ACCESS NETWORK (RAN)
AND USER TERMINAL SUBSYSTEM (UTS)

EXHIBIT A: STATEMENT OF WORK

Revision H

October 16, 2014

[*]

H36750

RADIO ACCESS NETWORK (RAN)
AND USER TERMINAL SUBSYSTEM (UTS)

EXHIBIT B1: SYSTEM TECHNICAL SPECIFICATIONS

Revision D

October 16, 2014

[*]

H36750

RADIO ACCESS NETWORK (RAN)
AND USER TERMINAL SUBSYSTEM (UTS)

EXHIBIT B2: RAN TECHNICAL SPECIFICATIONS

Revision D

October 16, 2014

[*]

H36750

RADIO ACCESS NETWORK (RAN)
AND USER TERMINAL SUBSYSTEM (UTS)

EXHIBIT B3: UTS TECHNICAL SPECIFICATIONS

Revision D

October 16, 2014

[*]

H36750

RADIO ACCESS NETWORK (RAN)
AND USER TERMINAL SUBSYSTEM (UTS)

EXHIBIT C: PRICING SCHEDULE AND PAYMENT PLAN

Revision K

October 16, 2014

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REVISION HISTORY

Revision	Issue Date	Scope
A	5/1/2008	Contract version
B	6/16/2009	Contract amendment
C	8/28/2009	Contract amendment
D	3/24/2010	Contract amendment
E	11/4/2011	Contract amendment
F	2/1/2012	Contract amendment
G	9/4/2012	Contract amendment # 8
H	1/18/2013	Contract amendment # 9
J	12/17/2013	Contract amendment # 11
K	10/16/2014	Contract amendment # 12

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PRICE SCHEDULE

BASELINE RAN AND UTS

BASELINE		
Line Item	**Supplies/Services**	**Price (USD)**
NON-RECURRING ENGINEERING (NRE)		**$ [*]**
1	**RAN Non-Recurring Engineering (NRE);** **Packet RAN, with Iu-PS Rel 7, 256 Kbps return bearer, 1 Mbps forward bearer** **Delivery of One Test Gateway (incl. 12 mo. Warranty)** **12 months warranty & maintenance for 9 RANs, incl. 1200 hours of engineering support;** **Additional Engineering at T&M Rates** **(Test UTs NRE and Delivery not included)** **UTS Non-Recurring Engineering (NRE):** **Satellite Air Interface Chip with Evaluation Platform** **Remote Terminal Diagnostic & Monitoring (RTDM) Software Tool w/unlimited license** **12 months warranty & maintenance**	**$ [*]**
2	**Documentation and Program Reviews**	**Included**
3	**Operations and Maintenance Training**	**$ [*]**
4	**RAN and UTS NRE Additions**	**$ [*]**
	Multi-country Legal Interception	*$* **[*]**
	UT Diagnostic Feed	*Included*
	Per-User Forward Power Control	*Included*
	Multi-country certifications (Per SOW)	*Included*
	Support E.911 Calling without GPS	*$* **[*]**
	9.6 kb/s bearer in Return Direction	*Included*
	Additional Diagnostics in RTDM (Spec - Exhibit B3)	*$* **[*]**
	Gateway-to-Gateway Handover for handheld terminal (Delivery date 3 months after the later of RAN #2 OAT & Provisional Acceptance)	*$* **[*]**
	SNMP Configuration MIB	*Included*
	RAN Diagnostic Specifications	*Included*
RECURRING		**$ [*]**
5	**Build, delivery, installation, performance verification and testing of 9 RANS (including first article)** **Each RAN equipped with 120 VEC or 480 Kb/s capacity, one FDM Channel (same FDM1 (1.25MHz) or FDM2 (2.5 MHz) in all RANs, as selected by SRR)** **Delivery Ex-Works Maryland, USA**	**$ [*]**
	Design, build, delivery, installation, performance verification and testing of 9 RANs	*$* **[*]**
	Credit for Customer performing Installation & Commissioning for RAN #6,#7,#8 & #9 (Contractor to provide on-site supervision only for installation, performance verification and testing)	$ [*]
6	**Critical Spare Parts - located at each RAN Site**	**Included**
7	**Critical Spare Parts - located at Customer Depot**	**$ [*]**
8	**Manufacture of prototype & pre-production Satellite Air Interface Chips for delivery to Globalstar**	**$ [*]**
9	**Expansion of capacity from 120 VEC/480 Kbps to 200 VEC/800 Kbps in the same FDM channel; for all 9 RANs**	**$ [*]**
	Expansion of capacity from 120 VEC/480 Kbps to 200 VEC/800 Kbps in the same FDM channel; for Laboratory RAN in Milpitas, CA.	$ [*]
10	**CN006 Design Implementations**	**$ [*]**
	Maximal Ratio Combining RTN	*Included*
	Configurability of Paging/Alerting Parameters	*Included*
	Turn on Additional FDM Channels based on Traffic Demand to conserve Satellite Power	*Included*
	RAN Limit CCE Transmit Power based on Type and Frequency	*Included*
	Disable Gateway RFT by Operator Command, overriding RAI	*Included*
	Diagnostic Tools: *(a) Display/Logging of Decoded Control Channel Information* *(b) Display and Log Measurements made by SAIC Hardware Accelerator* *(c) RTDM can selectively block Overhead Channels* *(d) RTDM Playback* *(e) Display Radio Resource Records*	*Included*
	Alerting as an Optional Feature in SAIC	*Included*
	Increase Output Power of Evaluation Platform by 0.75dB	*Included*
	RAI Access Channel Issues to support Hot Spots	*Included*
	Operator Configurable Beam Boundary Definition per Satellite	*Included*
	Configurability of Frequency Search Algorithm	*Included*
	TOTAL CONTRACT PRICE	**$ [*]**

OPTIONS

OPTIONS		
Line Item	**Supplies/Services**	**Price (USD)**
1	**Unit Price for Additional RANs up to Quantity 25 (Incl. 12 mo h/w Warranty)**	**$ [*]**
	Option Validity Period: EDC+79 months (December 2014)	
2	**Annual Extended Software Maintenance & Support (second year onwards)** **Includes RAN & RTDM Software** **Includes 1200 hours of engineering support (Ex-works) per year** **Additional engineering support available at T&M rates** **Start date as defined in Exhibit A, Independeent of number of RANs** **SOW as per Exhibit D (on-site support subject to T&M rates)** **Total price per year**	**$ [*]**
	Option Validity Period: EDC+102 months	
3	**Annual Extended Hardware Warranty per RAN** **Start date as defined in Exhibit A SOW as per Exhibit D (on-site support excluded)**	**$ [*]**
	Option Validity Period: EDC+86 months	
4	**Bridge Extended Hardware Warranty per RAN per Month** **Available only in the first partial year of extended warranty period of each RAN** **Start date as defined in Exhibit A** **SOW as per Exhibit D (on-site support excluded)** **Price per RAN per month (Monthly rate derived by dividing the prevailing option 3 price by 12 at the time of election)**	**$ [*]**
	Option Validity Period: concurrent with Option 3	
5	**Broadcast Audio/Visual capability in the RAN**	**$ [*]**
	Option Validity Period: EDC+2 months	
6	**Expansion of capacity from 200 VEC/800Kbps to 875VEC/3.5Mbps in the same FDM channel; Price per RAN**	**$ [*]**
	Option Validity Period: EDC+73 months	
7	**Expansion of capacity from one FDM channel with 200VEC/800 Kbps to two FDM channels, 120 VEC/480Kbps in second FDM channel; Both FDM Channels operate within the same 7.5MHz of spectrum**	**$ [*]**
	Option Validity Period: EDC+73 months	
8	**Expansion of capacity from one FDM channel with 200VEC/800 Kbps to two FDM channels, 200 VEC/800Kbps in each FDM channel; Both FDM Channels operate within the same 7.5MHz of spectrum**	**$ [*]**
	Option Validity Period: EDC+73 months	
9	**Expansion of capacity from one FDM channel with 875VEC/3.5 Mbps to two FDM channels, 875 VEC/3.5Mbps in each FDM channel; Both FDM Channels operate within the same 7.5MHz of spectrum**	**$ [*]**
	Option Validity Period: EDC+73 months	
10	**1 Mb/s forward bearer capability in the satellite Air Interface Chip**	
	NRE	**$ [*]**
	Recurring incremental cost per chip	**$ [*]**
	Option Validity Period: EDC+2 months	
11	**Reserved**	
12	**License of Satellite Air Interface Chip Software & Firmware only for use in Customer's own developed Chip (one license per chip)**	
	Annual quantity = 250,000	**[*]**
	Annual quantity = 500,000	**[*]**
	Annual quantity = 1 million +	**[*]**
	Option Validity Period: EDC+96 months	
13	**Unit Pricing for One-Time Order of Satellite Air Interface Chips** Option Validity Period: exercisable one-time only; expires January 24, 2013 Subject to the following terms: one-time order; 100% payment received Contractor no later than January 24, 2013; order quantity must be in batches of 37,500 units	**[*]**

TIME AND MATERIAL (T&M) RATE

Time: **[*]**
Materials and Travel: **[*]**
Rate Validity Period: EDC+ 36 months; thereafter adjusted for escalation, capped at CPI+1%.

PAYMENT MILESTONES AND PLAN

PAYMENT MILESTONES AND PLAN FOR RAN & UTC

The Payment Milestones and Plan is provided below.

[*]

PAYMENT MILESTONES AND PLAN FOR CN009

[*]

PAYMENT MILESTONES AND PLAN FOR AMENDMENT 12 DESIGN CHANGES

[*]

Exhibit 31.1

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. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusion 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

   (d) 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   (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 6, 2014

By: /s/ James Monroe III

James Monroe III
Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

Certification of Chief Financial Officer

I, Rebecca S. Clary 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. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusion 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

   (d) 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   (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 6, 2014

By: /s/ Rebecca S. Clary

Rebecca S. Clary

Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

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), the undersigned officer of Globalstar, Inc. (the "Company"), does hereby certify that:

This quarterly report on Form 10-Q for the quarter ended September 30, 2014 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 6, 2014

By: /s/ James Monroe III

James Monroe III

Chief Executive Officer

Exhibit 32.2

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), the undersigned officer of Globalstar, Inc. (the "Company"), does hereby certify that:

This quarterly report on Form 10-Q for the quarter ended September 30, 2014 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 6, 2014

By: /s/ Rebecca S. Clary

Rebecca S. Clary

Chief Financial Officer