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

FORM 10-Q

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

For the quarterly period ended March 31, 2013

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 ☐
Non-accelerated filer x (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 April 30, 2013, 357,216,625 shares of voting common stock and 135,000,000 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.

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GLOBALSTAR, INC.

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

	Three Months Ended	
	March 31, 2013	March 31, 2012
Revenue:		
Service revenues	$ 15,390	$ 12,627
Subscriber equipment sales	3,943	4,111
Total revenue	19,333	16,738
Operating expenses:		
Cost of services (exclusive of depreciation, amortization, and accretion shown separately below)	7,527	7,262
Cost of subscriber equipment sales	2,940	2,723
Cost of subscriber equipment sales - reduction in the value of inventory	-	249
Marketing, general, and administrative	6,924	6,620
Reduction in the value of long-lived assets	-	79
Depreciation, amortization, and accretion	20,332	14,735
Total operating expenses	37,723	31,668
Loss from operations	(18,390)	(14,930)
Other income (expense):		
Interest income and expense, net of amounts capitalized	(7,752)	(3,050)
Derivative gain (loss)	525	(6,520)
Other	642	132
Total other expense	(6,585)	(9,438)
Loss before income taxes	(24,975)	(24,368)
Income tax expense	103	157
Net loss	$ (25,078)	$ (24,525)
Loss per common share:		
Basic	$ (0.05)	$ (0.07)
Diluted	(0.05)	(0.07)
Weighted-average shares outstanding:		
Basic	472,187	357,418
Diluted	472,187	357,418
Comprehensive loss	$ (25,648)	$ (24,066)

See accompanying notes to unaudited interim condensed consolidated financial statements.

GLOBALSTAR, INC.

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

	(Unaudited) March 31, 2013	(Audited) December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,300	$ 11,792
Restricted cash	38,152	46,777
Accounts receivable, net of allowance of $6,363 and $6,667, respectively	14,376	13,944
Inventory	39,823	42,181
Deferred financing costs	32,138	34,622
Prepaid expenses and other current assets	5,327	5,233
Total current assets	131,116	154,549
Property and equipment, net	1,221,143	1,215,156
Deferred financing costs	17,353	16,883
Advances for inventory	9,158	9,158
Intangible and other assets, net	11,832	8,029
Total assets	$ 1,390,602	$ 1,403,775
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 657,474	$ 655,874
Accounts payable, including contractor payables of $25,078 and $27,747, respectively	32,569	35,685
Accrued contract termination charge	23,456	23,166
Accrued expenses	38,248	28,164
Payables to affiliates	260	230
Deferred revenue	18,133	18,041
Total current liabilities	770,140	761,160
Long-term debt, less current portion	97,741	95,155
Employee benefit obligations	7,226	7,221
Derivative liabilities	24,665	25,175
Deferred revenue	4,427	4,640
Other non-current liabilities	16,799	15,880
Total non-current liabilities	150,858	148,071
Commitments and contingent liabilities (Notes 8 and 9)		
Stockholders' equity:		
Preferred Stock of $0.0001 par value; 100,000,000 shares authorized and none issued and outstanding at March 31, 2013 and December 31, 2012:		
Series A Preferred Convertible Stock of $0.0001 par value; one share authorized and none issued and outstanding at March 31, 2013 and December 31, 2012	-	-
Voting Common Stock of $0.0001 par value; 865,000,000 shares authorized; 355,042,245 and 354,085,753 shares issued and outstanding at March 31, 2013 and December 31, 2012, respectively	35	35
Nonvoting Common Stock of $0.0001 par value; 135,000,000 shares authorized; 135,000,000 shares issued and outstanding at March 31, 2013 and December 31, 2012, respectively	14	14
Additional paid-in capital	864,882	864,175
Accumulated other comprehensive loss	(2,327)	(1,758)
Retained deficit	(393,000)	(367,922)
Total stockholders' equity	469,604	494,544
Total liabilities and stockholders' equity	$ 1,390,602	$ 1,403,775

See accompanying notes to unaudited interim condensed consolidated financial statements.

GLOBALSTAR, INC.

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

	Three Months Ended	
	March 31, 2013	March 31, 2012
Cash flows provided by (used in) operating activities:		
Net loss	$ (25,078)	$ (24,525)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation, amortization, and accretion	20,332	14,735
Change in fair value of derivative assets and liabilities	(525)	6,520
Stock-based compensation expense	236	206
Amortization of deferred financing costs	2,070	856
Reduction in the value of long-lived assets and inventory	-	328
Provision for bad debts	482	112
Noncash interest and accretion expense	2,735	1,191
Loss on equity method investments	-	105
Other, net	283	333
Unrealized foreign currency loss	(701)	(139)
Changes in operating assets and liabilities:		
Accounts receivable	(1,016)	386
Inventory	2,109	756
Prepaid expenses and other current assets	(89)	906
Other assets	(4,988)	646
Accounts payable and accrued expenses	4,022	(5,512)
Payables to affiliates	29	30
Other non-current liabilities	(330)	879
Deferred revenue	(104)	(396)
Net cash used in operating activities	(533)	(2,583)
Cash flows used in investing activities:		
Second-generation satellites, ground and related launch costs	(17,569)	(20,540)
Property and equipment additions	(239)	(120)
Investment in businesses	-	(150)
Restricted cash proceeds (payments)	8,625	(2,500)
Net cash used in investing activities	(9,183)	(23,310)
Cash flows (used in) provided by financing activities		
Borrowings from Facility Agreement	-	5,008
Proceeds from contingent equity account	-	18,500
Payments of deferred financing costs	(489)	(250)
Net cash (used in) provided by financing activities	(489)	23,258
Effect of exchange rate changes on cash	(287)	419
Net decrease in cash and cash equivalents	(10,492)	(2,216)
Cash and cash equivalents, beginning of period	11,792	9,951
Cash and cash equivalents, end of period	$ 1,300	$ 7,735
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	$ -	$ 7,375
Income taxes	28	16
Supplemental disclosure of non-cash financing and investing activities:		
Reduction in accrued second-generation satellites and ground costs	1,060	7,492
Increase in capitalized accrued interest for second-generation satellites and ground costs	1,602	1,275
Capitalization of the accretion of debt discount and amortization of prepaid finance costs	2,665	2,694
Payments made in convertible notes and common stock	339	281

See accompanying notes to unaudited interim condensed consolidated financial statements.

GLOBALSTAR, INC.

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, 2012 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. Certain reclassifications have been made to prior period condensed consolidated financial statements to conform to current year presentation. 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 months ended March 31, 2013 are not necessarily indicative of the results that may be expected for the full year or any future period.

Recently Issued Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-02, *Reporting Amounts Reclassified Out of Accumulated Other Comprehensive Income.* This standard requires that companies present either in a single note or parenthetically on the face of the financial statements, the effect of significant amounts reclassified from each component of accumulated other comprehensive income based on its source and the income statement line items affected by the reclassification. ASU 2013-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2012. This adoption does not have an impact on the Company's condensed consolidated financial statements.

2. MANAGEMENT'S PLANS REGARDING FUTURE OPERATIONS

Current sources of liquidity primarily include cash on hand, cash flows from operations and funds available from the Company's equity line agreement with Terrapin Opportunity, L.P. ("Terrapin"). These sources of liquidity are not sufficient to meet the Company's existing contractual obligations over the next 12 months. The Company's financial statements have been prepared on a going concern basis, which contemplates continuity of operations, realization of assets and the satisfaction of liabilities in the normal course of business. The accompanying financial statements do not include any adjustments related to the recoverability and classification of recorded assets or the amounts and classification of liabilities that might result from the uncertainty associated with the items discussed below, except as otherwise disclosed. In order to continue as a going concern, the Company must obtain additional external financing; amend the Company's senior secured facility agreement (the "Facility Agreement") and certain other contractual obligations; and restructure the 5.75% Convertible Senior Unsecured Notes (the "5.75% Notes") (see Note 4 for further discussion). In addition, substantial uncertainties remain related to the Company's noncompliance with certain of the Facility Agreement's covenants (see Note 4 for further discussion) and the impact and timing of the Company's plans to improve operating cash flows and to restructure its contractual obligations. If the resolution of these uncertainties materially and negatively impacts cash and liquidity, the Company's ability to continue to execute its business plan will be adversely affected.

Further, the Company's longer-term business plan includes maintaining its service coverage levels and making improvements to its ground infrastructure. To execute these longer-term plans successfully, the Company will need to obtain additional external financing to fund these expenditures. Although the Company is seeking this financing and is continuing to address requirements with contractors, there is no guarantee that these efforts will be successful given the scope, complexity and cost of maintaining and improving the Company's network. Accordingly, the Company is not in a position to provide an estimate of when, or if, these longer-term plans will be completed and the effect this will have on the Company's performance and liquidity.

In each of the previous three years and during the three months ended March 31, 2013, the Company has generated operating losses, which have adversely affected the Company's liquidity. The Company developed a plan to improve operations; complete and maintain its second-generation constellation and next-generation ground upgrades; and obtain additional financing.

As further described below, the Company has taken the following steps pursuant to its plan.

- During the fourth quarter of 2011, reduced operating expenses by, among other things, streamlining its supply chain and other operations, consolidating its world-wide operations, including the completion of the relocation of its corporate headquarters to Covington, Louisiana, and simplifying its product offerings. The Company has continued to maintain a low cost operating structure, while strategically investing in sales and marketing and new product development in the current quarter.

- Increased revenues by transitioning legacy Duplex customers to more profitable plans, commensurate with the Company’s improved service coverage, and by streamlining its Simplex and SPOT product offerings and targeting them to the consumer and enterprise markets.

- Successfully launched all of its second-generation satellites, excluding one on-ground spare.

- Entered into a $30.0 million equity line agreement with Terrapin.

- Drew $60.0 million from its contingent equity account.

- Obtained lender agreement to defer principal payments to June 2013 on its Facility Agreement which were previously due to begin in June 2012.

- Settled disputes with Thales Alenia Space (“Thales”) regarding prior contractual issues.

- Uploaded the AOCS software solution to one second-generation satellite that was previously taken out of commercial service due to the momentum wheel anomaly. This solution is available to any satellite that is affected by a similar momentum wheel issue.

- Implemented sales and marketing programs designed to take advantage of the continued expansion of the Company’s Duplex coverage, including entering into new sales agreements and introducing new pricing plans commensurate with improved service levels.

- Commenced a proceeding before the Federal Communications Commission (“FCC”) seeking authority to utilize the Company’s spectrum to offer terrestrial communications services separate and apart from, but coordinated with, its satellite-based communications services without fulfilling the gating requirements of the FCC’s ancillary terrestrial component (“ATC”) regulations.

The Company believes that these actions, combined with additional actions included in its operating plan, will result in improved cash flows from operations, provided the significant uncertainties described in the first two paragraphs of this footnote are successfully resolved. These additional actions include, among other things, the following:

- Continuing to identify and pursue opportunities to construct new gateways in areas of the world where the Company has not previously operated.

- Continuing to pursue numerous opportunities in the field of aviation; including next-generation “space-based” air traffic management services, in association with the Company’s technology partner, ADS-B Technologies, LLC.

- Completing second-generation ground infrastructure upgrades that will permit the Company to offer a new suite of consumer and enterprise products that leverage the Company’s new, inexpensive chip architecture.

- Negotiating agreements with third parties to restart operations at certain existing Globalstar gateways, as well as constructing new Globalstar gateways, around the world to make coverage in additional areas commercially viable.

- Continuing to control operating expenses while redirecting available resources to the marketing and sale of product offerings.

- Improving its key business processes and leveraging its information technology platform.

- Introducing new and innovative Simplex, SPOT and Duplex products to the market that will further drive sales volume and revenue.

3. PROPERTY AND EQUIPMENT

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

	March 31, 2013	December 31, 2012
Globalstar System:		
Space component	$ 1,029,932	$ 934,900
Ground component	48,889	49,089
Construction in progress:		
Space component	208,979	299,209
Ground component	105,386	84,423
Prepaid long-lead items and other	17,646	17,920
Total Globalstar System	1,410,832	1,385,541
Internally developed and purchased software	14,747	14,414
Equipment	12,714	12,800
Land and buildings	4,004	4,003
Leasehold improvements	1,504	1,512
	1,443,801	1,418,270
Accumulated depreciation and amortization	(222,658)	(203,114)
	$ 1,221,143	$ 1,215,156

Amounts in the table above consist primarily of costs incurred related to the construction of the Company's second-generation constellation, related launch services and ground upgrades. Amounts included in the Company's construction in progress - space component balance as of March 31, 2013 consists primarily of costs related to the remaining second-generation satellites launched in February 2013. The estimated cost per satellite will be transferred from construction in progress as each satellite is placed into commercial service. See Note 8 for further discussion of the Company's contractual obligations.

Capitalized Interest and Depreciation Expense

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

	As of	
	March 31, 2013	December 31, 2012
Total Interest Capitalized	$ 223,615	$ 216,477

	Three Months Ended	
	March 31, 2013	March 31, 2012
Current Period Interest Capitalized	$ 7,138	$ 12,911

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

	Three Months Ended	
	March 31, 2013	March 31, 2012
Depreciation Expense	$ 19,873	$ 14,466

4. LONG-TERM DEBT

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

	March 31, 2013		December 31, 2012	
	Principal Amount	Carrying Value	Principal Amount	Carrying Value
Facility Agreement	$ 585,670	$ 585,670	$ 585,670	$ 585,670
Subordinated Loan	55,120	51,555	53,499	49,822
5.0% Convertible Senior Unsecured Notes	40,920	17,140	40,920	16,701
8.00% Convertible Senior Unsecured Notes	48,228	29,046	48,228	28,632
5.75% Convertible Senior Unsecured Notes	71,804	71,804	71,804	70,204
Total Debt	801,742	755,215	800,121	751,029
Less: Current Portion	657,474	657,474	657,474	655,874
Long-Term Debt	$ 144,268	$ 97,741	$ 142,647	$ 95,155

The table above represents the principal amount and carrying value of long-term debt at March 31, 2013 and December 31, 2012. The principal amounts shown above include payment of in kind interest, if any. The carrying value is net of any discounts to the loan amounts at issuance, as further described below, including accretion.

Facility Agreement

The Company has a $586.3 million principal amount Facility Agreement that is scheduled to mature 84 months after the first principal repayment date, as amended. Semi-annual principal repayments are scheduled to begin in June 2013. The facility bears interest at a floating LIBOR rate, plus a margin of 2.25% through December 2017, increasing to 2.40% thereafter. 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 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.

The Facility Agreement required the Company to fund a total of $46.8 million to the debt service reserve account. The use of the funds in this account is restricted to making principal and interest payments on the Facility Agreement. The minimum required balance, not to exceed $46.8 million, fluctuates over time based on the timing of principal and interest payment dates. In December 2012, the amount required to be funded into the debt service reserve account was reduced by approximately $8.9 million due to the timing of the first principal repayment date scheduled for June 2013. As of March 31, 2013, the Company classified approximately $38.1 million in the debt service reserve fund as restricted cash. In January 2013, the agent for the Company's Facility Agreement permitted the Company to withdraw from the debt service reserve account $8.9 million that was in excess of the required balance to enable the Company to pay capital expenditure costs for the fourth launch of the second-generation satellites. As of March 31, 2013, the Company has reserved approximately $0.2 million of the $8.9 million to pay certain capital expenditures from the fourth launch.

As a result of the Thales arbitration ruling and the subsequent settlement agreements reached with Thales related to the arbitration ruling in 2012, the lenders concluded that events of default had occurred under the Facility Agreement. The Company is also in default of certain other financial and nonfinancial covenants, including, but not limited to, minimum required funding for the Company's debt service account, in-orbit acceptance of all of its second-generation satellites by April 2013 and certain events of default existing under the terms of the 5.75% Notes (see further discussion on the 5.75% Notes below). As of the date of this Report, the agent for the Company's Facility Agreement has not notified the Company of the lenders' intention to accelerate the debt; however, the borrowings have been shown as current on the Company's condensed consolidated balance sheet in accordance with applicable accounting rules. Globalstar is currently working with the lenders to seek all necessary waivers or amendments associated with existing events of default, but there can be no assurance that it will be successful. The lenders currently are not permitting funding of the remaining $0.7 million available under the Facility to pay for the remaining milestone payments to Thales on the second-generations satellites.

Due to the launch delays, the Company expects that it may not be in compliance with certain financial and nonfinancial covenants specified in the Facility Agreement during the next 12 months. If the Company cannot obtain either a waiver or an amendment, the failure to comply with these covenants would represent additional events of default. An event of default under the Facility Agreement could permit the lenders to accelerate the indebtedness under the Facility Agreement. That acceleration could permit acceleration of our obligations under other debt arrangements, as described below, that contain cross-acceleration provisions.

Contingent Equity Agreement

The Company has a Contingent Equity Agreement with Thermo whereby Thermo agreed to deposit $60.0 million into a contingent equity account to fulfill a condition precedent for borrowing under the Facility Agreement. Under the terms of the Facility Agreement, the Company has the right to make draws from this account if and to the extent it has an actual or projected deficiency in its ability to meet obligations due within a forward-looking 90-day period. Thermo has pledged the contingent equity account to secure the Company's obligations under the Facility Agreement.

The Contingent Equity Agreement provides that the Company will pay Thermo an availability fee of 10% per year for maintaining funds in the contingent equity account. This annual fee is payable solely in warrants to purchase common stock at $0.01 per share with a five-year exercise period from issuance. The number of shares issuable under the warrants is calculated by taking the outstanding funds available in the contingent equity account multiplied by 10% divided by the lower of the Company's common stock price on the issuance date or $1.37, but not to be lower than $0.20. Prior to June 19, 2012, the common stock price was subject to a reset provision on certain valuation dates subsequent to issuance whereby the warrant price used in the calculation was the lower of the warrant price on the issuance date or the Company's common stock price on the valuation date. The Company determined that the warrants issued in conjunction with the availability fee were derivatives and recorded the value of the derivatives as a component of other non-current liabilities, at issuance. The offset was recorded in other assets and was being amortized over the one-year availability period. The warrants issued on June 19, 2012 are not subject to a reset provision subsequent to issuance and are therefore not considered a derivative instrument. The value of the warrants issued was recorded as equity and the offset was recorded in other assets and is being amortized over the one-year availability period.

When the Company made draws on the contingent equity account, it issued Thermo shares of common stock calculated using a price per share equal to 80% of the average closing price of the common stock for the 15 trading days immediately preceding the draw. The 20% discount on the value of the shares issued to Thermo is treated as a deferred financing cost and is amortized over the remaining term of the Facility Agreement. The Company had drawn the entire $60.0 million from this account as of December 31, 2012. Approximately $1.1 million of interest earned from the funds previously held in this account remained in the account at March 31, 2013 and was available to be drawn by the Company, subject to lender approval.

Since the origination of the Contingent Equity Agreement, the Company has issued warrants to purchase 41,467,980 shares of common stock for the annual availability fee and subsequent resets due to provisions in the Contingent Equity Agreement and 160,916,223 shares of common stock resulting from the Company's draws on the contingent equity account pursuant to the terms of the Contingent Equity Agreement. As of March 31, 2013, no warrants issued in connection with the Contingent Equity Agreement had been exercised.

On June 19, 2010, the warrants issued on June 19, 2009 and on December 31, 2009 were no longer variable, and the related $11.9 million liability was reclassified to equity. On June 19, 2011, the warrants issued on June 19, 2010 were no longer variable, and the related $6.0 million liability was reclassified to equity. On June 19, 2012, the warrants issued on June 19, 2011 were no longer variable, and the related $5.9 million liability was reclassified to equity.

No voting common stock is issuable to Thermo or any of its affiliates if it would cause Thermo and its affiliates to own more than 70% of the Company's outstanding voting stock. The Company may issue nonvoting common stock in lieu of common stock to the extent issuing common stock would cause Thermo and its affiliates to exceed this 70% ownership level.

Subordinated Loan

The Company has a 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 lender.

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 six months after the obligations under the Facility Agreement have been paid in full, the Company has a change in control or any acceleration of the maturity of the loans under the Facility Agreement occurs. As additional consideration for the loan, the Company issued Thermo a warrant to purchase 4,205,608 shares of common stock at $0.01 per share with a five-year exercise period. No voting common stock is issuable upon such exercise if such issuance would cause Thermo and its affiliates to own more than 70% of the Company's outstanding voting stock. The Company may issue nonvoting common stock in lieu of common stock to the extent issuing voting common stock would cause Thermo and its affiliates to exceed this 70% ownership level.

The Company determined that the warrant was an equity instrument and recorded it as a part of stockholders' equity with a corresponding debt discount of $5.2 million, which is netted against the principal amount of the loan. The Company is accreting the debt discount associated with the warrant to interest expense over the term of the loan agreement using an effective interest method. As of March 31, 2013, the remaining debt discount was $3.6 million, and $17.6 million of interest was outstanding; these amounts are included in long-term debt on the Company's condensed consolidated balance sheet.

5.00% Convertible Senior Notes

In 2011, the Company issued $38.0 million in aggregate principal amount of 5.0% Convertible Senior Unsecured Notes (the "5.0% Notes") and warrants (the "5.0% Warrants") to purchase 15,200,000 shares of voting common stock of the Company at an exercise price of $1.25 per share. The 5.0% Notes are convertible into shares of common stock at an initial conversion price of $1.25 per share of common stock, or 800 shares of the Company's common stock per $1,000 principal amount of the 5.0% Notes, subject to adjustment in the manner set forth in the Indenture. The 5.0% Notes are guaranteed on a subordinated basis by substantially all of the Company's domestic subsidiaries (the "Guarantors"), on an unconditional joint and several basis, pursuant to a Guaranty Agreement (the "Guaranty"). The 5.0% Warrants are exercisable until five years after their issuance. The 5.0% Notes and 5.0% Warrants have anti-dilution protection in the event of certain stock splits or extraordinary share distributions, and a reset of the conversion and exercise price on April 15, 2013 if the Company's common stock is below the initial conversion and exercise price at that time. On April 15, 2013, the base conversion rate for the 5.0% Notes and the exercise price of the 5.0% Warrants were reset to $0.50 and $0.32, respectively.

The 5.0% Notes are senior unsecured debt obligations of the Company and rank pari passu with the Company's existing 5.75% and 8.00% Notes and are subordinated to the Company's obligations pursuant to its Facility Agreement. There is no sinking fund for the 5.0% Notes. The 5.0% Notes will mature at the earlier to occur of (i) December 14, 2021, or (ii) six months following the maturity date of the Facility Agreement and bear interest at a rate of 5.0% per annum. Interest on the 5.0% Notes is payable in-kind semi-annually in arrears on June 15 and December 15 of each year. Under certain circumstances, interest on the 5.0% Notes will be payable in cash at the election of the holder if such payments are permitted under the Facility Agreement. The indenture governing the 5.0% Notes contains customary events of default. No event of default existed as of March 31, 2013.

The Company is accreting the debt discount associated with the 5.0% Notes and 5.0% Warrants to interest expense over the term of the agreement using the effective interest rate method.

As of March 31, 2013, no 5.0% Notes had been converted and no 5.0% Warrants had been exercised.

8.00% Convertible Senior Notes

In 2009, the Company issued $55.0 million in aggregate principal amount of 8.00% Convertible Senior Unsecured Notes (the "8.00% Notes") and warrants (the "8.00% Warrants") to purchase shares of the Company's common stock. The 8.00% Notes 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 bear interest at a rate of 8.00% per annum. Interest on the 8.00% Notes is payable in the form of additional 8.00% Notes or, subject to certain restrictions, in common stock at the option of the holder. Interest is payable semi-annually in arrears on June 15 and December 15 of each year. The 8.00% Notes are subordinated to all of the Company's obligations under the Facility Agreement. The 8.00% Notes are the Company's senior unsecured debt obligations and rank pari passu with the Company's 5.0% and 5.75% Notes. The indenture governing the 8.00% Notes contains customary events of default. No event of default existed as of March 31, 2013.

The Company is accreting the debt discount associated with the 8.00% Notes and 8.00% Warrants to interest expense over the term of the agreement using an effective interest rate method.

The current exercise price of the 8.00% Warrants is $0.32 and the base conversion price of the 8.00% Notes is $1.59.

As of March 31, 2013 and December 31, 2012, approximately $17.6 million of the 8.00% Notes had been converted, respectively, resulting in the issuance of approximately 16.1 million shares of common stock, respectively. No 8.00% Notes were converted and no 8.00% Warrants were exercised during the first quarter of 2013.

5.75% Convertible Senior Notes

In 2008, the Company issued $150.0 million aggregate principal amount of 5.75% Notes, which, subject to certain exceptions set forth in the related indenture, are subject to repurchase by the Company for cash at the option of the holders in whole or part (i) on each of April 1, 2013, April 1, 2018 and April 1, 2023 or (ii) upon a fundamental change, both at a purchase price equal to 100% of the principal amount of the 5.75% Notes, plus accrued and unpaid interest, if any. A fundamental change will occur upon certain changes in the ownership of the Company, or certain events relating to the trading of the Company's common stock. Holders may convert their 5.75% Notes into shares of common stock at their option at any time prior to maturity, subject to the Company's option to deliver cash in lieu of all or a portion of the shares.

The 5.75% Notes are subordinated to all of the Company’s obligations under the Facility Agreement. The 5.75% Notes are senior unsecured debt obligations and rank pari passu with the Company’s 8.00% and 5.0% Notes. The 5.75% Notes mature on April 1, 2028 and bear interest at a rate of 5.75% per annum. Interest on the 5.75% Notes is payable in cash semi-annually in arrears on April 1 and October 1 of each year. The base conversion price of the 5.75% Notes is $6.02. As of March 31, 2013, the carrying value of the 5.75% Notes is classified as a current debt obligation on the Company’s condensed consolidated balance sheet because the first put option will occur within the next 12 months.

No 5.75% Notes were converted during the first quarter of 2013.

The holders of the Company’s 5.75% Notes had the right to surrender their 5.75% Notes for purchase by Globalstar on April 1, 2013 at an aggregate purchase price of $71.8 million, and holders of approximately $70.7 million principal amount of 5.75% Notes tendered their 5.75% Notes for purchase. The Company did not have sufficient funds to purchase the tendered 5.75% Notes or to make the semi-annual payment of interest on the 5.75% Notes, also due on April 1, 2013. Effective as of April 1, 2013, the Company entered into a forbearance agreement (as subsequently amended, the “Forbearance Agreement”) with the holders of approximately 78% of the 5.75% Notes. Pursuant to the Forbearance Agreement, these holders have agreed to forbear until May 13, 2013 from exercising any of their rights and remedies under the 5.75% Notes, including accelerating the 5.75% Notes. Globalstar is actively negotiating with the note holders the terms of a potential debt restructuring arrangement. Globalstar also is seeking the consent of the lenders under its senior secured credit facility to the restructuring; however, there is no assurance that an agreement will be concluded with the note holders or that such consent will be obtained.

The Company failed to pay interest on the 5.75% Notes and to purchase the tendered 5.75% Notes, each due on April 1, 2013. The failure to pay interest and purchase the tendered 5.75% Notes resulted in events of default under the 5.75% Notes, which caused default under the Facility Agreement. Acceleration of the 5.75% Notes, which has not occurred as of the date of this report, would trigger cross-default under the Company’s 5.0% Notes and 8.00% Notes.

Share Lending Agreement

Concurrently with the offering of the 5.75% Notes, the Company entered into a share lending agreement (the “Share Lending Agreement”) with Merrill Lynch International (the “Borrower”), pursuant to which the Company agreed to lend up to 36,144,570 shares of common stock (the “Borrowed Shares”) to the Borrower, subject to certain adjustments, for a period ending on the earliest of (i) at the Company’s option, at any time after the entire principal amount of the 5.75% Notes ceases to be outstanding, (ii) the written agreement of the Company and the Borrower to terminate, (iii) the occurrence of a Borrower default, at the option of Lender, and (iv) the occurrence of a Lender default, at the option of the Borrower. Pursuant to the Share Lending Agreement, upon the termination of the share loan, the Borrower must return the Borrowed Shares to the Company. Upon the conversion of 5.75% Notes (in whole or in part), a number of Borrowed Shares proportional to the conversion rate for such notes must be returned to the Company. At the Company’s election, the Borrower may deliver cash equal to the market value of the corresponding Borrowed Shares instead of returning to the Company the Borrowed Shares otherwise required by conversions of 5.75% Notes.

Pursuant to and upon the terms of the Share Lending Agreement, the Company will issue and lend the Borrowed Shares to the Borrower as a share loan. The Borrowing Agent also is acting as an underwriter with respect to the Borrowed Shares, which are being offered to the public. The Borrowed Shares included approximately 32.0 million shares of common stock initially loaned by the Company to the Borrower on separate occasions, delivered pursuant to the Share Lending Agreement and the Underwriting Agreement, and an additional 4.1 million shares of common stock that, from time to time, may be borrowed from the Company by the Borrower pursuant to the Share Lending Agreement and the Underwriting Agreement and subsequently offered and sold at prevailing market prices at the time of sale or negotiated prices. The Borrowed Shares are free trading shares. At each of March 31, 2013 and December 31, 2012, approximately 17.3 million Borrowed Shares remained outstanding.

Terrapin Opportunity, L.P. Common Stock Purchase Agreement

On December 28, 2012 the Company entered into a Common Stock Purchase Agreement with Terrapin Opportunity, L.P. ("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. This type of arrangement is sometimes referred to as a committed equity line financing facility. From time to time over the 24-month term, 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 10 consecutive trading days (a "Draw Down Period"). The per share purchase price for these shares equals 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 8.0% based on a minimum price that the Company solely 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 March 31, 2013, the resale registration agreement was not yet effective, and the Company had not required Terrapin to purchase any shares of common stock.

Warrants Outstanding

As a result of the Company's borrowings described above, as of March 31, 2013 and December 31, 2012 there were warrants outstanding to purchase 122.5 million shares, respectively, of the Company's common stock as shown in the table below:

	Outstanding Warrants		Strike Price	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Contingent Equity Agreement	41,467,980	41,467,980	$ 0.01	$ 0.01
Subordinated Loan	4,205,608	4,205,608	0.01	0.01
5.0% Notes (1)	15,200,000	15,200,000	1.25	1.25
8.00% Notes (2)	61,606,706	61,606,706	0.32	0.32
	122,480,294	122,480,294		

(1) On April 15, 2013, the exercise price of the 5.0% Warrants was reset to $0.32.
(2) According to the terms of the agreement, additional 8.00% Warrants may be issued to holders if shares of common stock are issued below the then current warrant strike price ($0.32 as of March 31, 2013).

5. DERIVATIVES

The following tables disclose the fair values and locations of the derivative instruments on the Company's condensed consolidated balance sheets and condensed consolidated statements of operations (in thousands):

	March 31, 2013	December 31, 2012
Intangible and other assets:		
Interest rate cap	$ 99	$ 84
Total intangible and other assets	$ 99	$ 84
Derivative liabilities:		
Compound embedded conversion option with 8.00% Notes	$ (4,283)	$ (4,163)
Warrants issued with 8.00% Notes	(17,250)	(18,034)
Contingent put feature embedded in the 5.0% Notes	(3,132)	(2,978)
Total derivative liabilities	$ (24,665)	$ (25,175)

	Three Months Ended	
	March 31, 2013	March 31, 2012
Interest rate cap	$ 15	$ (29)
Compound embedded conversion option with 8.00% Notes	(120)	(2,183)
Warrants issued with 8.00% Notes	784	(4,480)
Warrants issued in conjunction with contingent equity agreement	--	39
Contingent put feature embedded in the 5.0% Notes	(154)	133
Total derivative gain (loss)	$ 525	$ (6,520)

None of the derivative instruments are designated as a hedge.

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.

Compound Embedded Conversion Option with 8.00% Notes

The Company recorded the conversion rights and features embedded within the 8.00% Notes as a compound embedded derivative liability on its condensed consolidated balance sheets with a corresponding debt discount, which is netted against the principal amount of the 8.00% Notes. The Company is accreting the debt discount associated with the compound embedded derivative liability to interest expense over the term of the 8.00% Notes using the 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 its condensed consolidated statements of operations. The Company determined the fair value of the compound embedded derivative using a Monte Carlo simulation model.

Warrants Issued with 8.00% Notes

Due to the cash settlement provisions and reset features in the 8.00% Warrants issued with the 8.00% Notes, the Company recorded the 8.00% Warrants as an embedded derivative liability on its condensed consolidated balance sheets with a corresponding debt discount, which is netted against the principal amount of the 8.00% Notes. The Company is accreting the debt discount associated with the warrant liability to interest expense over the term of the 8.00% Warrants using the effective interest rate method. The fair value of the warrant 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. The Company determined the fair value of the warrant derivative using a Monte Carlo simulation model.

Warrants Issued in Conjunction with Contingent Equity Agreement

Prior to June 19, 2012, the Company determined that the warrants issued in conjunction with the availability fee for the Contingent Equity Agreement were a liability at issuance. The offset was recorded in other non-current assets and was amortized over the one-year availability period. The fair value of the warrant liability was marked-to-market at the end of each reporting period, with any changes in value reported in its condensed consolidated statements of operations. The Company determined the principal amount of the warrant derivative using a Monte Carlo simulation model.

On June 19, 2012, the Company issued additional warrants in conjunction with the availability fee for the Contingent Equity Agreement. This tranche of warrants is not subject to a reset provision and therefore is not marked-to-market at the end of each reporting period. The Company determined that the warrant was an equity instrument and recorded it as equity on its condensed consolidated balance sheets.

Contingent Put Feature Embedded in the 5.0% Notes

The Company evaluated the embedded derivative resulting from the contingent put feature within the Indenture for bifurcation from the 5.0% Notes. The contingent put feature was not deemed clearly and closely related to the 5.0% Notes and was bifurcated as a standalone derivative. The Company recorded this embedded derivative liability as a non-current liability on its condensed consolidated balance sheets with a corresponding debt discount, which is netted against the principal amount of the 5.0% Notes. The fair value of the contingent put feature 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.. The Company determined the fair value of the contingent put feature derivative using a Monte Carlo simulation model based upon a risk-neutral stock price model.

6. 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 March 31, 2013 and December 31, 2012 (in thousands):

	Fair Value Measurements at March 31, 2013:			
	(Level 1)	**(Level 2)**	**(Level 3)**	**Total Balance**
Other assets:				
Interest rate cap	$ -	$ 99	$ -	$ 99
Total other assets measured at fair value	$ -	$ 99	$ -	$ 99
Other liabilities:				
Liability for contingent consideration	$ -	$ -	$ (3,960)	$ (3,960)
Compound embedded conversion option with 8.00% Notes	-	-	(4,283)	(4,283)
Warrants issued with 8.00% Notes	-	-	(17,250)	(17,250)
Contingent put feature embedded in 5.0% Notes	-	-	(3,132)	(3,132)
Total other liabilities measured at fair value	$ -	$ -	$ (28,625)	$ (28,625)

	Fair Value Measurements at December 31, 2012:			
	(Level 1)	**(Level 2)**	**(Level 3)**	**Total Balance**
Other assets:				
Interest rate cap	$ -	$ 84	$ -	$ 84
Total other assets measured at fair value	$ -	$ 84	$ -	$ 84
Other liabilities:				
Liability for contingent consideration	$ -	$ -	$ (3,916)	$ (3,916)
Compound embedded conversion option with 8.00% Notes	-	-	(4,163)	(4,163)
Warrants issued with 8.00% Notes	-	-	(18,034)	(18,034)
Contingent put feature embedded in 5.0% Notes	-	-	(2,978)	(2,978)
Total other liabilities measured at fair value	$ -	$ -	$ (29,091)	$ (29,091)

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 5 for further discussion.

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 earn-outs based on sales of existing and new products over a five-year earn-out period beginning January 1, 2010. The Company will make earn-out payments in stock (not to exceed 10% of the Company's pre-transaction outstanding common stock of 26,684,807), but at its option may make payments in cash after 13 million shares have been issued. The Company's initial estimate of the total earn-out expected to be paid was $10.8 million. Since the earn-out period started, the Company has made revisions to this estimate, which is currently $10.4 million. Through March 31, 2013, the Company had made $5.4 million in earn-out payments by issuing 14,637,166 shares of voting common stock.

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 reaching specific performance metrics through the remaining earn-out 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 earn-out payments made each quarter determined by actual product sales. Decreases in forecasted sales would result in a lower fair value measurement.

Compound Embedded Conversion Options with 8.00% Notes

The derivative liabilities in Level 3 include the compound embedded conversion option in the 8.00% Notes. See Note 5 for further discussion. The Company marks-to-market this liability at each reporting date with the changes in fair value recognized in the Company’s condensed consolidated statements of operations.

As of March 31, 2013, the Company utilized valuation models that rely exclusively on Level 3 inputs including, among other things: (i) the underlying features of the compound embedded conversion option, including payment in kind interest payments, make whole premiums, automatic conversions, and future equity issuances; (ii) stock price volatility ranges from 34% - 107%; (iii) risk-free interest rates ranges from 0.04% - 1.87%; (iv) base conversion price of $1.59; and (v) market price of common stock at the valuation date of $0.32.

As of December 31, 2012, the Company utilized valuation models that rely exclusively on Level 3 inputs including, among other things: (i) the underlying features of the compound embedded conversion option, including payment in kind interest payments, make whole premiums, automatic conversions, and future equity issuances; (ii) stock price volatility ranges from 34% - 107%; (iii) risk-free interest rates ranges from 0.02% - 1.78%; (iv) base conversion price of $1.59; and (v) market price of common stock at the valuation date of $0.31.

The significant unobservable inputs used in the fair value measurement of the Company’s compound embedded conversion option within the Company’s 8.00% Notes are future equity issuances and expected volatility. In connection with the acquisition of Axonn, the Company will make future earn-out payments in stock. In connection with the Terrapin equity line agreement, the Company may require Terrapin to purchase shares of common stock. Certain issuances of common stock may cause the base conversion rate of the 8.00% Notes to be adjusted, which will increase the fair value of the conversion option liability. The simulated fair value of this liability is also sensitive to changes in the Company’s expected volatility. Decreases in expected volatility would result in a lower fair value measurement.

Warrants Issued with 8.00% Notes

The derivative liabilities in Level 3 include the 8.00% Warrants issued with the 8.00% Notes. See Note 5 for further discussion. The Company marks-to-market this liability at each reporting date with the changes in fair value recognized in the Company’s condensed consolidated statements of operations.

As of March 31, 2013, the Company utilized valuation models that rely exclusively on Level 3 inputs including, among other things: (i) the underlying features of the warrants issued, including reset features and future equity issuances; (ii) stock price volatility ranges from 34% - 107%; (iii) risk-free interest rates ranges from 0.04% - 1.87%; (iv) warrant exercise price of $0.32; and (v) market price of common stock at the valuation date of $0.32.

As of December 31, 2012, the Company utilized valuation models that rely exclusively on Level 3 inputs including, among other things: (i) the underlying features of the warrants issued, including reset features and future equity issuances; (ii) stock price volatility ranges from 34% - 107%; (iii) risk-free interest rates ranges from 0.02% - 1.78%; (iv) warrant exercise price of $0.32; and (v) market price of common stock at the valuation date of $0.31.

The significant unobservable inputs used in the fair value measurement of the Company’s 8.00% Warrants are future equity issuances and expected volatility. In connection with the acquisition of Axonn, the Company will make future earn-out payments in stock. In connection with the Terrapin equity line agreement, the Company may require Terrapin to purchase shares of common stock. If the stock price on the issuance date is less than the current exercise price of the outstanding 8.00% Warrants, additional warrants may be issued, which will increase the fair value of the warrant liability. The simulated fair value of this liability is also sensitive to changes in the Company’s expected volatility. Decreases in expected volatility would result in a lower fair value measurement.

Contingent Put Feature Embedded in 5.0% Notes

The derivative liabilities in Level 3 include the contingent put feature embedded in the 5.0% Notes. See Note 5 for further discussion. The Company marks-to-market this liability at each reporting date with the changes in fair value recognized in the Company’s condensed consolidated statements of operations.

As of March 31, 2013, the Company utilized valuation models that rely exclusively on Level 3 inputs including, among other things: (i) the underlying features of the warrants issued including the probability of change of control of the Company, payment in kind interest and reset features; (ii) stock price volatility ranges from 34% - 107%; (iii) risk-free interest rates ranges from 0.04% - 1.87%; (iv) base conversion price of $1.25; and (v) market price of common stock at the valuation date of $0.32.

As of December 31, 2012, the Company utilized valuation models that rely exclusively on Level 3 inputs including, among other things: (i) the underlying features of the warrants issued including the probability of change of control of the Company, payment in kind interest and reset features; (ii) stock price volatility ranges from 34% - 107%; (iii) risk-free interest rates ranges from 0.02% - 1.78%; (iv) base conversion price of $1.25; and (v) market price of common stock at the valuation date of $0.31.

The significant unobservable inputs used in the fair value measurement of the Company's contingent put feature embedded in the Company's 5.0% Notes are the assumed probability of a change of control occurring within each year through maturity of the 5.0% Notes and the Company's expected volatility. Significant increases or decreases in assumed probability of a change in control would result in a significant change in the fair value measurement. As the probability of change of control increases, the value of the liability also increases. The simulated fair value of this liability is also sensitive to changes in the Company's expected volatility. Decreases in expected volatility would result in a lower fair value measurement.

The following tables present a roll-forward for all liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three months ended March 31, 2013 as follows (in thousands):

Balance at December 31, 2012	$	(29,091)
Earnout payments made related to liability for contingent consideration		187
Change in fair value of contingent consideration		(231)
Unrealized loss, included in derivative gain (loss)		510
Balance at March 31, 2013	$	(28,625)

7. ACCRUED EXPENSES AND NON-CURRENT LIABILITIES

Accrued expenses consist of the following (in thousands):

		March 31, 2013		December 31, 2012
Accrued interest	$	11,174	$	5,620
Accrued compensation and benefits		3,965		4,076
Accrued property and other taxes		6,727		6,329
Accrued customer liabilities and deposits		3,012		2,961
Accrued professional and other service provider fees		1,337		1,006
Accrued liability for contingent consideration		2,815		2,585
Accrued commissions		615		685
Accrued telecommunications expenses		660		713
Accrued satellite and ground costs		3,966		373
Other accrued expenses		3,977		3,816
	$	38,248	$	28,164

Other accrued expenses primarily include outsourced logistics services, storage, inventory in transit, warranty reserve and maintenance.

Non-current liabilities consist of the following (in thousands):

		March 31, 2013		December 31, 2012
Long-term accrued interest	$	1,781	$	457
Asset retirement obligation		1,019		998
Deferred rent		535		579
Liabilities related to the Cooperative Endeavor Agreement with the State of Louisiana		1,795		1,949
Long-term portion of liability for contingent consideration		1,146		1,332
Uncertain income tax positions		5,470		5,571
Foreign tax contingencies		5,053		4,994
	$	16,799	$	15,880

8. COMMITMENTS

Contractual Obligations

As of March 31, 2013, the Company had purchase commitments with Thales, Arianespace, Ericsson Inc. (“Ericsson”), Hughes Network Systems, LLC (“Hughes”) and other vendors related to the procurement and deployment of the second-generation network.

Second-Generation Satellites

As of March 31, 2013, 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. Six satellites were launched in each of October 2010, July 2011, December 2011, and February 2013.

As of March 31, 2013, 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.

In December 2012, the Company entered into an agreement with Arianespace for one launch of additional satellites and certain pre and post-launch services. An initial payment is due upon the effective date of the contract, which is the close of a financing for additional satellites. If a financing has not occurred by June 1, 2013, the contract will terminate automatically.

Next-Generation Gateways and Other Ground Facilities

As of March 31, 2013, the Company had a contract with Hughes under which Hughes will design, supply and implement (a) 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 (b) satellite interface chips to be a part of the User Terminal Subsystem (UTS) in various next-generation Globalstar devices.

In January 2013, the Company and Hughes amended the contract to extend the schedule of the RAN and UTS program and to revise the remaining payment milestones and program milestones to reflect the revised program timeline. This amendment extended certain payments previously due in 2013 to 2014 and beyond.

In March 2013, the Company entered into an agreement with Hughes to extend to the earlier of June 28, 2013 or the close of a financing the deadline to make payments previously due under the contract, provided the Company make payments of $1.1 million in April 2013, $0.3 million in May 2013 and $0.3 million in June 2013. The deferred payments continue to incur interest at the rate of 10% per annum. As of March 31, 2013, the Company had recorded $17.6 million in accounts payable related to these required payments and had incurred and capitalized $72.6 million, excluding interest, of costs related to this contract. The costs are recorded as an asset in property and equipment. If the Company is unable to modify successfully the contract payment terms, the contract may be terminated, and the Company may be required to record an impairment charge. If the contract is terminated for convenience, the Company must make a final payment of $20.0 million in either cash or Company common stock at the Company’s election. If the Company elects to make payment in common stock, Hughes will have the option either to accept the common stock or instruct the Company to complete a block sale of the common stock and deliver the proceeds to Hughes. If Hughes chooses to accept common stock, the number of shares it will receive will be calculated based on the final payment amount plus 5%.

As of March 31, 2013, the Company had an agreement with Ericsson. Ericsson will work with the Company to develop, implement and maintain a ground interface, or core network system that will be installed at the Company’s satellite gateway ground stations.

In February 2013, the Company entered into an agreement with Ericsson which deferred to June 1, 2013 or the close of a financing approximately $2.6 million in milestone payments scheduled under the contract, provided the Company make two payments of $0.1 million each in February 2013. The Company has made both payments. The remaining milestone payments previously due under the contract were deferred to later in 2013 and beyond. The deferred payments continue to incur interest at a rate of 6.5% per annum. As of March 31, 2013, the Company had recorded $2.4 million in accounts payable related to these required payments and has incurred and capitalized $6.8 million of costs related to this contract. The costs are recorded as an asset in property and equipment. If the Company is unable to modify successfully the contract payment terms, the contract may be terminated, and the Company may be required to record an impairment charge. If the contract is terminated for convenience, the Company must make a final payment of $10.0 million in either cash or Company common stock at the Company’s election. If the Company elects to make payment in common stock, Ericsson will have the option either to accept the common stock or instruct the Company to complete a block sale of the common stock and deliver the proceeds to Ericsson. If Ericsson chooses to accept common stock, the number of shares it will receive will be calculated based on the final payment amount plus 5%.

The Company issued separate purchase orders for additional phone equipment and accessories under the terms of executed commercial agreements with Qualcomm. As of March 31, 2013 and December 31, 2012, total advances to Qualcomm for inventory were $9.2 million. This contract was cancelled in March 2013, and the parties are seeking to resolve issues related to the contract termination.

9. 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 agreed to stay the New York Proceeding through March 5, 2013, while they attempt to complete the financing of the purchase of the additional satellites. By mutual agreement by Globalstar and Thales, these proceedings have been stayed until July 1, 2013. Thales may seek to terminate the Settlement Agreement after February 28, 2013 and pursue the confirmation of the arbitration award in the New York Proceeding, which Globalstar will oppose. Should Thales be successful in confirming the arbitration award in the New York Proceeding, 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 the 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 the 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 March 31, 2013. 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 additional second-generation satellites and the effective date of the financing for the purchase of these satellites. Any party may terminate the Settlement Agreement if the effective date of the new contract for the purchase of additional second-generation satellites does not occur on or prior to February 28, 2013. No satellite contract was in place as of March 1, 2013. 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.

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 New York Proceeding discussed above, that may have a material adverse effect on the Company's financial condition, results of operations or liquidity.

10. RELATED PARTY TRANSACTIONS

Payables to Thermo and other affiliates relate to normal purchase transactions and were $0.3 million and $0.2 million at March 31, 2013 and December 31, 2012, 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 March 31,	
	2013	**2012**
General and administrative expenses	$ 30	$ 30
Non-cash expenses	137	102
Total	$ 167	$ 132

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 executive officers of Thermo (who are also directors of the Company) who receive no cash compensation from the Company which are accounted for as a contribution to capital. The Thermo expense charges 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, 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.

11. INCOME TAXES

The Company follows authoritative guidance surrounding accounting for uncertainty in income taxes. It is the Company's policy to recognize interest and applicable penalties, if any, related to uncertain tax positions in income tax expense. For the periods ending March 31, 2013 and December 31, 2012, 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 Company's Canadian subsidiary is in the process of collecting and providing the information required by the Canada Revenue Agency.

Except for the audit noted above, neither the Company nor any of its subsidiaries is currently under audit by the IRS or by any state jurisdiction in the United States. The Company's corporate U.S. tax returns for 2009 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.

Through a prior foreign acquisition the Company acquired a tax liability for which the Company has been indemnified by the previous owners. As of March 31, 2013 and December 31, 2012, the Company had recorded a tax liability of $2.8 million, respectively, to the foreign tax authorities with an offsetting tax receivable from the previous owners.

12. ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive 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 loss were as follows (in thousands):

	Three months ended March 31,	
	2013	**2012**
Accumulated other comprehensive loss, December 31, 2012 and 2011, respectively	$ (1,758)	$ (3,100)
Other comprehensive income :		
Foreign currency translation adjustments	(569)	459
Accumulated other comprehensive loss, March 31, 2013 and 2012, respectively	$ (2,327)	$ (2,641)

As stated in Note 1, the Company has adopted ASU 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income.* For the three months ended March 31, 2013 and 2012, no amounts were reclassified out of accumulated other comprehensive loss.

13. 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.

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 March 31,	
	2013	**2012**
Grants of restricted stock awards and restricted stock units	--	333
Grants of options to purchase common stock	286	340
Total	286	673

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 of the 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 months ended March 31, 2013 and 2012, the Company recorded expense for the fair value of the grant of less than $0.1 million, respectively, which is reflected in marketing, general and administrative expenses. Through March 31, 2013, the Company had issued 1,371,405 shares of common stock pursuant to this stock purchase plan.

14. HEADQUARTERS RELOCATION

During 2010 the Company announced the relocation of its corporate headquarters to Covington, Louisiana. In addition, the Company relocated its product development center, international customer care operations, call center and other global business functions including finance, accounting, sales, marketing and corporate communications. The Company completed the relocation in 2011.

In connection with its relocation, the Company entered into a Cooperative Endeavor Agreement with the Louisiana Department of Economic Development ("LED") whereby the Company would be reimbursed for certain qualified relocation costs and lease expenses. In accordance with the terms of the agreement, these reimbursement costs, not to exceed $8.1 million, will be reimbursed to the Company as incurred provided the Company maintains required annual payroll levels in Louisiana through 2019.

Since announcing its relocation, the Company has incurred qualifying relocation expenses. Under the terms of the agreement, the Company was reimbursed a total of $3.9 million for qualifying relocation and lease expenses and $1.3 million for facility improvements and replacement equipment in connection with the relocation through March 31, 2013 by LED. The Company was reimbursed for certain 2012 qualifying lease expenses in April 2013. LED will continue to reimburse the Company approximately $352,000 per year through 2019 for certain qualifying lease expenses, provided the Company meets the required payroll levels set forth in the agreement.

If the Company fails to meet the required payroll in any project year, the Company will reimburse LED for a portion of the shortfall not to exceed the total reimbursement received from LED. Due to a plan to improve its cost structure by reducing headcount, the Company projected that it would not meet the required payroll levels set forth in the agreement and recorded a liability of $1.4 million at March 31, 2013 for the estimated impact of the payroll shortfall in future years. This liability is included in current and non-current liabilities in the Company's condensed consolidated balance sheet.

15. 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 March 31,	
	2013	2012
Revenues:		
Service:		
United States	$ 11,177	$ 8,776
Canada	2,642	2,358
Europe	780	799
Central and South America	660	614
Others	131	80
Total service revenue	$ 15,390	$ 12,627
Subscriber equipment:		
United States	2,240	2,910
Canada	784	622
Europe	499	266
Central and South America	328	284
Others	92	29
Total subscriber equipment revenue	$ 3,943	$ 4,111
Total revenue	$ 19,333	$ 16,738

	March 31, 2013	December 31, 2012
Long-lived assets:		
United States	$ 1,215,329	$ 1,209,374
Canada	242	277
Europe	439	474
Central and South America	3,672	3,463
Others	1,461	1,568
Total long-lived assets	$ 1,221,143	$ 1,215,156

16. 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.

For the three months ended March 31, 2013 and 2012, 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.

As of March 31, 2013 and 2012, 17.3 million Borrowed Shares related to the Company's Share Lending Agreement remained outstanding. The Company does not consider the Borrowed Shares to be outstanding for the purposes of computing and reporting its earnings per share.

17. SUPPLEMENTAL CONSOLIDATING FINANCIAL INFORMATION

In connection with the Company's issuance of the 5.0% Notes and 5.0% Warrants, certain of the Company's domestic subsidiaries (the "Guarantor Subsidiaries"), fully, unconditionally, jointly, and severally guaranteed the payment obligations under the 5.0% Notes. 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. (the "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 March 31, 2013
(Unaudited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Revenues:					
Service revenues	$ 15,027	$ 3,587	$ 4,112	$ (7,336)	$ 15,390
Subscriber equipment sales	105	2,861	1,998	(1,021)	3,943
Total revenue	15,132	6,448	6,110	(8,357)	19,333
Operating expenses:					
Cost of services (exclusive of depreciation, amortization, and accretion shown separately below)	2,551	2,487	2,561	(72)	7,527
Cost of subscriber equipment sales	-	2,326	2,300	(1,686)	2,940
Cost of subscriber equipment sales - reduction in the value of inventory	-	-	-	-	-
Reduction in the value of long-lived assets	-	-	-	-	-
Marketing, general and administrative	1,505	3,564	2,953	(1,098)	6,924
Depreciation, amortization, and accretion	15,477	5,628	4,993	(5,766)	20,332
Total operating expenses	19,533	14,005	12,807	(8,622)	37,723
Loss from operations	(4,401)	(7,557)	(6,697)	265	(18,390)
Other income (expense):					
Interest income and expense, net of amounts capitalized	(7,423)	(31)	(294)	(4)	(7,752)
Derivative gain (loss)	525	-	-	-	525
Equity in subsidiary earnings	(14,499)	(2,859)	-	17,358	-
Other	776	66	(236)	36	642
Total other income (expense)	(20,621)	(2,824)	(530)	17,390	(6,585)
Loss before income taxes	(25,022)	(10,381)	(7,227)	17,655	(24,975)
Income tax expense	56	8	39	-	103
Net (loss) income	$ (25,078)	$ (10,389)	$ (7,266)	$ 17,655	$ (25,078)
Comprehensive (loss) income	$ (25,078)	$ (10,389)	$ (7,836)	$ 17,655	$ (25,648)

Globalstar, Inc.
Supplemental Condensed Consolidating Statement of Operations
Three Months Ended March 31, 2012
(Unaudited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Revenues:					
Service revenues	$ 10,231	$ 4,034	$ 3,652	$ (5,290)	$ 12,627
Subscriber equipment sales	161	3,072	1,370	(492)	4,111
Total revenue	10,392	7,106	5,022	(5,782)	16,738
Operating expenses:					
Cost of services (exclusive of depreciation, amortization, and accretion shown separately below)	3,839	837	2,160	426	7,262
Cost of subscriber equipment sales	28	2,241	1,244	(790)	2,723
Cost of subscriber equipment sales - reduction in the value of inventory	2	247	-	-	249
Reduction in the value of long-lived assets	79	-	-	-	79
Marketing, general and administrative	4,248	838	2,636	(1,102)	6,620
Depreciation, amortization, and accretion	9,185	6,203	3,695	(4,348)	14,735
Total operating expenses	17,381	10,366	9,735	(5,814)	31,668
Loss from operations	(6,989)	(3,260)	(4,713)	32	(14,930)
Other income (expense):					
Interest income and expense, net of amounts capitalized	(2,590)	(2)	(458)	-	(3,050)
Derivative gain (loss)	(6,520)	-	-	-	(6,520)
Equity in subsidiary earnings	(8,281)	1,871	-	6,410	-
Other	(105)	(131)	406	(38)	132
Total other income (expense)	(17,496)	1,738	(52)	6,372	(9,438)
Loss before income taxes	(24,485)	(1,522)	(4,765)	6,404	(24,368)
Income tax expense	40	8	109	-	157
Net (loss) income	$ (24,525)	$ (1,530)	$ (4,874)	$ 6,404	$ (24,525)
Comprehensive (loss) income	$ (24,525)	$ (1,530)	$ (4,415)	$ 6,404	$ (24,066)

Globalstar, Inc.
Supplemental Condensed Consolidating Balance Sheet
As of March 31, 2013
(Unaudited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination	Consolidated
			(In thousands)		
ASSETS					
Current assets:					
Cash and cash equivalents	$ 535	$ 106	$ 659	$ -	$ 1,300
Restricted cash	38,152	-	-	-	38,152
Accounts receivable	4,151	5,325	4,900	-	14,376
Intercompany receivables	634,572	401,890	7,871	(1,044,333)	-
Inventory	262	6,298	33,263	-	39,823
Deferred financing costs	32,138	-	-	-	32,138
Prepaid expenses and other current assets	2,243	400	2,684	-	5,327
Total current assets	712,053	414,019	49,377	(1,044,333)	131,116
Property and equipment, net	1,106,711	26,273	86,523	1,636	1,221,143
Restricted cash	-	-	-	-	-
Intercompany notes receivable	14,323	-	1,800	(16,123)	-
Investment in subsidiaries	(157,359)	2,884		154,475	-
Deferred financing costs	17,353	-	-	-	17,353
Advances for inventory	9,158	-	-	-	9,158
Intangible and other assets, net	7,972	1,593	2,281	(14)	11,832
Total assets	$ 1,710,211	$ 444,769	$ 139,981	$ (904,359)	$ 1,390,602
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Current portion of long-term debt	$ 657,474	$ -	$ -	$ -	$ 657,474
Accounts payable	9,550	2,357	20,662	-	32,569
Accrued contract termination charge	23,456	-	-	-	23,456
Accrued expenses	16,303	9,294	12,651	-	38,248
Intercompany payables	391,785	487,107	162,576	(1,041,468)	-
Payables to affiliates	260	-	-	-	260
Deferred revenue	4,444	12,888	801	-	18,133
Total current liabilities	1,103,272	511,646	196,690	(1,041,468)	770,140
Long-term debt, less current portion	97,741	-	-	-	97,741
Employee benefit obligations	7,226	-	-	-	7,226
Intercompany notes payable	-	-	15,223	(15,223)	-
Derivative liabilities	24,665	-	-	-	24,665
Deferred revenue	4,134	293	-	-	4,427
Other non-current liabilities	3,569	2,050	11,180	-	16,799
Total non-current liabilities	137,335	2,343	26,403	(15,223)	150,858
Stockholders' equity	469,604	(69,220)	(83,112)	152,332	469,604
Total liabilities and stockholders' equity	$ 1,710,211	$ 444,769	$ 139,981	$ (904,359)	$ 1,390,602

Globalstar, Inc.
Supplemental Condensed Consolidating Balance Sheet
As of December 31, 2012
(Audited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination	Consolidated
			(In thousands)		
ASSETS					
Current assets:					
Cash and cash equivalents	$ 10,220	$ 251	$ 1,321	$ -	$ 11,792
Restricted cash	46,777	-	-	-	46,777
Accounts receivable	3,814	4,875	5,255	-	13,944
Intercompany receivables	613,426	411,764	5,534	(1,030,724)	-
Inventory	262	6,966	34,953	-	42,181
Deferred financing costs	34,622	-	-	-	34,622
Prepaid expenses and other current assets	2,177	388	2,668	-	5,233
Total current assets	711,298	424,244	49,731	(1,030,724)	154,549
Property and equipment, net	1,095,973	31,382	86,762	1,039	1,215,156
Restricted cash	-	-	-	-	-
Intercompany notes receivable	15,783	-	1,800	(17,583)	-
Investment in subsidiaries	(144,323)	(8,232)	-	152,555	-
Deferred financing costs	16,883	-	-	-	16,883
Advances for inventory	9,158	-	-	-	9,158
Intangible and other assets, net	3,991	1,781	2,273	(16)	8,029
Total assets	$ 1,708,763	$ 449,175	$ 140,566	$ (894,729)	$ 1,403,775
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Current portion of long-term debt	$ 655,874	$ -	$ -	$ -	$ 655,874
Accounts payable	12,055	2,410	21,220	-	35,685
Accrued contract termination charge	23,166	-	-	-	23,166
Accrued expenses	6,492	9,798	11,874	-	28,164
Intercompany payables	377,526	494,686	156,166	(1,028,378)	-
Payables to affiliates	230	-	-	-	230
Deferred revenue	4,576	12,674	791	-	18,041
Total current liabilities	1,079,919	519,568	190,051	(1,028,378)	761,160
Long-term debt, less current portion	95,155	-	-	-	95,155
Employee benefit obligations	7,221	-	-	-	7,221
Intercompany notes payable	-	-	16,683	(16,683)	-
Derivative liabilities	25,175	-	-	-	25,175
Deferred revenue	4,306	334	-	-	4,640
Other non-current liabilities	2,443	2,233	11,204	-	15,880
Total non-current liabilities	134,300	2,567	27,887	(16,683)	148,071
Stockholders' equity	494,544	(72,960)	(77,372)	150,332	494,544
Total liabilities and stockholders' equity	$ 1,708,763	$ 449,175	$ 140,566	$ (894,729)	$ 1,403,775

Globalstar, Inc.
Supplemental Condensed Consolidating Statement of Cash Flows
Three Months Ended March 31, 2013
(Unaudited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Net cash provided used in operating activities	$ (252)	$ (145)	$ (136)	$ -	$ (533)
Cash flows from investing activities:					
Second-generation satellites, ground and related launch costs	(17,569)	-	-	-	(17,569)
Property and equipment additions	-	-	(239)	-	(239)
Investment in businesses	-	-	-	-	-
Restricted cash	8,625	-	-	-	8,625
Net cash from investing activities	(8,944)	-	(239)	-	(9,183)
Cash flows from financing activities:					
Borrowings from Facility Agreement	-	-	-	-	-
Proceeds from contingent equity agreement	-	-	-	-	-
Payment of deferred financing costs	(489)	-	-	-	(489)
Net cash used in financing activities	(489)	-	-	-	(489)
Effect of exchange rate changes on cash and cash equivalents	-	-	(287)	-	(287)
Net increase (decrease) in cash and cash equivalents	(9,685)	(145)	(662)	-	(10,492)
Cash and cash equivalents at beginning of period	10,220	251	1,321	-	11,792
Cash and cash equivalents at end of period	$ 535	$ 106	$ 659	$ -	$ 1,300

Globalstar, Inc.
Supplemental Condensed Consolidating Statement of Cash Flows
Three Months Ended March 31, 2012
(Unaudited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Net cash used in operating activities	$ (847)	$ (127)	$ (1,609)	$ -	$ (2,583)
Cash flows from investing activities:					
Second-generation satellites, ground and related launch costs	(20,540)	-	-	-	(20,540)
Property and equipment additions	(27)	(83)	(10)	-	(120)
Investment in businesses	(150)	-	-	-	(150)
Restricted cash	(2,500)	-	-	-	(2,500)
Net cash from investing activities	(23,217)	(83)	(10)	-	(23,310)
Cash flows from financing activities:					
Borrowings from Facility Agreement	5,008	-	-	-	5,008
Proceeds from contingent equity agreement	18,500	-	-	-	18,500
Payment of deferred financing costs	(250)	-	-	-	(250)
Net cash provided by financing activities	23,258	-	-	-	23,258
Effect of exchange rate changes on cash and cash equivalents	-	-	419	-	419
Net increase (decrease) in cash and cash equivalents	(806)	(210)	(1,200)	-	(2,216)
Cash and cash equivalents at beginning of period	7,343	587	2,021	-	9,951
Cash and cash equivalents at end of period	$ 6,537	$ 377	$ 821	$ -	$ 7,735

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, 2012.

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, 2012.

Overview

Globalstar, Inc. (“we,” “us” or “the Company”) is a leading provider of Mobile Satellite Services (“MSS”) including voice and data communications services globally via satellite. By providing wireless services in areas not served or underserved by terrestrial wireless and wireline networks, 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 satellites are designed to last twice as long in space, have 40% greater capacity and be built at a significantly lower cost compared to our first-generation satellites. This effort has culminated in the successful launch of our second-generation satellites, with the fourth launch occurring on February 6, 2013. Three prior launches of second-generation satellites were successfully completed in October 2010, July 2011 and December 2011. We are integrating all of the new second-generation satellites with certain first-generation satellites to form our second-generation constellation. As we place each new satellite into service, our service levels increase for our voice and Duplex data customers. When placed into service, the second-generation satellites launched in February 2013 will complete the restoration of our constellation’s Duplex capabilities. We expect this substantial increase in service levels to result in our products and services becoming more desirable to existing and potential customers. Existing subscribers have started to utilize our services more, measured by minutes of usage on the Globalstar System year over year, a trend that we expect to continue. For our existing customers, increases in usage on the Globalstar System may not correlate directly with increased revenue due to the number of subscribers who use our popular unlimited usage rate plans. As we continue to improve Duplex capability, we expect to gain new customers, including winning back former customers, which will result in increased Duplex revenue in the future. We continue to 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, we outperform on this measure versus geostationary satellite (“GEO”) competitors due to the difference in signal travel distance, approximately 42,000 additional nautical miles for GEO satellites, 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 also compete aggressively on price. 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 March 31, 2013, we served approximately 532,000 subscribers. We increased our net subscribers by 7% from March 31, 2012 to March 31, 2013. Beginning in 2013, we initiated a process to deactivate certain suspended subscribers in our SPOT subscriber base. As of March 31, 2013, we have deactivated approximately 36,000 subscribers, which represented 15% of our SPOT subscriber base and 6% of our total subscriber base. Excluding suspended SPOT subscribers from our total March 31, 2012 subscriber count, our subscribers increased 15% from March 31, 2012 to March 31, 2013. 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:

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

Our services are available only with equipment designed to work on our network. The equipment we offer to our customers consists principally of:

- Duplex products, including voice and two-way data;
- Consumer retail SPOT products; and
- Commercial Simplex one-way transmission products.

We designed our second-generation constellation to support our current lineup of Duplex, SPOT and Simplex data 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 an 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 months ended March 31, 2013 and 2012

Revenue:

Total revenue increased by $2.6 million, or approximately 15%, to $19.3 million for the three months ended March 31, 2013 from $16.7 million for the three months ended March 31, 2012. This increase was due primarily to a $2.8 million increase in service revenue offset by a slight decrease of $0.2 million in subscriber equipment sales. We continue to see increased service revenue as a result of growth in our SPOT and Simplex subscriber base. We also experienced an increase in Duplex service revenue during the first quarter of 2013 compared to the same period in 2012.

The following table sets forth amounts and percentages of our revenue by type of service for the three months ended March 31, 2013 and 2012 (dollars in thousands):

	Three months ended March 31, 2013		Three months ended March 31, 2012	
	Revenue	% of Total Revenue	Revenue	% of Total Revenue
Service Revenue:				
Duplex	$ 4,845	25%	$ 4,200	25%
SPOT	7,086	37	5,311	32
Simplex	1,815	9	1,310	7
IGO	232	1	187	1
Other	1,412	7	1,619	10
Total	$ 15,390	79%	$ 12,627	75%

The following table sets forth amounts and percentages of our revenue for equipment sales for the three months ended March 31, 2013 and 2012 (dollars in thousands):

	Three months ended March 31, 2013		Three months ended March 31, 2012	
	Revenue	% of Total Revenue	Revenue	% of Total Revenue
Equipment Revenue:				
Duplex	$ 1,109	6%	$ 753	5%
SPOT	926	5	1,027	6
Simplex	1,549	8	2,030	12
IGO	297	2	231	2
Other	62	-	70	--
Total	$ 3,943	21%	$ 4,111	25%

The following table sets forth our average number of subscribers, ARPU, and ending number of subscribers by type of revenue for the three months ended March 31, 2013 and 2012. The following numbers are subject to immaterial rounding inherent to calculating averages.

	March 31,	
	2013	2012
Average number of subscribers for the period (three months ended):		
Duplex	83,928	91,207
SPOT	226,094	206,530
Simplex	189,050	144,177
IGO	40,854	42,982
ARPU (monthly):		
Duplex	$ 19.24	$ 15.35
SPOT	10.45	8.57
Simplex	3.20	3.03
IGO	1.89	1.45
Number of subscribers (end of period):		
Duplex	83,525	90,366
SPOT	211,106	210,318
Simplex	189,942	147,593
IGO	40,561	42,606
Other	7,143	7,514
Total	532,277	498,397

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

Duplex revenue increased approximately 15% for the three months ended March 31, 2013 compared to the same period in 2012. During 2012, we began a process to convert certain Duplex customers to higher rate plans commensurate with our improving service levels. This process has resulted in increases to service revenue and ARPU. Our Duplex subscriber base decreased approximately 8% from March 31, 2013 compared to March 31, 2012. We have experienced some churn in our subscriber base as we have worked over the past several years to improve our coverage, which was impacted by Duplex limitations in our first-generation satellites. However, as our second-generation constellation nears completion, Duplex service levels have improved. New pricing plans are driving increases in Duplex revenue even as some subscribers deactivate when we discontinue lower priced legacy plans.

SPOT service revenue increased approximately 33% for the three months ended March 31, 2013 compared to the same period in 2012. SPOT subscribers increased less than 1% from March 31, 2012 to March 31, 2013. As stated above, we deactivated approximately 36,000 suspended subscribers during the first quarter of 2013. Excluding these suspended subscribers from our 2012 SPOT subscriber count, SPOT subscribers increased by approximately 21% in 2013. This increase in our SPOT subscriber base generated the increase in SPOT service revenue from the first quarter of 2012. Our subscriber count includes certain suspended subscribers, which are subscribers who have activated their devices, have access to our network, but no service revenue is being recognized for their fees while we are in the process of collecting payment. These suspended accounts represented 5% and 20% of our total SPOT subscribers as of March 31, 2013 and 2012, respectively.

Simplex revenue increased approximately 39% for the three months ended March 31, 2013 compared to the same period in 2012. We generated increased Simplex service revenue due to a 29% increase in our Simplex subscribers from March 31, 2012 to March 31, 2013. 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 product mix.

Other revenue decreased approximately 13% for the three months ended March 31, 2013 compared to the same period in 2012. This decrease was due primarily to the timing and amount of engineering service revenue recognized in the first quarter of 2013 compared to the first quarter of 2012.

Equipment Revenue

Duplex equipment sales increased by approximately 47% for the three months ended March 31, 2013 compared to the same period in 2012. As a result of launching and placing into service our second-generation satellites, we are experiencing increased demand for our Duplex two-way voice and data products.

Our inventory and advances for inventory balances were $39.8 million and $9.2 million, respectively, as of March 31, 2013, compared with subscriber equipment sales of $3.9 million for the first quarter of 2013. A significant portion of our inventory consists of Duplex products which are designed to operate with both our first-generation and our second-generation satellites. Our advances for inventory relate to our commitment with Qualcomm to purchase additional Duplex products. In May 2008, we entered into an agreement with Hughes under which Hughes will 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 a part of the UTS in various next-generation Globalstar devices.

We sold a limited number of Duplex products in 2012 and the first quarter of 2013, compared to the high level of inventory on hand. However, we have several initiatives underway intended to increase future sales of Duplex products, which depend upon successfully completing the deployment of our second-generation constellation. With the improvement of both coverage and quality for our Duplex services resulting from the deployment of our second-generation constellation, we expect an increase in the sale of Duplex products which would result in a reduction in the inventory currently on hand.

SPOT equipment sales decreased 10% for the three months ended March 31, 2013 compared to the same period in 2012. SPOT2 sales increased from the first quarter of 2012 to 2013; however this increase was offset by a decrease in the selling price of this product near the end of the first quarter of 2012.

Simplex equipment sales decreased approximately 24% for the three months ended March 31, 2013 compared to the same period in 2012. We continue to experience demand for our commercial applications for M2M asset monitoring and tracking, however, revenue related to these products decreased in 2013 from the first quarter of 2012 due to the mix of products sold during the current quarter.

Operating Expenses:

Total operating expenses increased $6.0 million, or approximately 19%, to $37.7 million for the three months ended March 31, 2013 from $31.7 million for the same period in 2012. We attribute this increase primarily to higher non-cash depreciation expense as a result of additional second-generation satellites coming into service throughout 2012 and the first quarter of 2013.

Cost of Services

Cost of services increased $0.3 million, or approximately 4%, to $7.5 million for the three months ended March 31, 2013 from $7.2 million during the same period in 2012. Cost of services comprises primarily network operating costs, which are generally fixed in nature. We have maintained a low operating cost structure since the fourth quarter of 2011 when we implemented a plan to lower costs by monitoring operating expenses and streamlining operations. The increase in cost of services from the first quarter of 2012 was due primarily to research and development costs for new products that we plan to introduce during 2013.

Cost of Subscriber Equipment Sales

Cost of subscriber equipment sales increased $0.2 million, or approximately 8%, to $2.9 million for the three months ended March 31, 2013 from $2.7 million for the same period in 2012. We experienced an increase in subscriber equipment sales for Duplex phones during the first quarter of 2013 compared to the same period in 2012, which are sold at a lower margin than certain other products.

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

Cost of subscriber equipment sales - reduction in the value of inventory was $0.2 million for the three months ended March 31, 2012. During the first quarter of 2012, we recorded an inventory reserve for component parts that will not be utilized in the manufacturing and production of current or future products. These charges did not recur in 2013.

Marketing, General and Administrative

Marketing, general and administrative expenses increased $0.3 million, or approximately 5%, to $6.9 million for the three months ended March 31, 2013 from $6.6 million for the same period in 2012. We have maintained a low operating cost structure since the fourth quarter of 2011 when we implemented a plan to lower costs by monitoring operating expenses and streamlining operations. We experienced an increase in costs during the first quarter of 2013 as we made strategic investments in our sales and marketing initiatives. This increase was offset partially by a decrease in legal fees primarily due to the nonrecurrence in the first quarter of 2013 of expenses related to the 2012 arbitration.

Depreciation, Amortization and Accretion

Depreciation, amortization, and accretion expense increased $5.6 million, or approximately 38%, to $20.3 million for the three months ended March 31, 2013 from $14.7 million for the same period in 2012. This increase relates primarily to additional depreciation expense for the second-generation satellites placed into service throughout 2012 and the first quarter of 2013.

Other Income (Expense):

Interest Income and Expense

Interest income and expense, net, increased by $4.7 million to $7.8 million for the three months ended March 31, 2013 from $3.1 million for the same period in 2012. This increase was due primarily to a reduction in our capitalized interest due to the status of our construction in progress. As we place satellites into service, our construction in progress balance related to our second-generation satellites decreases, which reduces the amount of interest we can capitalize under GAAP. As a result of this decrease in our construction in progress balance, we recorded approximately $6.7 million and $1.8 million in interest expense during the first quarters of 2013 and 2012, respectively.

Derivative Gain (Loss)

Derivative gain (loss) fluctuated by $7.0 million to a gain of $0.5 million for 2013 from a loss of $6.5 million in 2012, due primarily to changes in our stock price.

Other

Other income increased by $0.5 million to $0.6 million for the three months ended March 31, 2013 compared to $0.1 million for the same period in 2012. Changes in other income (expense) are due primarily to foreign currency gains and losses recognized during the respective periods. In February 2013, the Venezuelan government devalued its currency. As a result of this devaluation, we recorded a foreign currency gain of approximately $0.8 million during the first quarter of 2013. This gain was offset slightly by other foreign currency losses recognized during the quarter. We do not expect the Venezuela currency devaluation to have a material impact on our operations or financial performance in the future.

Liquidity and Capital Resources

Our principal liquidity requirements are to meet capital expenditure needs, including deploying our second-generation constellation, making improvements to our ground infrastructure, repayment of our current and long-term debt, operating costs, and working capital. Our principal sources of liquidity include cash on hand ($1.3 at March 31, 2013) and cash flows from operations. We also have an equity line agreement with Terrapin under which we may require Terrapin to purchase up to $30.0 million of our common stock. See below for further discussion.

Comparison of Cash Flows for the three months ended March 31, 2013 and 2012

The following table shows our cash flows from operating, investing and financing activities for the three months ended March 31, 2013 and 2012 (in thousands):

	Three Months Ended	
	March 31, 2013	March 31, 2012
Net cash used in operating activities	$ (533)	$ (2,583)
Net cash used in investing activities	(9,183)	(23,310)
Net cash provided by (used in) financing activities	(489)	23,258
Effect of exchange rate changes on cash	(287)	419
Net decrease in cash and cash equivalents	$ (10,492)	$ (2,216)

Cash Flows Used by Operating Activities

Net cash used in operating activities during the three months ended March 31, 2013 was $0.5 million compared to $2.6 million in the first quarter of 2012. We experienced favorable changes in operating assets and liabilities during the three months ended March 31, 2013, which resulted less cash used in operating activities for the quarter.

Cash Flows Used in Investing Activities

Cash used in investing activities was $9.2 million for the three months ended March 31, 2013 compared to $23.3 million for the same period in 2012. This decrease resulted primarily from changes in our restricted cash accounts. During the first quarter of 2013, we used $8.6 million of excess funds held in our debt service reserve account to pay launch related expenses. The decrease in cash used in investing activities also resulted from decreased payments related to the construction of our second-generation constellation as the constellation neared completion and the deferral of payments to contactors working on the construction of our next-generation ground upgrades.

We expect to continue to incur capital expenditures throughout 2013 relating to certain costs incurred during previous launches and relating to additional capital expenditures to upgrade our gateways and other ground facilities.

Cash Flows Provided by Financing Activities

The cash outflow for financing activities during the three months ended March 31, 2013 was due to payments made for financing costs as we continue to seek to amend existing debt arrangements and obtain additional external financing. Cash provided by financing activities during the same period in 2012 consisted of borrowings on our Facility Agreement and proceeds from our contingent equity account, which did not recur in the first quarter of 2013.

Cash Position and Indebtedness

As of March 31, 2013, cash and cash equivalents were $1.3 million; cash available under our Facility Agreement was $0.7 million (subject to certain restrictions, see below for further discussion); interest earned on funds previously held in our contingent equity account was $1.1 million (subject to certain restrictions, see below for further discussion), and excess funds held in our debt service reserve account were $0.2 million (subject to certain restrictions, see below for further discussion); compared to cash and cash equivalents of $11.8 million; cash available under our Facility Agreement of $0.7 million; interest earned on funds previously held in our contingent equity account of $1.1 million, and excess funds held in our debt service reserve account of $8.9 million at December 31, 2012. We also have an equity line agreement with Terrapin under which we may require Terrapin to purchase up to $30.0 million of our common stock. See below for further discussion.

The carrying amount of our current and long-term debt outstanding was $657.5 million and $97.7 million, respectively, at March 31, 2013 compared to $655.9 million and $95.1 million, respectively, at December 31, 2012.

Facility Agreement

On June 5, 2009, we entered into a $586.3 million Facility Agreement with a syndicate of bank lenders, including BNP Paribas, Natixis, Société Générale, Caylon, Crédit Industriel et Commercial as arrangers and BNP Paribas as the security agent and the agent for the lenders under our Facility Agreement. COFACE, the French export credit agency, has provided a 95% guarantee to the lending syndicate of our obligations under the Facility Agreement.

The facility is scheduled to mature 84 months after the first repayment date, as amended. Semi-annual principal repayments are scheduled to begin in June 2013. The facility bears interest at a floating LIBOR rate, plus a margin of 2.25% through December 2017 and 2.40% thereafter. Interest payments are due on a semi-annual basis.

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 our assets and those of our domestic subsidiaries (other than FCC licenses), including patents and trademarks, 100% of the equity of our domestic subsidiaries and 65% of the equity of certain foreign subsidiaries.

We may not re-borrow amounts repaid. We must repay the loans (a) in full upon a change in control or (b) partially (i) if there are excess cash flows on certain dates, (ii) upon certain insurance and condemnation events and (iii) upon certain asset dispositions. In addition to the financial covenants described above, the Facility Agreement places limitations on our ability and the ability of our subsidiaries to incur debt, create liens, dispose of assets, carry out mergers and acquisitions, make loans, investments, distributions or other transfers and capital expenditures or enter into certain transactions with affiliates.

Pursuant to the terms of the Facility Agreement, in June 2009 we were required to fund a total of $46.8 million to the debt service reserve account. The required amount was to be funded until the date that was six months prior to the first principal repayment date, currently scheduled for June 2013. The minimum required balance fluctuates over time based on the timing of principal and interest payment dates. In December 2012, the amount required to be funded into the debt service reserve account was reduced by approximately $8.9 million due to the timing of the first principal repayment date scheduled for June 2013. The agent for our Facility Agreement permitted us to withdraw this amount to pay certain capital expenditure costs associated with the fourth launch of our second-generation satellites in February 2013. To the extent the first repayment date is extended to a date later than June 2013, the $8.9 million may be required to be refunded into this account.

As a result of the Thales arbitration ruling and the subsequent settlement agreements reached with Thales related to the arbitration ruling in 2012, the lenders concluded that events of default occurred under the Facility Agreement. We are also in default of certain other financial and nonfinancial covenants, including, but not limited to, required minimum funding of our debt service account, in-orbit acceptance of all of our second-generation satellites by April 2013 and certain events of default existing under the terms of the 5.75% Notes (see further discussion on the 5.75% Notes below), As of the date of this Report, the agent for our Facility Agreement has not notified us of the lenders' intention to accelerate the debt; however, we have shown the borrowings as current on the March 31, 2013 balance sheet in accordance with applicable accounting rules. We are currently working with the lenders to seek all necessary waivers or amendments associated with existing events of default, but there can be no assurance that we will be successful. The lenders currently are not permitting funding of the remaining $0.7 million available under the Facility, which we would use to pay Thales for the remaining milestone payments on the second-generations satellites.

The Facility Agreement, as amended, requires that:

- following December 31, 2014, we maintain a minimum liquidity of $5.0 million;

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

Period	Minimum Amount
7/1/12-6/30/13	$ 65.0 million
1/1/13-12/31/13	$ 78.0 million

- beginning in June 2013, we maintain a minimum debt service coverage ratio of 1.00:1.00, gradually increasing to a ratio of 1.50:1.00 through 2019; and

- beginning in June 2013, we maintain a maximum net debt to adjusted consolidated EBITDA ratio of 7.25:1.00 on a last twelve months basis, gradually decreasing to 2.50:1.00 through 2019.

Due to the launch delays, we expect that we may not be in compliance with certain financial and nonfinancial covenants specified in the Facility Agreement during the next 12 months. Projected noncompliance with covenants include, but are not limited to, minimum consolidated adjusted EBITDA, minimum debt service coverage ratio and minimum net debt to adjusted consolidated EBITDA. If we cannot obtain either a waiver or an amendment, any of these failures to comply would represent an additional event of default. An event of default under the Facility Agreement would permit the lenders to accelerate the indebtedness under the Facility Agreement. That acceleration would permit acceleration of our obligations under other indebtedness that contains cross-acceleration provisions.

We are engaged in discussions with the lenders regarding the restructuring the terms of the Facility Agreement. We can give no assurance that these discussions will be successful. If they are not successful, we intend to explore other available restructuring and reorganization alternatives.

See Note 4 to our Condensed Consolidated Financial Statements for further discussion of the Facility Agreement and other current and long-term debt.

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. This type of arrangement is sometimes referred to as a committed equity line financing facility. From time to time over the 24-month term, 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.

See Note 4 to our Condensed Consolidated Financial Statements for further discussion of the Terrapin agreement.

5.75% Convertible Senior Notes due 2028

Effective as of April 1, 2013, we entered into a forbearance agreement (as subsequently amended, the “Forbearance Agreement”) with beneficial owners and investment managers for beneficial owners (the "Forbearing Note Holders") of an aggregate of approximately 78% of our outstanding 5.75% Convertible Senior Notes due 2028 (the “5.75% Notes”). Pursuant to the Forbearance Agreement, the Forbearing Note Holders agreed to forbear during the period described below from exercising any of their rights and remedies under the 5.75% Notes, including, without limitation, accelerating the 5.75% Notes, or under the Indenture and the First Supplemental Indenture governing the 5.75% Notes, each dated as of April 15, 2008, between us and U.S. Bank National Association, as Trustee (collectively, as amended and supplemented or otherwise modified, the "Indenture") in each case with respect to our failure to pay interest on the 5.75% Notes and to purchase the tendered 5.75% Notes, each due on April 1, 2013 (the “Specified Defaults”).

The Forbearance Agreement is intended to provide us a further opportunity to negotiate a restructuring of our indebtedness represented by the 5.75% Notes. We are actively negotiating with the Forbearing Note Holders the terms of a potential debt restructuring arrangement with the objective of reaching agreement by the end of the forbearance period. We are seeking the consent of the lenders under the Facility Agreement to such restructuring; however, there is no assurance that this consent will be obtained. Until any definitive agreements are negotiated in their entirety and executed, and the transactions contemplated thereby are consummated, there can be no assurance that any debt restructuring will be completed by the end of the forbearance period or at all. If we are not able to successfully negotiate and complete a debt restructuring, we intend to explore other available restructuring and reorganization alternatives.

The forbearance period runs from April 1, 2013 through 11:59 P.M. (ET) on May 13, 2013. The forbearance period will end earlier if:

- we breach the Forbearance Agreement;
- any of our representations or warranties in the forbearance agreement was not true and correct when made;
- any event of default (other than with respect to the Specified Defaults) occurs under the Indenture;
- the filing of any involuntary proceeding under any bankruptcy or insolvency law against us, which we do not timely oppose;
- with certain limited exceptions, more than $5 million in the aggregate of our funded indebtedness (other than the 5.75% Notes) or any other material agreement is accelerated;
- our obligations under the 5.75% Notes are accelerated (other than by the Forbearing Note Holders in violation of the forbearance agreement) by declaration of the Trustee; or
- we commence any voluntary bankruptcy, insolvency, reorganization or other similar proceedings.

The Forbearance Agreement contains additional agreements, including that:

- during the forbearance period, we will not purchase any 5.75% Notes or pay any of the purchase price for or interest on the 5.75% Notes which we were required to pay on April 1, 2013;
- we will use our reasonable best efforts to obtain the consent of the lenders under the Facility Agreement to an exchange transaction between us and the Forbearing Note Holders and to document and close an exchange transaction;
- the Forbearing Note Holders will instruct the Trustee not to declare an acceleration of the 5.75% Notes or take any other action with respect to the Specified Defaults during the forbearance period;
- we will pay unpaid fees and expenses of counsel to the Forbearing Note Holders for the period ending April 1, 2013;
- we have agreed to issue shares of our voting common stock to certain of the Forbearing Note Holders if an exchange transaction is not consummated within five days after the forbearance period; and
- the Forbearing Note Holders have agreed to support and cooperate with us in good faith in consummating an exchange transaction prior to the end of the forbearance period.

Holders of the 5.75% Notes (of which an aggregate principal amount of $71.8 million is outstanding) had the right to require that we purchase the 5.75% Notes on April 1, 2013 for 100% of the principal amount to be purchased. On March 29, 2013, U.S. Bank National Association, the Trustee under the Indenture, notified us in writing that holders representing $70,654,000 principal amount of 5.75% Notes (98.4% of the outstanding 5.75% Notes) had exercised their purchase rights pursuant to the Indenture. Under the Indenture, we were required to deposit by 11 A.M. on April 1, 2013 the purchase price of $70,654,000 in cash with the Trustee to effect the purchase of the 5.75% Notes from the exercising holders.

We currently do not have sufficient funds to pay the purchase price if these exercising holders seek to enforce their purchase rights under the Indenture. As described above, the failure to pay the purchase price is a Specified Default under the Forbearance Agreement. If the obligations under the 5.75% Notes are accelerated, an event of default may occur under our other funded indebtedness in an aggregate amount of up to $675,000,000.

In addition, the Indenture also requires that on April 1, 2013 we pay interest on the 5.75% Notes for the six months ended March 31, 2013 in the aggregate amount of $2,064,365. We have not made this payment. Under the Indenture, failure to pay this interest by April 30, 2013 constituted an event of default. As described above, the failure to pay interest is also a Specified Default under the Forbearance Agreement.

Capital Expenditures

We have entered into various contractual agreements related to the procurement and deployment of our second-generation constellation and next-generation ground upgrades, as summarized below. We are currently in negotiations with certain contractors to defer some scheduled payments to later in 2013 and beyond. 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 launches of our second-generation satellites in October 2010, July 2011, December 2011 and February 2013.

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 costs which are owed to Arianespace for launch delays. These amounts are included in “Other Capital Expenditures and Capitalized Labor” in the table below.

The amount of capital expenditures incurred as of March 31, 2013 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):

	Payments through March 31,	Estimated Future Payments			
Capital Expenditures	**2013**	**Remaining 2013**	**2014**	**Thereafter**	**Total**
Thales Second-Generation Satellites	$ 622,018	672	$ -	$ -	$ 622,690
Arianespace Launch Services	216,000	-	-	-	216,000
Launch Insurance	39,903	-	-	-	39,903
Other Capital Expenditures and Capitalized Labor	51,594	9,517	-	-	61,111
Total	$ 929,515	$ 10,189	$ -	$ -	$ 939,704

As of March 31, 2013, we had recorded $9.1 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 a part of the UTS in various next-generation Globalstar devices. This contract has been subsequently amended to revise certain payment milestones and add additional features to the contract.

In October 2008, we signed an agreement with Ericsson, a leading global provider of technology and services to telecom operators. According to the contract, including subsequent additions, Ericsson will work with us to develop, implement and maintain a ground interface, or core network, system that will be installed at our satellite gateway ground stations.

The amount of capital expenditures incurred as of March 31, 2013 and estimated future capital expenditures (excluding capitalized interest) related to the construction of the ground component and related costs is presented in the table below (in thousands):

	Payments through March 31,	Estimated Future Payments			
Capital Expenditures	**2013**	**Remaining 2013**	**2014**	**Thereafter**	**Total**
Hughes second-generation ground component (including research and development expense)	$ 60,491	$ 24,759	$ 9,307	$ 10,791	$ 105,348
Ericsson ground network	4,384	4,757	18,629	1,266	29,036
Other Capital Expenditures	562	-	-	-	562
Total	$ 65,437	$ 29,516	$ 27,936	$ 12,057	$ 134,946

As of March 31, 2013, we recorded $20.0 million of these capital expenditures in accounts payable.

In March 2013, we entered into an agreement with Hughes to extend to June 28, 2013, or the close of a financing, our deadline to make payments previously due under the contract, provided we made payments of $1.1 million in April 2013, $0.3 million in May 2013 and $0.3 million in June 2013. The deferred payments continue to incur interest at the rate of 10% per annum. As of March 31, 2013, we had incurred and capitalized $72.6 million of costs related to this contract, of which $17.6 million is recorded in accounts payable. If we terminate the contract for convenience, we must make a final payment of $20.0 million in either cash or our common stock at our election. If we elect to pay in our common stock, Hughes will have the option either to accept the common stock or instruct us to complete a block sale of the stock and deliver the proceeds to Hughes. If Hughes chooses to accept common stock, the number of shares it will receive will be calculated based on the final payment amount plus 5%.

In February 2013, we entered into an agreement with Ericsson which deferred to the earlier of June 1, 2013, or the close of a financing, approximately $2.6 million in milestone payments due under the contract, provided we make two payments of $0.1 million each in February 2013. We have made both payments. The remaining milestones previously scheduled under the contract were deferred to later in 2013 and beyond. The deferred payments will continue to incur interest at a rate of 6.5% per annum. As of March 31, 2013, we had incurred and capitalized $6.8 million of costs related to this contract, of which we recorded $2.4 million in accounts payable. If we terminate the contract for convenience, we must make a final payment of $10.0 million in either cash or our common stock at our election. If we elect to make payment in common stock, Ericsson will have the option either to accept the common stock or instruct us to complete a block sale of the common stock and deliver the proceeds to Ericsson. If Ericsson chooses to accept common stock, the number of shares it will receive will be calculated based on the final payment amount plus 5%.

Liquidity

As discussed in Note 2 to our Condensed Consolidated Financial Statements, we have developed a plan to improve operations and to complete the deployment of our second-generation satellites and to make our improvements to our ground infrastructure. We currently lack sufficient resources to meet our existing contractual obligations over the next 12 months. As a result, there is substantial doubt that we can continue as a going concern. In order to continue as a going concern, we must obtain additional external financing; amend the Facility Agreement and certain other contractual obligations; and restructure the 5.75% Notes. In addition, substantial uncertainties remain related to our noncompliance with certain of the Facility Agreement's covenants (see Note 4 to our Condensed Consolidated Financial Statements for further discussion) and the impact and timing of our plans to improve operating cash flows and to restructure our contractual obligations. If the resolution of these uncertainties materially and negatively impacts cash and liquidity, our ability to continue to execute our business plans will be adversely affected. 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.

Our principal long-term liquidity needs include maintaining service coverage levels and making improvements to our ground infrastructure, funding our working capital and cash operating needs, including any growth in our business, and to fund repayment of our indebtedness, both principal and interest, when due. We expect sources of long-term liquidity to include the exercise of warrants and other additional 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 once we have fully deployed our second-generation satellite constellation. We are not in a position to estimate when, or if, these longer-term plans will be completed and the effect this will have on our performance and liquidity.

Contractual Obligations and Commitments

There have been no other significant changes to our contractual obligations and commitments since December 31, 2012 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.

We have entered into two separate contracts with Thales to construct low earth orbit satellites for satellites in our second-generation satellite constellation and to provide launch-related and operations support services. A substantial majority of the payments under the Thales agreements are denominated in Euros.

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. The applicable margin from the Base Rate ranges from 2.07% to 2.4% through the termination date of the facility. Assuming that we borrowed 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 Principal Executive and 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 March 31, 2013, 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 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 Principal Executive and Financial Officer concluded that as of March 31, 2013 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 Principal Executive and 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 three months ended March 31, 2013.

(b) Changes in internal control over financial reporting.

As of March 31, 2013, our management, with the participation of our Principal Executive and Financial Officer, evaluated our internal control over financial reporting. Based on that evaluation, our Principal Executive and Financial Officer concluded that no changes in our internal control over financial reporting occurred during the quarter ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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, 2012, as filed with the SEC on March 15, 2013.

Item 6. Exhibits

Exhibit Number	Description
10.1†	Amendment No. 9 to Contract between Globalstar, Inc. and Hughes Network Systems LLC dated as of January 18, 2013
10.2	Waiver Letter No. 13 to the Facility Agreement dated January 23, 2013
10.3†	Letter Agreement by and between Globalstar, Inc. and Ericsson Inc. dated as of February 13, 2013
10.4†	Letter Agreement by and between Globalstar, Inc. and Hughes Network Systems, LLC dated March 26, 2013
31.1	Section 302 Certification
32.1	Section 906 Certification
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.

* Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

SIGNATURES

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

	GLOBALSTAR, INC.
Date: May 9, 2013	By: /s/ James Monroe III
	James Monroe III *Chief Executive Officer (Principal Executive and Financial 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.

AMENDMENT NO. 9

TO

CONTRACT NUMBER GINC-C-08-0390

BETWEEN

GLOBALSTAR CANADA SATELLITE CO.

AND

HUGHES NETWORK SYSTEMS, LLC

FOR

RADIO ACCESS NETWORK (RAN)
AND USER TERMINAL SUBSYSTEM

HUGHES AND GLOBALSTAR CONFIDENTIAL AND PROPRIETARY

This Amendment No. 9 ("Amendment") is entered into effective as of January 13, 2013 ("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 Canada Satellite Co., a company incorporated under the laws of Canada with its principal place of business at 115 Matheson Boulevard West, Suite 100, Mississauga, Ontario, LSR 3L1, Canada (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, Inc. 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, Inc. 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, Inc. 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, Inc. 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, Inc. entered into Amendment No. 3, dated September 21, 2009, to incorporate the revised the program management schedule;

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

WHEREAS, Contractor and Globalstar, Inc. 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 further amended on October 14, 2011, December 30, 2011, March 30, 2012 and June 26, 2012 ("Current Deferral Letter");

WHEREAS, Contractor, Globalstar and Globalstar, Inc. entered into Amendment No. 5, dated April 5, 2011, to substitute Globalstar for Globalstar, Inc. under the Contract and with certain exceptions, for all of Globalstar, Inc.'s rights and obligations under the Contract to be assigned to and assumed by Globalstar;

WHEREAS, Contractor and Globalstar 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 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 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, the Parties wish 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.

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 G), dated September 6, 2012, shall be deleted and replaced in its entirety by a new Exhibit C, Pricing Schedule and Payment Plan (Revision H), dated January 18, 2013.

2. Exhibit A, Statement of Work (Revision E), dated September 6, 2012 shall be deleted and replaced in its entirety by a new Exhibit A, Statement of Work (Revision F), dated January 18, 2013.

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

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

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

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

By: /s/ Stephen Drew	By: /s/ Sean Fleming
Name: Stephen Drew	Name: Sean Fleming
Title: Treasurer	Title: Senior Counsel
Date: January 21, 2013	Date: January 18, 2013

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

EXHIBIT A: STATEMENT OF WORK

Revision F

January 18, 2013

REVISION HISTORY

Revision	Issue Date	Scope
A	5/1/2008	Contract version
B	9/18/2009	Amended to include changes detailed in CN001, CN002, CN003, CN004, and Amendment 2
C	3/24/10	Changes for Amendment 4
D	2/1/2012	Changes for Amendment 7
E	9/6/2012	Changes for Amendment 8
F	01/18/2013	Changes for Amendment 9

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1.0 INTRODUCTION

1.1 PURPOSE AND SCOPE

This Statement Of Work (SOW) defines the work that shall be performed by Hughes Network Systems, LLC (Contractor) for the design, fabrication, implementation, integration, delivery, performance verification, and testing of the Radio Access Network (RAN) and User Terminal Subsystem (UTS) for Globalstar, Inc. (Customer). For the purposes of this document we refer to the RAN and UTS collectively as the Work. Further definition of technical deliverables can be found in Exhibit B1 through B3.

At each gateway, the RAN will interface with the existing C band antennas and will co-exist with the legacy baseband and baseband-to-IF conversion equipment, defined as the Legacy Globalstar System (LGS). The RAN System Specification is defined in Exhibit B1 and the RAN Gateway is defined in Exhibit B2.

The UTS as defined in Exhibit B3 shall yield a Satellite Air Interface Chip for use in the Work. The UTS shall also yield an Evaluation Platform that utilizes the Satellite Air Interface Chip. The Remote Terminal Diagnostic Monitor (RTDM), as defined in Exhibit B3, is a separate deliverable in the Work.

This SOW (Exhibit A) defines the baseline deliverables and services that shall be supplied by the Contractor. The SOW describes the expected relationship between the Customer and Contractor, defines the program management approach, and defines Customer obligations.
Hughes' obligations in respect of "Production Chips" and "production Satellite Air Interface Chips" as referenced in this SOW, shall be of no force and effect, except in the event that Aspen Chips have been ordered and paid for by Globalstar Canada and supplied by Hughes to Globalstar Canada pursuant to a separate arrangement between Hughes and Globalstar Canada. Any order of Aspen Chips by Globalstar Canada pursuant to a separate arrangement reinstates the Hughes obligations in respect of "Production Chips" and "production Satellite Air Interface Chips" in this SOW.

1.2 DEFINITION METHODOLOGY

This document uses the keywords ***shall***, ***should***, and ***will*** to identify requirements, goals, and external actions, respectively.

- ☐ In the context of this document, ***shall*** defines a requirement which must be met for product acceptance.
- ☐ In the context of this document, ***should*** defines a desirable goal.
- ☐ In the context of this document, ***will*** defines the capability or function of an external device or system, but does not levy any requirement on the HNS offering.

All requirements are numbered within the sections. Paragraphs which are not numbered are informative only and are not considered requirements. These informative paragraphs will often, but not always, start with the word "Note:"

2.0 GENERAL OVERVIEW OF DELIVERABLES

1. The Contractor shall be responsible for the design, fabrication, implementation, integration, delivery, performance verification, and testing of Contractor delivered Work.

2. The Contractor shall deliver executable software, firmware, and associated documentation necessary to install, configure, operate and maintain the Contractor delivered equipment.

3. The Contractor shall be responsible for packing and delivery of equipment and critical spares for ten (10) RAN sites in the following locations. Note that this list is not in any order of delivery:

   United States (Clifton)
   France (Aussaguel)
   Canada (Smiths Falls)
   Canada (High River)
   Brazil (Petrolina)
   Brazil (President Prudente)
   Brazil (Maneus)
   United States (Sebring)
   United States (Wasilla)
   United States (Test RAN to be located at Customer facilities in Milpitas, CA, USA)

4. The Contractor shall provide standard factory warranty and maintenance services for all ten (10) sites for the duration of one (1) year. The warranty period start date shall be in accordance with Exhibit A, Section 10.0 .

5. The Contractor shall be responsible for producing Site Facilities Specifications for the Contractor deliverables. In addition, the Contractor shall provide Site Installation Documents for each of the ten (10) sites.

6. The Contractor shall develop and maintain an Engineering Test Bed that shall be located at Contractor test facilities in Maryland, USA.

7. The Contractor shall develop and deliver a RAN Test Bed that shall be located at Customer facilities in Milpitas, California, USA.

8. The Contractor shall conduct a System Requirements Review (SRR), a Preliminary Design Review (PDR) and a Critical Design Review (CDR) for the Work with the Customer.

9. The Contractor shall develop a comprehensive series of test campaigns including test plans and procedures that shall be used during each test campaign.

10. For the purpose of requirements tracking and verification, the Contractor shall develop a Verification Cross Reference Matrix (VCRM) that shall clearly identify where requirements are verified and the method that will be use for verification.

11. The Contractor shall install, commission and conduct Site Acceptance Tests of Contractor deliverables at the Milpitas RAN Test Bed and RAN#1through RAN#5, and supervise at all other sites. For sites where Core Network equipment is delivered, the SAT shall include testing with the CN.

12. The Contractor shall conduct RAN Factory Acceptance Test of Contractor deliverables (excluding Core Network deliverables) at test facilities in Maryland, USA. Details of these tests are provided in Section 6.

13. The Contractor shall conduct UTS Factory Acceptance Test of Contractor deliverables at test facilities in San Diego, CA.

14. The Contractor shall be responsible for Over-Air Testing as part of the System Acceptance Test at RAN#1 and shall be responsible for Over-Air Testing at Milpitas RAN Test Bed and RAN#2 through RAN#5. The Contractor shall supervise Customer conducted Over-Air Testing at all other sites.

15. The Contractor shall provide one (1) Operations and Maintenance course with all relevant training material delivered to Customer at least one week prior to the course. The Contractor shall provide one (1) Engineering Course, and one (1) System Overview Course. These courses shall address all the application software, standard third-party COTS software, data definitions, databases, and necessary data required for the satisfactory operation and maintenance of all site and test equipment delivered under this SOW.

16. The Contractor shall develop, integrate and validate

    a. A Satellite Air Interface Chip, with Protocol Stack, and test end-to-end functionality.
    b. A RTDM Test Tool Software, which can be installed on a Customer's PC.

    The Satellite Air Interface Chip shall be incorporated into a board that is referred to as "Evaluation Platform" in rest of this document. The Evaluation Platform shall allow the testing of end-to-end functionality of the Satellite Air Interface Chip and associated Protocol Stack software as defined in Exhibit B3. The L- and S-band antennas for this platform are CFE.

    The Satellite Air Interface Chip is delivered as Prototype Chips and Production Chips at times defined in the milestone schedule. The Prototype Chips represent engineering samples of the device and are form and fit consistent with the production chips. They are intended to be fully functional and can be used by the Customer's UT Vendor during UT development. The Prototype Chips will only be available in limited quantities (TBR) and may have minor deficiencies. The Production Chips are fully compliant devices that can be delivered in quantity. They are intended to be available towards the back end of a UT development by the Customer's UT Vendor (for example during the pilot production phase).

17. The Contractor shall deliver 20 Evaluation Platforms as defined in item (16) above to confirm Satellite Air Interface Chip operation and support RAN FAT. The Contractor shall confirm the quantities to be delivered at PDR and CDR.

18. Reserved.

19. The Contractor shall deliver one (1) set of Spare Parts to be located at Customer's central depot.

20. The Contractor shall deliver the Additional RAN(s) and other options, if contracted by the Customer in accordance with Exhibit C.

21. The Contractor shall deliver processor definition and the software and firmware and an Interface Control Document of the Satellite Air Interface Chip if contracted by the Customer per Exhibit C.

22. The Contractor shall deliver Satellite Air Interface chip specifications.

3.0 PROJECT MANAGEMENT

1. The Contractor shall be fully responsible for management of all tasks related to the design, fabrication, integration, testing and delivery of the Work.

2. The Contractor shall be fully responsible for installation and commissioning of the Milpitas RAN Test Bed and RAN#1 through RAN#5 sites. The Customer shall be fully responsible for installation and commissioning at all other sites, which shall be supervised by the Contractor. The Contractor shall provide “on-the-job” installation and commissioning training to the Customer at the Milpitas and Clifton site.

3. The Contractor shall be fully responsible for management of activities performed by any subcontractor used by the Contractor during execution of this program.

4. The Contractor shall assign a fully qualified Program Manager (PM) who shall have sole responsibility for timely execution of the Work.

5. The Contractor shall deliver to the Customer all application software, standard third-party COTS software, data definitions, databases, and necessary data required for the satisfactory operation and maintenance of all site and test equipment delivered under this SOW. The Contractor shall not deliver source code for any software. Source code shall be made available in escrow to the Customer under the Terms and Conditions defined in the Contract.

6. The Customer shall have the right to approve or request modifications to any documents delivered by the Contractor. The Customer shall have 15 working days to request any modifications or approve the given deliverable. If the Customer does not take any action during these 15 working days, the deliverable would be deemed to be accepted by the Customer.

3.1 PROJECT PLANNING AND CONTROL

1. The Contractor shall develop and maintain a Project Management Plan (PMP).

2. The PMP shall:

   a. Outline the various project activities required to be performed together with the control procedures that are to be applied and project schedule.
   b. Describe the proposed management team structure together with the overall responsibilities (including any key subcontractors).
   c. Describe how the Contractor will manage and provide visibility of all work undertaken by any key subcontractors.
   d. Formally be issued at the Kick-Off Review (KOR).

3. The Contractor shall maintain a Risk Management Process (RMP) to share visibility with the Customer on all program risks. The RMP shall:

    a. Clearly identify risks that are being experienced during the course of the program.

    b. Formally be issued at the KOR.

    c. Formally be updated and submitted to Customer on a monthly basis as a section in the monthly report.

4. The hardware and software processes adopted shall comply with Contractor ISO-9001 quality process standards. Key subcontractors are expected to comply with their respective quality standards which in turn adhere or are equivalent to ISO 9001 standards.

5. The Contractor management processes shall adhere to Contractor ISO-9001 processes.

6. The Contractor shall maintain all project documentation related to project planning and provide all deliverables (see Section 7) in electronic form.

3.2 PROGRESS REVIEWS

3.2.1 Monthly Progress Meetings

1. The Contractor shall conduct a Monthly Progress Meeting with representatives of the Customer.

2. At the Monthly Progress Meetings the following shall be discussed:

    a. Current active tasks
    b. Technical and schedule aspects
    c. Status and progress
    d. Technical, contractual and managerial problems
    e. Risks and contingency measures (in the form of a Risk Log)
    f. Current and potential problems
    g. Open Action Items/Issues
    h. New Action Items/Issues as generated at the meeting

3. Progress meeting may be held in the form of a teleconference between the parties or at the Contractor’s facilities.

4. The progress report shall be delivered as input to the progress review meeting. The progress report shall be delivered five days in advance of the meeting date.

5. The Contractor shall minute the meeting proceedings capturing the key decisions and all actions taken.

6. The minutes shall be agreed with the Customer.

7. The minutes shall be produced within five working days of the meeting.

8. The Customer reserves the right to call for a formal progress meeting at either the Customer or the Contractor’s site if it is felt that an issue requires “one-to-one” resolution.

3.2.2 Weekly/Biweekly Teleconferences

The Contractor shall conduct weekly or biweekly status meetings with the Customer over the telephone. The Contractor shall provide a brief status of the project schedule, any technical issues that have arisen since the last meeting, and generate minutes of the meeting within two (2) working days that capture the discussions and key decisions as well as action items.

3.2.3 Project Milestone Review Meetings

1. The Contractor shall agree the actual time of each project milestone review meeting with the Customer at least one month before the meeting with the exception of Acceptance Readiness and Results reviews. (The Acceptance Readiness meeting shall be conducted within one week prior to the test activity and the Results review shall be conducted within one week after the test activity).

2. The Contractor shall provide an agenda for each project milestone review at least five days before the meeting to which the Customer may add items for discussion.

3. The Contractor shall plan and conduct the project review meetings defined in **Table 3-1** and **Table 3-2**.

4. The Contractor shall agree to support additional intermediate progress reviews during the design and implementation, if requested to do so by the Customer and with at least three weeks notice.

5. The Contractor shall be responsible for assembling the relevant documentation and presentational material for all project reviews.

6. The Contractor shall submit the documentation to be reviewed at the meeting in accordance with the document delivery schedule within this SOW.

7. The Contractor shall be responsible for documenting the review proceedings and monitoring the actions placed.

8. The meeting minutes shall be produced within five working days of the meeting.

9. The minutes shall be agreed with the Customer.

10. The Contractor shall implement an internal design review process on all hardware, firmware and software design activities, as per standard engineering practice.

Table 3-1. Program Milestone Review Meetings

No.	Review Meeting	Purpose	Inputs	Duration (Days)	Location
1.	Kick-Off Review (KOR)	This review shall include: a. Communication lines and contact points for financial, contractual and technical matters b. Draft management plan(s) review c. Short-term work plan review d. System Requirement Review (SRR) e. SOW review, if required	1. Project Management Plan (PMP) to including WBS, MLS, WPDs, ORG Chart and Risks 2. Product Assurance Plan (PAP) 3. Customer Dependencies Document (dependencies of CFE) 4. System Requirements Document (derived from all technical specifications given in Exhibits B 5. White Paper describing the effect, if any, of implementing 1.23 or 2.46 MHz bandwidth. 6. White Paper describing the implementation of dynamic rate adapation and variable data rates (from 256 kb/s to 1 Mb/s). 7. If any of the options are selected at KOR by the Customer, all relevant documents shall be updated. 8. Statement of Work	2 or 3	Contractor Premises

Table 3-1. Program Milestone Review Meetings

No.	Review Meeting	Purpose	Inputs	Duration (Days)	Location
2.	Preliminary Design Review (PDR)	This review shall include: a. The Contractor is required to demonstrate that the contractually agreed requirements have been partitioned into a thorough and consistent system definition through the system design documents. b. Review of the traceability mapping between the contractually agreed requirements and the testing campaigns (VCRM) as well as the system functional specifications and their further allocation to subsystems. c. Identification of the external interfaces and review of preliminary interface control documents. d. Clarification of interpretation as necessary, for any contractually agreed requirements. e. Review the Overall System Test Plan. This will outline the various test stages to be conducted together with a schedule f. Review of site facilities and infrastructure requirements. g. Review of the Satellite Air Interface. h. Review of the Evaluation Platform High Level Design. i. Review of Evaluation Platform Operational Scenarios. j. Review of the Evaluation Platform Comprehensive Test Plan. k. Review of deliverable plans, that is, QA, QC, etc.	1. Verification Cross Reference Matrix (VCRM) and System Requirements Allocation 2. Overall System Test Plan (OSTP) 3. External Interface Control Document 4. Facility Requirement Specification 5. Satellite Air Interface 6. System Design Documents, such as, at a minimum, block diagrams, functional decomposition of the Contractor developed and COTS software in terms of major blocks, preliminary list of hardware to be procured and manufacturers, preliminary Satellite Air Interface specifications document, MMI Ops Concepts 7. Evaluation Platform Requirements Database including allocations 8. Evaluation Platform High Level Design 9. Evaluation Platform Comprehensive Test Plan 10. Special Test Equipment & Simulators 11. Customer Furnished Equipment (CFE) required at PDR 12. Schedule for design and construction. 13. Updated Quality Assurance (QA) Plan	3 or 4	Contractor Premises

Table 3-1. Program Milestone Review Meetings

No.	Review Meeting	Purpose	Inputs	Duration (Days)	Location
3.	Critical Design Review (CDR)	This review shall include: a. Review of the updated system documents from the PDR for completeness and consistency with requirements. b. Review of the System Design Document end-to-end performance model showing predicted performance of user applications across the system. c. Review of subsystem level design. d. Review of the Overall System Test Plan. e. Review of the Satellite Air Interface. f. Finalization of the Site Facilities Requirements. g. Review of the Overall System Test Plan and first drafts of the SySAT, RAN FAT and SAT Test Plans. h. Review of updated Evaluation Platform High Level Design. i. Review of the Evaluation Platform System Validation Test Plan. j. Review of status of action items from the PDR. k. Review of deliverable plans, that is, QA, QC, etc.6.	1. Verification Cross Reference Matrix (VCRM) and System Requirements Allocation 2. System Design Document. A final set of the System Design Documents given at PDR (item 2 above) which fully describe the design. Furthermore, the Contractor shall provide final software design documentation, functional timing analyses for hardware and software, test reports on any Engineering models developed and tested up to this time, MMI displays (may not be the final set), periodic maintenance requirements for each hardware element (draft version) 3. External Interface Control Document 4. Overall System Test Plan 5. System Acceptance (SySAT) Test Plan RAN Factory Acceptance Test (RAN FAT) Plan 7. Site Acceptance Test (SAT) Plan 8. Facility Requirement Specification 9. Satellite Air Interface Review 10. Updated Evaluation Platform High Level Design 11. Evaluation Platform System Validation Test Plan 12. Customer Furnished Equipment (CFE) required at CDR	3 or 4	Contractor Premises

Table 3-1. Program Milestone Review Meetings

No.	Review Meeting	Purpose	Inputs	Duration (Days)	Location
4.	RAN Site Readiness Review	This review shall review the readiness of each site to accept delivery and installation of the Contractor equipment.	Facilities Requirement Specification	1	For each site at Contractor's facilities/
5.	RAN Factory Acceptance Test Readiness Review (RAN FATRR) for first RAN	This review shall include: a. Review of all outstanding issues with FAT Plan and RAN FAT Procedures b. Review of the RAN FAT Readiness Report c. Review of the RAN FAT Configuration	1. RAN FAT Plan 2. RAN FAT Procedures 3. RAN FAT Readiness Report 4. All lower level tests must have been passed or mutually agreed to corrective actions in place prior to commencing this test.	1	Contractor Site (Factory)
6.	First RAN Site Acceptance Test Readiness Review (SATRR)	This review shall include: a. Review of any outstanding issues with SAT Plan and SAT procedures b. Review of SAT Readiness Report c. Review of Site Configuration Report of the First RAN (Clifton)	1. SAT Plan 2. SAT Procedures 3. SAT Readiness Report 4. Site Configuration Report 5. Installation and Maintenance Manuals 6. All lower level tests must have been passed or mutually agreed to corrective actions in place prior to commencing this test.	1	First site
7.	System Acceptance Test and OAT Readiness Review for RAN #1 (SysATRR)	This review shall include: a. Review of outstanding issues with SySAT Plan and SySAT procedures. This testing shall include full end-to-end testing. b. Review of SySAT Readiness Report. c. Review operator manuals. d. Review Warranty Plan.	1. SySAT Test Plan 2. SySAT Procedures 3. SySAT Readiness Report 4. Operator Manuals 5. Warranty Plan(s) 6. All lower level tests must have been passed or mutually agreed to corrective actions in place prior to commencing this test.	1	First site

Table 3-1. Program Milestone Review Meetings

No.	Review Meeting	Purpose	Inputs	Duration (Days)	Location
8.	System Acceptance Test Report Review Meeting (SySAT)	The review shall include: a Review SySAT test results (for all RANs) b Agree on punch-list items that can be corrected for Final Acceptance	1. SySAT Test Report	1	Contractor Site
9.	Secondary RAN Shipment Readiness Review for RAN #2 - RAN #9 (RAN SSRR)	This review shall include: a. Review of all outstanding issues with Secondary Staging and Testing Plan and Procedures (SSTP) b. Review of the SSTP Readiness Report c. Review of the SSTP Configuration	2. RAN FAT Plan 3. RAN FAT Procedures 4. RAN FAT Readiness Report 5. All lower level tests must have been passed or mutually agreed to corrective actions in place prior to commencing this test.	1	Contractor Site (Factory)
10.	Secondary RAN Site Acceptance Test Readiness Review for RAN#2-RAN#9	This review shall include: a. Review of any outstanding issues with the Secondary SAT procedures. b. Review of Secondary SAT Readiness Report. c. Review of Site Configuration Reports for RAN#2 – RAN#9.	1. Secondary SAT Procedures 2. Secondary SAT Readiness Report 3. Site Configuration Reports for RAN#2-RAN#9 4. Copies of Installation and Maintenance Manuals for RAN#2-RAN#9 5. All lower level tests must have been passed or mutually agreed to corrective actions in place prior to commencing this test.	1	RAN#2-RAN#9

Table 3-1. Program Milestone Review Meetings

No.	Review Meeting	Purpose	Inputs	Duration (Days)	Location
11.	Secondary System Acceptance Test Readiness Review (OAT RR) for RAN#2-RAN#9	This review shall include: a. Review of outstanding issues with the Secondary OAT procedures. This testing shall include a subset of tests from the first RAN for end-to-end testing of RANs #2 - #9. b. Review of the Secondary OAT Readiness Report. c. Review operator manuals. d. Review Warranty Plan.	1. Secondary OAT Procedures 2. Secondary OAT Readiness Report 3. Operator Manuals 4. Warranty Plan(s) 5. All lower level tests must have been passed or mutually agreed to corrective actions in place prior to commencing this test.	1	RAN#2-RAN#9

Table 3-2. Additional UTS/Evaluation Platform Specific Milestone Reviews

No.	Review Meeting	Purpose	Inputs	Duration (Days)	Location
1.	Readiness for UTS Factory Acceptance Test Review with Evaluation Platform (UTSFATR)	This review **shall** include: a. Review of Evaluation Platform Final Acceptance Test Plan.	1. Evaluation Platform Final Acceptance Test Plan	2	Evaluation Platform Facility
2.	UTS Factory Acceptance Test Review with Evaluation Platform (UTSFAT)	This review **shall** include: a. Review of the Evaluation Platform FAT Test Results. b. Review Evaluation Platform Final Acceptance Test Plan	1. Evaluation Platform FAT Results 2. Evaluation Platform Final Acceptance Test Plan	2	Evaluation Platform Facility
3.	UTS Final Acceptance (UTSFA)	This review **shall** include: a. Review of the Evaluation Platform FA Test Results.	3. Evaluation Platform Final Acceptance Results	2	Contractor's Facility

3.2.4 Extraordinary Management Meetings

1. At any point in the Program, either the Customer or the Contractor shall have the right to call an extraordinary Senior Management meeting, should a major issue arise that threatens the schedule and/or functionality.

2. Each meeting shall require at least ten working days notification.

3.3 PROGRESS REPORTING

1. The Contractor shall supply a progress report to Customer by the end of the first week of each month.

2. The progress report shall identify (as a minimum):

    a. Work performed during the reporting period
    b. Milestones met and/or achieved
    c. Progress against the schedule. Any slippage is to be identified together with remedial action
    d. Status of Customer Dependencies as defined in the Dependencies document
    e. Problems experienced
    f. Activities planned for the next period
    g. Risk Log status
    h. Open Action Items/Issues

3. The format of the progress report shall be agreed with Customer at the Project Kick-Off Review meeting.

4. Customer shall have the right to request the Contractor to provide direct key subcontractor progress reports.

3.4 PROJECT SCHEDULING

1. The Contractor shall maintain a detailed activity schedule of all tasks to be undertaken for this contract.

2. This schedule shall be maintained with a unique reference number in order that it can be regularly updated as work progresses and all tasks' dependencies clearly indicated.

3. The schedule shall reflect the agreed major milestones and dates identified in **Table 3-3** and **Table 3-4** for the Work.

Table 3-3. Program Milestones - RAN

No.	Phase	Milestone Activity	Purpose	Required Completion Date
1.	Definition	Kick-Off Review (KOR)/Systems Requirements Review (SRR) Meeting	Review of Project Managament Plan and System Requirements documents in accordance with the objectives and input documents listed in Table 3-1	Effective Date of Contract (EDC) + 2 months
2.	Design	Preliminary Design Review (PDR)	Preliminary review of the system design and test documents in accordance with the objectives and input documents listed in Table 3-1.	EDC + 9 months
3.	Design	Critical Design Review (CDR)	Detailed review with of the final system design as well as draft test plans, and other documents, in accordance with the objectives and input documents listed in Table 3-1.	EDC + 15 months
4a	Material Order #1	RAN 1-3 & TB Material Order	Completion of Hardware long lead material order for RAN 1-3 & Milpitas TB. Contractor shall provide documentation to Customer confirming the order of all long lead items.	EDC + 62 months (Jul 2013)
4b	Material Order #2	RAN 4-9 Material Order	Completion of Hardware long lead material order for RAN 4-9. Contractor shall provide documentation to Customer confirming the order of all long lead items.	EDC + 73 months (Jun 2014)
5.	Site Preparation	RAN Site Survey	Completion of Site Survey for the all the RAN Sites and the Site Survey report for each site	EDC + 30 months
6.	Site Preparation	Site Readiness Review	Visit by the Contractor to the RAN sites for the purpose of final assessment of readiness to receive shipment and installation.	One Month prior to start of RAN Installation at each Gateway
7.	Shipment/ Installation	Ship Milpitas RAN Test Bed and RAN#1 Ex Works.	Shipment from Contractor’s premises to Milpitas site.	EDC + 67 months (Dec 2013)
8.	Shipment/ Installation	Installation and Commissioning of Milpitas RAN Test Bed	Installation,commissioning, and training of personnel of Milpitas RAN Test Bed at Milpitas site after CFE delivery at the site	EDC + 70 months (Mar 2014)
9.	Customer Acceptance Test	Factory Acceptance Test Readiness Review (FATRR)	Review of readiness to start factory acceptance testing.	RAN FAT – 1 week duration

Table 3-3. Program Milestones - RAN

No.	Phase	Milestone Activity	Purpose	Required Completion Date	
10.	Customer Acceptance Test	RAN Factory Acceptance Test (RAN FAT)	Completion of the RAN FAT in accordance with the approved RAN FAT Plan and acceptance test procedures.	EDC + 77 months (Oct 2014)	
11.	Shipment/ Installation	Install Clifton (RAN # 1).	Install RAN#1 after CFE deliveries at the site.	EDC + 76 months (Sep 2014)	
12.	Shipment/ Installation	RAN Equipment Shipment readiness review for the RAN #2 to #9	Completion of the RAN staging test in accordance with the approved RAN staging and pre-shipment test procedures. Customer witnessed (optional).	RAN #2 to #9 shipment dates – 1 week	
13.	Shipment/ Installation	Ship RAN #2 through #9 Ex Works. Contractor Installation at sites #2 through #5. Contractor Installation Supervision at the sites #6 through #9. Installation complete 2 months from shipment.	Shipment from Contractor's premises of site equipment as per schedule agreed upon. Installation/supervision after CFE delivery at the site and CFE Installation/commissioning	RAN#	SHIP
				RAN 2 (Oct 2014)	77
				RAN 3 (Oct 2014)	77
				RAN 4 (Oct 2014)	77
				RAN 5 (Nov 2014)	78
				RAN 6 (Dec 2014)	79
				RAN 7 (Jan 2015)	80
				RAN 8 (Feb 2015)	81
				RAN 9 (Mar 2015)	82
14.	Training	Operator Training Course	Commencement of the operator training course (training the trainers).	EDC + 77 months (Oct 2014)	
15.	Training	Engineering and system Overview Training Course	Commencement of the engineering training course (training the trainers).	EDC + 77 months (Oct 2014)	
16.	Customer Acceptance Test	Site Acceptance Test Readiness Review (SATRR)	Review with the Customer of readiness to start SAT.	SAT - 1 week duration	
17.	Customer Acceptance Test	Site Acceptance Test (SAT) (First RAN)	Completion of the SAT in accordance with the approved SAT Plan and acceptance test procedures.	EDC + 77 months (2 weeks after Installation of first RAN) (Oct 2014)	
18.	Customer Acceptance Test	System Acceptance Test Readiness Review (SySAT RR)	Review with the Customer of readiness to start SySAT.	SySAT - 1 week duration	

Table 3-3. Program Milestones - RAN

No.	Phase	Milestone Activity	Purpose	Required Completion Date
19.	Provisional Acceptance (PA)	System Acceptance Test (SySAT)	Completion of the SySAT in accordance with the approved SySAT Plan and acceptance test procedures.	EDC + 78 months (Nov 2014)
20.	Secondary SAT	Site Acceptance of RANs #2-#9	Completion of the Secondary SAT in accordance with the approved plan and acceptance test procedures.	2 weeks after installation of equipment at the site
21.	Secondary OAT	Acceptance of RANs #2-#9	Completion of the Secondary OAT in accordance with the approved plan and acceptance test procedures.	RAN# RAN 2 80 (Jan 2015) RAN 3 80 (Jan 2015) RAN 4 80 (Jan 2015) RAN 5 81 (Feb 2015) RAN 6 82 (Mar 2015) RAN 7 83 (Apr 2015) RAN 8 84 (May 2015) RAN 9 85 (Jun 2015)
22.	Final Acceptance		Closing out of material punch list items created in PA	EDC+ 85 months (Jun 2015)

Table 3-4. Program Milestones – UTS/Evaluation Platforms

No.	Phase	Milestone Activity	Purpose	Required Completion Date
1.	Definition	Kick-Off Review (KOR)/Systems Requirements Review (SRR) Meeting	Finalization of outstanding contractual, managerial and technical issues with respect to the contract requirements.	Effective Date of Contract (EDC) + 2 months
2.	Design	Preliminary Design Review (PDR)	Preliminary review of the system design and test documents in accordance with the objectives and input documents listed in Table 3-1.	EDC + 9 months
3.	Design	Critical Design Review (CDR)	Detailed review with of the final system design as well as draft test plans, and other documents, in accordance with the objectives and input documents listed in Table 3-1.	EDC + 15 months
4.	First Tape Out	UTS Material Order and First Tape Out	Completion of Hardware long lead material order and First Tape Out	EDC + 24 months
5.	Prototype Chip to UT Vendor	Prototype Chip to UT Vendor	Ship prototype Chip to Customer's UT Vendor along with hardware from Evaluation Platform and diagnostic S/W.	EDC + 33 months
6.	Pre- production Chips to UT Vendor and Evaluation Platform and Diagnostic S/W	Deliver Pre- Production Chips and Evaluation Platform and diagnostic S/W.	Deliver Pre-Production Chips Evaluation Platform and diagnostic S/W.	EDC + 36 months
7.	Customer Acceptance Test	Factory Acceptance Test Readiness Review (FATRR)	Review of readiness to start factory acceptance testing.	UTSFAT – 1 week
8.	Customer Acceptance Test	UTS Factory Acceptance Test (UTSFAT) for the first Evaluation Platform	Completion of the UTSFAT in accordance with the approved UTSFAT Plan and acceptance test procedures. Review UTS Final Acceptance Test Plan	EDC + 77 months (aligns with RAN FAT) (Oct 2014)
9.	Customer Acceptance Test	UTS Final Acceptance	Completion of UTS Final Acceptance.	EDC + 78 months (aligns with RAN SySAT) (Nov 2014)

4. The Contractor shall define a suitable Work Breakdown Structure (WBS) and produce work package descriptions (WPD) for each WBS item.

5. The Contractor's WBS shall clearly identify the following key Work stages:

    a. System Design to Spec (Exhibits B1, B2, and B3): Encompasses systems analysis activities where the Contractor shall demonstrate correct interpretation and a thorough understanding of the requirements;

    b. Segment Design to Spec (Exhibits B1, B2, and B3): This shall encompass the production of a complete high-level design for the Work with respect to equipment and software.

    c. Subsystem Design to Spec (Exhibits B1, B2, and B3): The Contractor shall refine the segment design into low level subsystem and component designs.

    d. Implementation: The Contractor shall translate the design documentation into the actual equipment and software code.

    e. Site Acceptance Test: In which the Contractor shall ship, install, commission and test the RAN equipment at each site. The testing shall encompass the respective integration with the external system elements and facilities.

    f. Factory Acceptance Test: In which the Contractor shall demonstrate to the Customer representatives during the witnessing tests that the Work functionally performs in accordance with the agreed RAN FAT Test Plan. For the UTS equipment, this corresponds to laboratory testing conducted to achieve customer acceptance of the UTS.

    g. System Acceptance Test and Over the Air Test: In which the Contractor shall integrate the delivered site with the satellites and conduct end-to-end testing using the UTS Evaluation Platform and CFE Core Network.

    h. System Acceptance: In which the Contractor will hand-over operational responsibility of the Work to the Customer (i.e., system transfer), following successful system acceptance testing.

6. The WBS shall be used to plan and organize the work.

7. The WBS shall cover all project activities from contract commencement to the end of the warranty period.

8. The WBS and initial set of WPDs included in the draft PMP shall be agreed at the Project Kick-Off Review.

9. The Contractor should consider ways of overlapping various phases and tasks in order to best optimize resources to achieve the end service readiness date.

10. The schedule shall clearly identify the scope of design implementation/test work that has been assigned to any key subcontractor(s).

11. The Contractor shall be responsible for applying suitable subcontractor control to ensure that the work is conducted to the workmanship standard required.

12. The Customer will have the right to audit the work of the key subcontractors at the place where the work is being conducted.

13. The Contractor PM shall sign-off each WP as it is completed to indicate that the task(s) has been completed to the required standard.

14. The program schedule shall be developed and maintained using Microsoft Project 2000 and delivered to Customer during the Monthly Reviews.

15. The Contractor shall include a schedule showing work completed, work scheduled to be completed in the next month, changes to any contractual dates, and any other pertinent schedule related issues in the monthly progress report.

16. The Contractor shall provide the Customer with an electronic copy of the Monthly Report.

3.5 PROJECT TEAM

1. The Contractor shall assign a qualified program manager for the duration of this contract, specifically charged with the responsibility for all aspects of the Contract.

2. The Program Manager shall serve as the interface with the Customer on all contractual and management matters for the duration of the Contract and at least until the end of the warranty period.

3. The Contractor shall support open lines of communications to respective representatives from each party with respect to technical matters.

4. The Contractor shall confirm at the Kick-Off Review each key person considered to be required for the work and the role assigned.

5. The Contractor shall accept that the Customer has the right to comment on the team structure and individual staff members proposed. This right shall incorporate the ability to ask for team changes to be made - although implementation of requested changes will be at the discretion of the Contractor.

6. The Contractor shall maintain a resource profile plan throughout the Program showing the level and type of staff necessary to complete the work.

3.6 LOCATION OF THE WORK/RESIDENTS

1. The Contractor shall provide office accommodation where the design and implementation is being conducted.

2. This accommodation shall provide space for three Customer residents, one of whom can be located at the Evaluation Platform facility.

3. Office accommodation shall include reasonable use of facilities including international telephone/facsimile lines, desktop PCs with Internet connection, etc.

4. The Customer will be responsible for payment of all telephone and facsimile access charges incurred by the Customer Residents.

5. The Contractor shall also work with their key Subcontractors to accommodate Customer’s Residents and that they have these same rights.

3.7 CUSTOMER RIGHT OF ACCESS

1. The Customer will appoint a number of project coordinators who will work to monitor and facilitate the activities being undertaken on this contract.

2. The Contractor shall grant approval for the Customer project coordinators to visit the main work site provided that at least 2 working days notice of the visit is given by the Customer.

3. The Customer residents shall participate in weekly status meetings held by the Contractor's Program Manager. The Customer resident shall not participate in any discussions relevant to the Contractor's costs, personnel management, or other specific internal issues

4. The Customer shall be given access to technical managers to the Work on a reasonable basis to discuss technical issues. The Customer resident shall request this access through the Contractor's Program Manager or Contractor's personnel as designated by the Contractor's Program Manager, who shall also participate in these meetings.

5. Representatives of other companies contracted by the Customer shall have access to the relevant design reviews and relevant review material, subject to three-way NDAs.

6. The Customer Residents and visitors to Contractor facilities must comply with US export control laws. The Customer must provide notification of any visitors in advance of any visit. The Customer must provide the visitor name and nationality. Each visitor shall be screened by Contractor legal department.

4.0 QUALITY MANAGEMENT

4.1 PRODUCT ASSURANCE

1. The Contractor shall hold a currently valid ISO9001 (or suitable equivalent) accreditation to cover both the design and manufacturing activities.

2. The Contractor shall control and manage the Program in accordance with ISO 9001 requirements.

3. Customer shall be entitled, at its own cost and expense, to have an independent third party U.S. laboratory conduct periodic sampling of the UTS, at mutually agreeable time intervals during the manufacturing process, to test and certify the sample to be ROHS-compliant. Such test results and Certificate of Compliance shall be provided to Globalstar in a timely manner. The Contractor shall provide reasonable access and cooperation for such purposes.

4. A Product Assurance Plan (PAP) shall be issued to the Customer at the Kick-Off Review.

5. The Contractor shall nominate a suitable qualified team member to be fully responsible for overall Quality Product Assurance of the Work.

6. The Customer will have the right to audit Contractor work at any point in the Project, provided that at least two weeks notice is given to the Contractor PM.

7. The Contractor shall be fully responsible for the quality achieved and controls applied by any subcontractor parties used.

8. The Contractor shall have a mechanism for tracking corrective actions at all project phases.

9. A suitable tracking mechanism shall be used to map requirements to the Contractor definition, design and subsequent testing documentation.

10. This tracking mechanism shall be presented at the PDR.

4.2 CONFIGURATION MANAGEMENT

1. The Contractor shall maintain its own a system Configuration Management Process (CMP) outlining the controls that will be applied to:

    a. Documentation Configuration and Change Management
    b. Requirements Management
    c. Software Version and Release Control
    d. Firmware Version and Release Control
    e. Hardware Manufacturing
    This process is further described in para 4.2.1

2. The CMP shall be put in place by the project Kick-Off Review.

3. The Contractor shall nominate a team member to be responsible for overall configuration management throughout the project.

4.3 CONFIGURATION MANAGEMENT PROCESS (RENUMBER AS 4.2.1) 4.3.1 Documentation Management

4.3.1.1 DDL

The Contractor shall prepare, update and deliver all documentation as defined in the Deliverable Documentation List (DDL) set forth in Section 7.0 of this SOW.

4.3.1.2 Documentation Submission Criteria

Contractually deliverable documentation in DDL shall be submitted using one of the following criteria:

4.3.1.2.1 For Approval - Level A

This level shall include documentation that requires formal approval in writing from the Customer before its acceptance or intended use.

The Customer shall approve the document or ask for resubmission within ten (10) calendar days of its receipt at the Customer's main address.

If the document is approved, the Customer shall so notify the Contractor in writing.

If the document is not approved, the Customer shall notify the Contractor of those parts of the document that cannot be approved, together with the reasons and instructions concerning resubmission of the document. The document shall be resubmitted for approval within ten (10) calendar days from receipt of the Customer’s notification.

If the Contractor does not receive any notification within ten (10) calendar days from the Customer, the document shall be deemed to be approved by the Customer.

4.3.1.2.2 For Review - Level R

This level shall include documentation to be evaluated by the Customer prior to its intended use and distribution. The Customer shall respond to a document in the "for review" level within ten (10) calendar days of its receipt at the Customer’s main address (except for AIT procedures which are reviewed during the corresponding review).

Without notification by the Customer within the same period, the Contractor shall proceed to implement the document as planned.

4.3.1.2.3 For Information - Level I

Documents in this category shall be evaluated by the Customer to determine current program status, progress and future planning requirements.

4.3.1.3 Documentation Management

The Contractor shall establish, implement and maintain a Configuration and Documentation Management Plan to control the approval and issue of all documentation and data, according to the documentation submission criteria.

Revisions and resubmissions to any contractual document shall be subject to the same submission level.

4.3.2 Action Item Tracking

The Contractor shall establish and maintain an Action Item Record database of all action items raised during all meetings and Reviews with the Customer.

Reports from this database shall be submitted or made available as defined in CDRL.

4.3.3 Configuration/Change Management

The Contractor shall guarantee that all initial designs are provided in the as designed configuration and that the as built configuration is in accordance with the as designed configuration consistent with the Configuration Management Plan as implemented by the Configuration Control Board.

To achieve such a goal, the Contractor shall provide the following:

- ☐ Identify and update the configuration baseline (conditions for immediate revision release and frequency for periodic revision release shall be defined in the Configuration Management Plan).
- ☐ Identify and control all physical and functional interfaces.
- ☐ Assure that all delivered items (hardware and software) are identified, manufactured, inspected, tested and operated according to configured documents.
- ☐ Assure that all changes are documented, approved and implemented with full knowledge of the technical, cost and schedule impacts.
- ☐ Assure that the same rules are applied at Subcontractor’s level.

The Contractor shall use and propose a formal Configuration and Data Management Plan.

The Contractor shall establish and maintain a Change Control System for managing any change to the contractual requirements.

The features of the Change Control System shall be described by the Contractor in the Program Management Plan.

4.3.3.1 Waivers and Deviations

If the Contractor desires to depart from the requirements (Technical Exhibits of the Contract) for a specific item or a limited number of items (as required in the Contract), a Request for Deviation/Waiver (RFD/RFW) shall be submitted to the Customer.

When approved, the RFD/RFW shall become a Change. The Customer may require an offer of price reduction as consideration for approval of the RFD/RFW on a case-by-case basis if such a RFD/RFW causes a reduction in Contractor's costs.

4.3.3.1.1 Review and Approval for an RFD/RFW

The Customer shall notify the Contractor of its acceptance or rejection of the RFD/RFW Class I within fifteen (15) working days of its receipt. If the reason for the rejection is lack of adequate supporting documentation (or other evidence), the Contractor will be informed within 5 working days of receipt.

4.3.3.1.2 Recording and Tracking

The Change Control System shall include provisions for recording, tracking and reporting on status of Changes and RFD/RFW's.

5.0 RAN DELIVERY, INSTALLATION, AND INTEGRATION

5.1 SITE SURVEY

1. The Contractor shall conduct a survey of each site where equipment is to be installed.

2. The Contractor shall produce Site Survey Report for each site within two weeks of each site visit. The Site Survey Report is to identify areas of concern, the responsible party and date required for rectification.

3. The Contractor shall produce a Site Installation Document (SID) for each site based on the Site Survey Report and Facilities Requirement Specifications.

4. The Contractor shall submit each site SID to the Customer at least one week before the start of SAT. If the Contractor anticipates any upgrades to electrical or physical requirements to the site, the SID shall be submitted at least 3 months prior to start of SAT.

5. The SID shall identify the following:

   a. Physical layout and sizing of equipment
   b. Racking
   c. Power requirements
   d. Cooling requirements
   e. Communications interfaces
   f. Cabling and connector types

5.2 EQUIPMENT TRANSPORTATION AND SHIPMENT

1. The Contractor shall provide written notice of shipment at least 15 working days prior to shipment of equipment to each domestic site and 25 working days prior to shipment to any foreign site.

2. The Contractor shall confirm shipment arrangements with the Customer prior to shipment.

3. The ten (10) sites, as given paragraph 2.3, shall be delivered in accordance with INCOTERMS 2000 as follows (Ex-Works Germantown, Maryland, USA).

4. The Customer will be responsible for shipping the equipment to the site, and to clear customs and pay duties and taxes to clear the equipment, if necessary.

5. The Customer shall be responsible for the safe transportation and delivery of equipment, materials, tools, etc., from Customs to each designated site.

6. The Contractor shall inspect the delivered hardware and complete an inventory upon arrival at each Contractor Installed site. The Customer shall inspect the delivered hardware and complete an inventory upon arrival at each Customer installed site.

7. The Contractor shall ensure equipment shall be suitably protected to ensure safe delivery the port of entry.

8. The Customer will ensure equipment shall be suitably protected to ensure safe delivery to each site when released from Customs.

9. The Contractor shall submit the following shipment details prior to each shipment:

   a. Inventory of equipment being transported (Crate List and Packing List)
   b. Commercial Invoice

5.3 SITE INSTALLATION AND COMMISSIONING

1. The Contractor shall provide suitably qualified personnel and relevant installation procedures, instructions, drawings, etc., as required to install and commission equipment at the the Milpitas RAN Test Bed and RAN#1 through RAN#5.

2. The Contractor shall provide onsite Installation Supervisor and relevant procedures, instructions, drawings, etc., as required for Customer's installers to install and commission equipment at sites #6 to #9.

3. The Customer will have the right to monitor the work of the Contractor at each site, or to appoint third parties to do so.

4. The Contractor shall install and commission the delivered equipment at the Milpitas RAN Test Bed and RAN#1 through RAN#5, and shall provide installation supervision support for sites #6 to #9 in accordance with Installation and Commissioning Manuals. Equipment shall be commissioned prior to execution of the Site Acceptance Test (SAT).

5. The Contractor shall conduct the Site Acceptance Test (SAT) at the site(s) where the Contractor performs the installation and commissioning in accordance with the agreed SAT Plan and Procedures. The Customer shall conduct SAT at the site(s) where the Customer performs the installation and commissioning.

6. The Customer shall be responsible for provision of CFE test equipment in support of installation, commissioning, and testing of the Contractor deliverables in the field. The required test equipment shall be detailed in the Dependencies Document. The Customer will provide Satellite Simulators for Contractor use in the Contractor test facility.

6.0 VERIFICATION TEST MANAGEMENT

6.1 GENERAL

Test Campaigns

1. The Contractor shall conduct a series of acceptance test campaigns that collectively demonstrate compliance with contract requirements.

2. The Contractor shall deliver an Overall System Test Plan and Test Procedures documents consistent with Section 7 that defines the overall test approach, the flow of test campaigns and their objectives and scope, and associated documentation.

3. For the first RAN (First Article) the following customer witnessed acceptance test campaigns shall be conducted:

   a. Factory Acceptance Test (FAT)
   b. Site Acceptance Test (SAT)

   c. System Acceptance Test (SYSAT)

4. For RAN#2 - #5, the Contractor shall execute the field test campaigns including SAT and OAT. For RANs #6 - #9 the Customer shall execute the field test campaigns (including SAT and OAT) under supervision by the Contractor.

5. For the UTS, the following customer witness acceptance test campaigns shall be conducted:

   a. UTS Factory Acceptance Test (UTSFAT)
   b. UTS Final Acceptance

6. The Contractor shall deliver a Verification Cross Reference Matrix (VCRM) consistent with Section 7, defining the mapping of contract requirements to acceptance test campaigns.

7. The VCRM shall define the verification methodologies to be employed for each requirement.

   Inspection – a requirement is verified or partially verified by visual inspection, for example, inspection of an agency certificate, or counting of delivered equipment quantities.

   Analysis – a requirement is verified by analysis of underlying data, possibly measured data from a Test or other sources, for example, a RAN hardware availability model.

   Test – a requirement is verified by execution of a test that shows measured performance per specification, or demonstrates functionality per specification.

8. In some cases the VCRM shall indicate multiple methodologies to verify a requirement, for example, a Test to measure performance at a RAN component or subsystem level, with analysis to combine or extrapolate that result with other measurements to show compliance with a higher level specification.

9. The Customer shall have the right to approve or request reasonable amendments to the VCRM.

10. Acceptance test campaigns and the VCRM shall be focused on verification of requirements rather than on the consequent system or subsystem designs.

11. Wherever possible, each requirement shall be tested only during one test campaign (FAT, SAT or SySAT), however, RAN Site Acceptance Test shall be executed at each site.

Test Plans and Approval

12. The Contractor shall deliver Test Plans for each acceptance test campaign, consistent with Section 7 and the agreed VCRM.

13. Each Test Plan shall define the mapping of requirements to test cases for those requirements allocated to that test campaign by the VCRM.

14. Each Test Plan shall outline the constituent test cases at a high level including test objective and scope, high level test configuration, general procedure, and expected outcome.

15. The Customer shall have the right to approve or request reasonable amendments to Test Plans.

16. The Contractor shall deliver Test Procedures for each test campaign, consistent with Section 7 and the agreed Test Plans.

17. Each Test Procedure shall repeat the test objective and outcome from the Test Plan, and shall define specific necessary preconditions, test configuration and test steps consistent with that objective, and the expected results that show that outcome.

18. The Contractor shall ensure that Test Procedures are sufficiently detailed such that it will be possible to re-run previously completed acceptance tests.

19. In case of a requirement to be verified by Inspection or Analysis, a Test Plan and Test Procedure shall be provided to indicate the inspection or analysis to be completed and approved.

20. Where feasible in case of a requirement to be verified by Inspection or Analysis for which verification involves Customer review of detailed documents, the Contractor shall provide such documentation at least two weeks prior to the test campaign execution start milestone (e.g., two weeks before start of RAN FAT).

21. The Customer shall have the right to approve or request reasonable amendments to Test Procedures.

Test Execution, Witness and Approval

22. The Contractor shall conduct a Readiness Review prior to test execution to confirm that the necessary preconditions are satisfied.

23. The Customer shall have the right to attend (by teleconference if appropriate) each Readiness Review and approve the start of the test campaign test execution.

24. The Contractor shall deliver a Readiness Report per Section 7 to record the results of the Readiness Review.

25. The Contractor shall conduct testing in accordance with agreed Test Plans and Test Procedures for each acceptance test campaign.

26. The Customer shall have the right to witness test execution for each campaign or at its sole discretion may waive its right to witness given tests.

27. The Contractor and Customer witness (unless waived) shall meet at the start of each day of testing to review planned activities, and shall meet at the end of each day of testing to review test results and summary of anomalies.

28. The Contractor shall provide all instruments, tools, manpower and services necessary to execute Test Procedures except as identified as Customer obligation (for RAN#6through RAN#9, the Contractor shall provide on-site supervision, while the Customer shall provide all instruments, tools, manpower and services necessary to execute Test Procedures).

29. The Contractor shall generate a Test Data Sheet during execution of each Test Procedure, verifying the results of each step, recording measured data as indicated, recording all anomalies whether related to the test or incidental to the test (e.g., an unrelated alarm during a traffic test), and assigning a Test Result.

30. In event that minor errors are found in a Test Procedure during execution, the Test Procedure shall be marked up with corrections and such corrections initialed by Contractor Test Manager and Customer witness (unless waived), the correction will be noted in the Test Data Sheet, and such errors shall not prevent continuation or passing of the test.

31. The Contractor Test Manager and Customer shall agree on the Test Result for each Test Procedure.

32. A Test Procedure shall be assigned a Test Result of Pass, Pass with Exception, or Fail, as follows: Pass – the objective of the test is fully met with no related anomalies.

    Pass with Exception – the primary objective of the test is met with related anomaly observed that will require further investigation or correction.

    Fail – the primary objective of the test is not met.

33. A Test Procedure shall not Fail in case of an incidental problem, nevertheless the test campaign might be deemed to fail if the problem is sufficiently critical even if all Test Procedures pass.

34. The Customer shall empower one witness with authority to agree the result of each Test Procedure as it is conducted.

35. The Contractor Test Manager and nominated Customer witness shall initial each Test Data Sheet upon completion of the applicable Test Procedure to confirm its accuracy and result.

36. In the event that analysis of collected data or some observation is required to assign a Test Result, assignment of the Test Result shall be deferred until such analysis is complete to Customer satisfaction.

37. In event of incidental anomaly, the nominated Customer witness shall have authority to instruct that a Test Procedure be repeated to confirm the anomaly is unrelated.

38. Incidental anomalies that occur between tests (for example, over night) shall have the same weight as anomalies detected during test execution, except they shall not apply to a particular test.

39. The nominated Customer witness shall have authority to suspend test execution in event of excessive failures or a blocking problem.

40. Customer waiving of rights to witness a given test shall not reduce the Customer rights to review and approve all Test Results.

Test Campaign Results and Rerun

41. The Contractor and Customer shall mutually agree the assignment of problems to the following categories (this listing is intended to be representative rather than comprehensive):

    a. Category I – Non-compliance that would prevent service operation including:

        i. System outage including crash or failure of automatic redundancy mechanisms.

        ii. Pervasive or extended (i.e., not momentary) service unavailability or degradation.

        iii. Sustained loss of operations visibility or control.

        iv. Poor user perception of performance due to specification non-compliance.

        v. Missing site deliverables including spares.

        vi. Missing key power and link parameters.

        vii. Inability to track and maintain service using the constellation per GOCC instructions.

    b. Category II – Non-compliance that does not prevent service operation including:

        i. Non-critical requirement non-compliance

        ii. Problem that is infrequent and automatically recovered, and is not perceptible by users or provides a minor inconvenience.

        iii. Problem that occurs rarely and can be quickly recovered by operator, and is not perceptible by users or provides a minor inconvenience.

    c. Category III – Other anomalies including:

        i. Problem that is not reproducible.

ii. Problem that can be overcome by configuration change and not requiring implementation change.

iii. Problem that is not related to and does not affect a system requirement.

iv. Problem can be overcome with a procedural change.

v. Problem that is cosmetic in nature.

42. Upon completion or suspension the test execution, the Contractor and Customer shall mutually agree the overall result of the acceptance test campaign:

Pass – all tests were completed with no Category I problems (whether related or incidental to the testing).

Fail – testing was suspended or exposed Category I problems.

43. In case of Fail, the Contractor shall correct all Category I problems, shall correct or provide a resolution plan for all Category II problems, and shall rerun the applicable tests as well as any other tests that might be affected by the specific corrections applied in order to pass the milestone and proceed to the next phase.

44. The Customer shall have the right to review and approve the set of tests to be rerun, and shall retain the same rights to witness, review and approve rerun test results as for the first run.

Test Reports

45. The Contractor shall deliver Test Reports for each test campaign, consistent with Section 7.

46. Test Reports shall for each Test Procedure include the initialed Test Data Sheet, initialed marked up Test Procedures, referenced analyses in case of a requirement verified by Analysis, results of any investigative analyses in case of a requirement verified by Test.

47. Test Reports shall provide a consolidated list of problem reports, including both related and incidental anomalies, and resolution plan for each anomaly.

6.2 FIRST ARTICLE FACTORY ACCEPTANCE TEST (FAT)

Test Campaign Purpose

48. The purpose of FAT shall be to provide a type verification of implementation requirements that will be representative of all sites such that those requirements need not be verified at each RAN site, or to enable such on-site verification to emphasize site deliverables, site integration, and site operation with other production systems such as the constellation, core network, and terminals.

49. All requirements that require special controlled test conditions or equipment not available at the deployed sites, or that require a combination of analyses and test data, shall be allocated to the FAT campaign by the VCRM.

50. Functional requirements and error scenario requirements that do not vary from site to site shall be allocated to the FAT campaign by the VCRM.

51. Underpinning requirements that enable service shall be verified at FAT; however, the end-to-end service requirements shall be allocated to SYSAT.

Test Location and Duration

52. The FAT shall be conducted at the Contractor facility in Maryland.

53. Certain bench level tests (such as modem performance) requiring extended collection and analysis of data shall be performed prior to FAT execution and results of such analysis provided for FAT - the Customer shall have the same right of review and approval of bench level tests as for other tests.

54. The FAT shall be planned for two weeks duration including stability test and exclusive of any preceding bench level tests.

Test Configuration

55. The Contractor shall conduct RAN FAT using representative configurations that permit the test objective to be met.

56. The following test equipment shall be used during FAT:

Deliverable RAN configuration, either site 2 or site 3 RAN equipment to be agreed, other than for outside agency testing, bench level testing, or testing at a subsystem level that would require dismantling of such configuration

Customer-furnished core network equipment or access via VPN to core network equipment not located at Contractor's site, compliant with the RAN-CN ICD (Customer responsible for ensuring configuration, reliability and operation of such equipment)—note that connectivity of this equipment to public networks is CFE.

Customer-furnished satellite simulator to provide UT access through simulated RFT inputs to the RAN with representative delay and doppler, with scripts to simulate representative constellation operation, capable for extended operation during extended stability testing, compliant with applicable parts of the RAN-RFT ICD, and capable of supporting GW-GW handover testing.

Customer-furnished GOCC file feed consistent with satellite simulator operation, representative of the actual field GOCC operation, and compliant with the RAN-GOCC ICD.

Prototype or Evaluation Platform UTS equipment as appropriate, with necessary Contractor-furnished RTDM scripts to exercise RAN functionality—note that it is not an objective of these scripts or test campaign to test the Core Network equipment. The simulated location of UTS equipment shall be fixed at some position (this is not an aeronautical simulator). UTS equipment will employ canned scripts for traffic—no voice coder will be provided.

Contractor furnished LAN signaling generator to allow loading of signaling handling capacity of an RNC thread above the modem level.

Subset of RAN equipment to enable GW-GW handover testing at a radio level—such factory testing shall not necessarily model a second RAN all the way to the Core Network.

Contractor furnished commercial SNMP manager to exercise external SNMP interface.

Contractor furnished off-the-shelf test tools such as spectrum and protocol analyzers, calibrated as applicable.

Specific Test Methodology Items

57. FAT shall include a RAN stability test of 72 hours duration, and including continuous operation with the GOCC interface, satellite constellation interface, core network interface, bidirectional traffic exchange with small quantity of UTS equipment, and background signaling load exchange with a LAN signaling generator.

58. Capacity testing shall be conducted on a thread basis and extrapolated to like threads. A LAN signaling generator shall be used to verify certain capacities including sessions per second and total sessions (e.g., handover rates).

59. Automatic redundancy tests shall be conducted in presence of UTS traffic.

60. Environmental tests and interface compliance verification shall rely on vendor data and past results where available.

61. Bench level or other special test configurations shall be employed as necessary for modem performance tests, high penetration alerting performance tests, diversity tests, and latency and jitter tests.

62. FAT shall test limited expansion scenarios (e.g., addition of traffic capacity at a minimal step).

63. All Quality of Service handling requirements shall be assigned and tested at FAT.

6.3 RAN SITE ACCEPTANCE TESTING (SAT)

Test Campaign Purpose

64. The purpose of SAT shall be to verify that the contracted equipment has been delivered and integrated and is ready for over-air testing at each given site.

Test Location and Duration

65. SAT shall be conducted standalone at each RAN site, without satellite and UTS access or simulation.

66. SAT shall be planned for 3 days duration.

67. The Customer shall ensure 24 hour daily Contractor access to the site during SAT, subject to the conditions for access as given in section 8.1.

Test Configuration

68. The following equipment shall be used for SAT at each site: Deliverable RAN including deliverable site spares.

    Customer-furnished core network equipment compliant with the RAN-CN ICD. The Customer shall be responsible to ensure the configuration, reliability and operation of such equipment during SAT. The Customer shall be responsible for connectivity to and integration with public networks as applicable.

    Customer-furnished RFTs compliant with the RAN-RFT ICD.

    Customer-furnished GOCC compliant with the RAN-GOCC ICD.

    Customer-furnished external SNMP manager.

    Customer furnished web browser client to connect with Element Manager Server in the RAN.

    Customer-furnished facilities including all utility service.

Specific Test Methodology Items

69. SAT shall include a RAN stability test of 48 hours duration with connectivity to the Core Network (standard idle signaling), GOCC (constellation configuration file feed as per operation), SNMP (MIB access), and RFT interfaces (connectivity only, no radio channels transmitted or received).

70. SAT shall verify all deliverable quantities by Inspection including spares.

71. RAN startup and configuration shall be tested during SAT.

72. Fault management not dependent on traffic shall be tested during FAT, including exercise of redundancy scenarios and trap forwarding to an external SNMP manager.

6.4 RAN OVER AIR TEST (OAT)

Test Campaign Purpose

73. The Contractor shall conduct a RAN First Over-Air integration Test at the first RAN site following SAT and before SYSAT.

74. The purpose of OAT shall be to integrate and exercise the system so as to be ready for SYSAT.

Test Location and Duration

75. The First RAN OAT shall be a Contractor internal (i.e., non-acceptance) campaign and the Customer shall have the right to witness the testing and review results without interfering.

76. For RAN#2 - #5, a Secondary OAT performed by the Contractor, witnessed by the Customer, shall be conducted to complete the acceptance of each RAN # 2 - #5. For RANs #6 - #9 a Secondary OAT performed by the Customer, under the supervision of the Contractor, shall be conducted to complete the acceptance of each RAN #6 - #9.

77. The Contractor shall deliver necessary test plans and procedures from the RAN First OAT to enable the Customer to execute that integration testing at the other sites.

78. The Customer shall ensure 24x7 Contractor access to the RAN site during the RAN First OAT, subject to the conditions for access as given in section 8.1.

79. The duration of OAT shall be determined after integration planning, but is anticipated to take a number of weeks.

Test Configuration

80. OAT shall integrate the following equipment:

    a. Deliverable RAN.

    b. Customer furnished Core Network equipment (Customer responsible for ensuring configuration, reliability and operation of such equipment, for connectivity to and integration with terrestrial networks, and for any terrestrial network usage tarrifs during OAT)

    c. Customer furnished RFTs.

    d. Customer furnished satellite constellation.

    e. Customer furnished GOCC and GOCC connectivity, also including feed of satellite constellation information and service area definitions

    Test user terminal equipment.

6.5 SYSTEM ACCEPTANCE TESTS (SYSAT)

Test Campaign Purpose

81. The purpose of SYSAT shall be to verify end-to-end contract requirements using the integrated system to be placed into production and test terminals.

82. SYSAT shall demonstrate end-to-end traffic scenarios, service continuity under constellation operation, and operations scenarios.

Test Location and Duration

83. The Contractor shall conduct the SYSAT at one RAN site that has completed SAT.

84. The Contractor shall conduct the SYSAT using appropriate furnished test UT equipment at four locations within the service area of the selected RAN, one of those locations being the RAN site, and the other three being readily accessible locations with local amenities available.

85. The SYSAT shall be planned for one week duration including stability test.

86. The Customer shall ensure 24 hour daily Contractor access to the RAN site during SYSAT, subject to the conditions for access as given in section 8.1..

Test Configuration

87. The following equipment shall be used for SYSAT: Delivered RAN that has completed SAT

    Integrated Customer furnished site equipment including facility, RFTs, Core Network equipment with terrestrial connectivity, and connectivity to the GOCC. The Customer shall be responsible for any terrestrial network usage tarrifs during SYSAT.

    Customer furnished GOCC providing configuration feed matching constellation operation, and configuration of service areas.

    Appropriate test UT equipment

    Customer-furnished access to and operation of equipment necessary for E.911 and legal interception testing.

Specific Test Methodology Notes

88. SYSAT shall include a system reliability test of at least 72 hours duration including traffic flow from UT test equipment to core network through the RAN and over the satellite constellation, but shall not include system load testing beyond the capabilities of the given UTs to load channels.

89. Other non-disruptive SYSAT tests shall be conducted concurrent with the system reliability test, including traffic and operations scenarios.

90. SYSAT shall include tests of RAN automatic fault detection and redundancy in presence of ongoing traffic.

91. The RAN and UTS shall enable SYSAT to be conducted one site at a time without interfering with service of production UTs operating through other already commissioned sites.

92. Demonstration of applications in SYSAT shall be constrained to capabilities of the test UT equipment and Core Network equipment (e.g., push-to-talk might not be provided as an application, 1Mbps forward operation would be tested only in case a 1Mbps capable terminal is provided).

93. Quality of service tests shall be conducted at a functional (i.e., non-parametric) level during SYSAT.

94. Although SYSAT shall be conducted using the integrated system, the Contractor shall only be responsible for the integration, performance and operation of Contractor deliverables during this test campaign.

6.6 CUSTOMER WITNESS UTS TESTING CAMPAIGNS

6.6.1 UTS Factory Acceptance Test (UTSFAT)

1. The Contractor shall produce a UTSFAT Plan and Procedures and deliver to the Customer as per **Table 7-2**.

2. The Contractor shall perform the UTSFAT at Contractor facilities. UTSFAT is intended to validate the Satellite Air Interface Chip and the RTDM Test Tool deliverables. The Evaluation Platform is a tool by which these validations can be performed.

3. The Contractor shall conduct the UTSFAT using representative configurations that permit the test objective to be met.

4. The UTSFAT shall verify requirements that are allocated to UTSFAT in the VCRM.

5. The Customer will nominate one member within the witnessing party to have final responsibility for determining whether the tested UTS has completed UTSFAT in accordance with the criteria defined by this SOW.

6. The Customer representative will have the authority to either instruct that a test be repeated or fail the UTSFAT in the case of failures. Customer and Contractor shall work together to determine which failures require a retest and which failures do not on a case-by-case basis.

7. The Contractor shall deliver a final UTSFAT Test Report to the Customer within three weeks of UTSFAT completion.

6.6.2 UTS Acceptance (UTSA)

1. The Contractor shall produce a UTS Acceptance Plan and Procedures and deliver to the Customer as per **Table 7-2**.

2. The Contractor shall perform the UTS Acceptance at the RAN SySAT site. UTS Acceptance is intended to validate the Satellite Air Interface Chip and the RTDM Test Tool deliverables. The Evaluation Platform is a tool by which these validations can be performed.

3. The UTS Acceptance shall verify requirements that are allocated to UTS Acceptance in the VCRM.

4. The Customer will nominate one member within the witnessing party to have final responsibility for determining whether the tested system has completed UTS Acceptance in accordance with the criteria defined by this SOW.

5. The Customer representative will have the authority to either instruct that a test be repeated or fail the UTS Acceptance in the case of failures. Customer and Contractor shall work together to determine which failures require a retest and which failures do not on a case-by-case basis.

6. The Contractor shall deliver a final UTS Acceptance Test Report to the Customer within three weeks of UTS Acceptance completion.

6.7 UTS INTERNAL TESTING CAMPAIGNS

6.7.1 UTS System Validation Testing (SVT)

1. The Contractor shall be responsible for developing a test campaign aimed at verifying correct operation of the UTS equipment. UTS SVT is intended to validate the Satellite Air Interface Chip and the RTDM Test Tool deliverables. The Evaluation Platform is a tool by which these validations can be performed.

2. This testing shall be conducted in-house using test equipment that is the responsibility of the Contractor. Components of the RAN can be used as part of the test equipment.

3. UTS SVT shall be a Contractor internal campaign and the Customer has the right to witness and review results without interfering.

7.0 DELIVERABLE DOCUMENTATION

1. The Contractor shall deliver all documentation listed in **Table 7-1** and **Table 7-2**.

2. The Contractor shall deliver one electronic version of each document, delivered via E-mail, ftp, or CD ROM, as appropriate. The PO is responsible for the identification, scheduling, control, preparation, reproduction, inspection, and delivery of documents.

3. Customer has 15 working days to review and comment on the documents. Contractor shall review and respond to Customer's comments on the documents in 10 working days.

4. The Contractor shall deliver documentation to Customer at Offices in Milpitas, California.

5. The Contractor delivered documents shall be written in English.

Table 7-1. Deliverable Documentation

No.	Contractor Document	Comments	Delivery Schedule Draft 1	Delivery Schedule Draft 2	Delivery Schedule Final
1.	Program Management Plan (PMP)	Incorporates Overall Project Schedule (may be separated for each phase)	N/A	N/A	KO review
2.	Product Assurance Plan (PAP)	Incorporates the overall quality assurance procedures (may be separated for each phase). Contains process descriptions of the Hardware Design Plan and Software Design Plan	N/A	N/A	KO review
3.	Warranty and Maintenance Plan	Maintenance plan for the equipment and network (may be separated for each phase)	Second Draft at CDR	N/A	2 weeks after SySAT (if changed)
4.	Monthly Progress Report	Statement of project progress.	N/A	N/A	Monthly
5.	Milestone Review Meeting Minutes	Records the points raised at the review meeting	N/A	N/A	5 days after each meeting
6.	Overall System Test Plan	Details the overall test approach, phases, segment acceptance test plans and the requirements mapping to the acceptance test plans.	2 weeks prior to PDR	To weeks prior to CDR	Two weeks after CDR (if changed)
7.	VCRM	Allocation of requirements to test phases	2 weeks prior to PDR	2 weeks prior to CDR	EDC+23 months
8.	External Interface Control Document (ICD)	Interface definition between Work subsystems and CFE.	2 weeks prior to PDR	2 weeks prior to CDR	2 weeks after CDR (if changed)

Table 7-1. Deliverable Documentation

No.	Contractor Document	Comments	Delivery Schedule Draft 1	Delivery Schedule Draft 2	Delivery Schedule Final
9.	Facilities Requirement Specification(s)	Outlines the infrastructure required for delivery of equipment into the site.	EDC + 3 months	2 weeks prior to PDR	After Final Site Survey is complete + 4 weeks (EDC+31 months)
10.	System Design Document	System design documents	2 weeks prior to PDR	2 weeks prior to CDR	2 weeks after CDR (if changed)
11.	RAN Segment Design Document	Segment Design Document	2 weeks prior to PDR	2 weeks prior to CDR	2 weeks after CDR (if changed)
12.	RAN Dependencies Document	Defines the Contractor's Dependencies on the Customer with required availability dates	KOR (and released monthly thereafter)	Major Review at PDR	Major Review at CDR
13.	RAN Factory Acceptance Test Plan	This document is equivalent to the Customer defined First Article/Design Verification Test Procedure (DVTP), per RFP document GS-071199, Section 3.4.1	2 weeks prior to CDR	N/A	1 month prior to RAN FAT (if changed)
14.	Site Acceptance Test Plan	Defines the overall approach the Contractor shall take to the SAT for all sites	2 weeks prior to CDR	N/A	1 month prior to SAT (If changed)
15.	RAN Factory Acceptance Test Procedures	Defines the overall approach the Contractor shall take to the FAT test for all sites	2 months prior to RAN FAT	2 weeks prior to RAN FAT Readiness Review	Prior to RAN FAT (if changed)
16.	Site Acceptance Test Procedures	Details the procedures that shall be executed during the SAT	2 months prior to SAT	2 weeks prior to SAT Readiness Review	Prior to SAT (if changed)
17.	Training Materials	Instructions of the scope of the training to be given to operations staff for all RAN subsystems	1 month prior to delivery of course	N/A	1 week prior to delivery of course (if changed)
18.	Site Installation Document	Details the installation and configuration details for each site	N/A	SAT Readiness Review	1 week after SAT Readiness Review (if changed)

Table 7-1. Deliverable Documentation

No.	Contractor Document	Comments	Delivery Schedule Draft 1	Draft 2	Final
19.	RAN FAT Readiness Report	Details the results of the RAN FAT Readiness Review.	N/A	RAN FAT Readiness Review	1 week after RAN FAT Readiness Review (if changed)
20.	SAT Readiness Report	Details the results of the SAT Readiness Review.	N/A	SAT Readiness Review	1 week after SAT Readiness Review (if changed)
21.	RAN FAT Test Report	Details the results of FAT and the outstanding FAT specific punch list/agreed closure plans	N/A	N/A	3 weeks after RAN FAT
22.	SAT Test Report (including site configuration report)	Details the results of SAT and the outstanding SAT specific punch list/agreed closure plans. A SAT Report shall be written for each site.	N/A	N/A	3 weeks after SAT
23.	Install and Maintenance Manual(s), including "AS BUILT" documents specific to each site	Installation and maintenance procedures and instructions	2 weeks prior to SAT	N/A	2 weeks after SAT (if changed)
24.	Operator Manual(s)	Operating and user instructions for the Work Subsystems	2 weeks prior to SySAT	N/A	2 week after SySAT (if changed)
25.	Site Survey Report	Results of Contractor review the site facility	N/A	N/A	2 weeks after site survey
26.	Annual Warranty Report	Summary of warranty activities and services provided over the last 12 month period	N/A	N/A	End of 12 month Warranty period
27.	System Acceptance Test Plan	System acceptance test plan	2 weeks prior to CDR	N/A	1 month prior to SySAT (if changed)
28.	System Acceptance Test Procedures	System acceptance test procedures	2 months prior to SySAT	2 weeks prior to SySAT	Prior to SySAT (if changed)
29.	System Acceptance Readiness Report	System Acceptance Test Readiness Report	N/A	N/A	1 week after SySAT Readiness Review (if changed)
30.	SySAT Test Report	Results of the system acceptance testing.	N/A	N/A	3 weeks after SySAT

Globalstar RAN & UTS Exhibit A - SOW
H36750 (01/13)

Table 7-1. Deliverable Documentation

No.	Contractor Document	Comments	Delivery Schedule Draft 1	Draft 2	Final
31.	Secondary SAT Plan and Procedures	SAT Plan and Procedures for RANs #2 - #9	2 weeks prior to Secondary SAT	N/A	Prior to Secondary SAT (if changed)
32.	Secondary SAT Test Report	Details the results of the Secondary SAT (for Sites # 2 - #9).	N/A	N/A	3 weeks after Secondary SAT
33.	Secondary OAT Plan and Procedures	OAT Plan and Procedures for RANs #2 - #9	1 month prior to Secondary OAT	N/A	Prior to Secondary OAT (if changed)
34.	Secondary OAT Test Report	Details the results of Secondary OAT and the outstanding OAT specific punch list/agreed closure plans.	N/A	N/A	3 weeks after Secondary OAT
35	Software Design	Contractor shall provide their software	N/A	N/A	2 months after

Qualification Plan	design qualification plan	CDR

Table 7-2. UTS Specific Deliverable Documentation

No.	Contractor Document	Comments	Delivery Schedule Draft 1	Draft 2	Final
1.	UTS Requirements Spreadsheet/Datab ase	Include traceability to Contract Requirements	2 weeks prior to PDR	N/A	4 weeks after CDR
2.	UTS High Level Design and Interface Control Documents	To define the high level design of all subsystems within the UTS and define the external interfaces	2 weeks prior to PDR [Bob to check dates—ok ?]	2 weeks prior to CDR	4 weeks after CDR
3.	RTDM User's Guide	User's guide	PDR	CDR	UTSFA
4.	UTS Comprehensive Test Plan	Describes all test phases for the UTS equipment.	2 weeks prior to PDR	N/A	4 weeks after to PDR
5.	UTS Factory Acceptance Test Plan and Procedures	Plan for the UTS Factory Acceptance Test (UTSFAT)	2 weeks prior to CDR	N/A	4 weeks prior to UTSFAT
6.	UTS Factory Acceptance Test Results	Results for UTSFAT	N/A	N/A	2 weeks after UTSFAT
7.	UTS Final Acceptance Plan and Procedures	Plan for the UTS Factory Acceptance (UTSFA)	2 weeks prior to CDR	N/A	2 weeks prior to UTSFA
8.	UTS Final Acceptance Results	Report showing how all contractual requirements are retired	N/A	N/A	2 weeks after UTSFA
9.	UTS External Requirements document	To be mutually generated and agreed to by contractor and customer. This includes the NAS-AS ICD.	KOR	2 months after KOR	2 weeks after PDR
10.	RTDM to UT ICD	Defines messages from RTDM to/from a third- party UT.	2 weeks before PDR	2 weeks after PDR	CDR

Table 7-2. UTS Specific Deliverable Documentation

8.0 CUSTOMER RESPONSIBILITIES

8.1 SITE FACILITIES

1. The Customer will be responsible for provisioning of the site facilities covering the following:

   a. Equipment Room layout drawings (the Contractor shall use these to develop Site Installation Documents)

   b. All civil works including communications building, shelter foundations

   c. Cable trays to CFE equipment connections

   d. Signal and safety grounding system in all facilities at less than 5 ohms to ground

   e. All fees and taxes associated with site construction

   f. Confirmation of prime power availability prior to beneficial occupancy

   g. Utility power availability at start of equipment installation

   h. Facility heating, cooling, and air filtering

   i. Access road to site for vehicles and trucks

   j. Site security

   k. Site access twenty-four (24) hours per day, seven (7) days per week upon Contractor's request made to Globalstar's PM at least 24 hours in advance. Access will be permitted provided that the Contractor adheres to the normal access restrictions required by the Customer Security Office and all Government and local authority regulations are followed.

   l. Sanitary facilities at the start of equipment installation

   m. Trash removal service

   n. Telephone ,facsimile facilities (local and international access) and internet access available at the start of and during hardware installation

   o. Site cleanup after installation

   p. Supply and install fire suppression equipment and systems

q. Supply and install UPS power equipment including generators, batteries, inverters, controls, monitors, distribution panels, circuit breakers, and cables per Contractor performance specifications

r. Customer shall be responsible for the provision of all interconnection links between the sites.

s. Customer shall be responsible for provision of onsite offices, electrical power, telephone, and data communication facilities for Contractor reasonable use at each and every site.

t. Uninterruptible -48 VDC and 120 VAC 60 Hz power.

8.2 EXTERNAL CONNECTIVITY

1. The Customer will be responsible for provision and maintenance of operational Internet Services interconnections and interfaces to the Contractor deliverables as required.

2. The Customer will make interfaces available to the Contractor two weeks in advance of SAT.

3. The Customer will ensure interfaces are compliant with Contractor requirements and are fully serviceable and operational. The Contractor shall not be responsible for program delays associated with lack or loss of any interface during the execution of the program.

4. All inter-site (GDN) connection facilities, including onsite routers, cabling, and data transport as required.

8.3 CFE MANAGEMENT

1. The Customer will be responsible for CFE vendor management.

2. The Customer will ensure CFE vendors provide support for the duration of the Work.

3. Contractor shall request in writing to the Customer seeking permission to use customer's CFE third party Intellectual Property (IP) Rights that are deemed necessary for the Work system by the Contractor. Such requests must be made 90 days in advance and may or may not be granted. Customer shall indemnify Contractor against any claims by these IP license holders for use of this IP in the Work system.

4. The Customer will lead any necessary meetings between Contractor and CFE vendor ensuring CFE vendor delivers support and input required to configure and test the Work per the schedule detailed in Section 3.

5. The Customer will be solely responsible for any costs associated with any applicable import taxes, duties and customs that may be required to import equipment into each country. The Contractor shall be responsible for any Contractor owned equipment importation whether on a permanent or temporary basis.

8.4 INTEGRATION AND TEST SUPPORT

1. The Customer shall be responsible for provision of test equipment excluding contractor supplied unique test equipment that are not part of the Work deliverables in support of installation, commissioning, and testing of the Contractor deliverables in the field. The required test equipment will be detailed in the Dependencies Document. The Customer will provide Satellite Simulators for Contractor use in the Contractor test facility

2. The Customer will be responsible for provision of suitably qualified personnel to witness test campaigns at the Milpitas RAN Test Bed and RAN #1 through #5 sites. Test campaigns shall not be delayed if Customer personnel are not available at the these sites. If a test campaign cannot be witnessed by Customer personnel at these sites, Contractor shall continue to execute the tests and provide test results to the Customer.

3. The Customer will be responsible for providing required satellite resource for the test campaigns.

8.5 GOVERNMENTAL LICENSES, PERMITS AND FEES

1. The Customer will be responsible for coordination of the frequency plans required to test and operate the system.

2. The Customer will provide reasonable assistance to the Contractor for obtaining business visas (not work permits) for Contractor employees to travel to the Work countries.

8.6 SIMULATORS AND EMULATORS

The Customer shall furnish various simulators and emulators for the RAN as per the Table below:

No	Simulator Description	Responsibility	Availability	Comment
1	UT Deliverable Items (items 1 and 2 in section 8.7 below) for end-to- end functional/service tests and 1 Mbps in the forward link	CFE	To be mutually agreed by Technical Interchange Review Meeting (to be held by 31 October, 2009)	Customer shall supply 80 IMS clients and 80 Vocoder implementation(s).
2	Satellite Simulator = Channel + Satellite + Beams/RFT/IF	CFE	EDC + 23 months	Contractor to provide requirements by KOR
3	GOCC files and ftp interface for GOCC	CFE	EDC + 23 months	Test the GOCC interface and provide GOCC files
4	Core Network Equipment or CFE connectivity to CFE Core Network Equipment	CFE	EDC + 18 months	COTS equipment – IuPS Rel 7.x.y
5	Time & Frequency Unit (TFU) which is a GPS based Timing Unit	CFE	EDC + 23 months	Same as those provided at RAN sites

8.7 UTS REQUIREMENTS

1. Vocoder implementation external to the Evaluation Platform.

2. IMS client external to the Evaluation Platform.

3. SIMs for access to the Globalstar network.

4. User Terminal antennas for over the air testing.

8.8 OTHER

1. The Customer shall provide the following documents (or of equivalent scope) by KOR to enable the Contractor to work on the System Design:

   a. Radio Frequency Terminal (RFT) Interface Control Document (ICD)
   b. Globalstar Satellite Parameters as specified in the Resource Allocation Instructions (RAI) file
   c. GOCC ICD

2. A final list of the required Customer Furnished Documentation shall be presented by the Contractor at the KOR and stated in the Dependencies Document.

9.0 CONTRACTOR TEST FACILITIES

1. The Contractor shall be responsible for provision and maintenance of a RAN representative test facility at Contractor facilities in Maryland, USA.

2. The Contractor shall be responsible for all the simulation and test tools required for RAN and Evaluation Platform testing. Note that the Satellite Simulators will be provided and maintained by the Customer.

3. The Customer will be permitted access to the Contractor test facility in accordance with Section 2.6 and 2.7 of this SOW. Access will be permitted provided that the Customer adheres to the normal access restrictions required by the Customer Security Office and all Export Control regulations are followed.

10.0 WARRANTY AND SUPPORT PERIODS

10.1 WARRANTY SUPPORT PERIOD FOR RAN

1. The Contractor shall provide a standard warranty service for one (1) year (the Initial Warranty Period).

2. The Initial Warranty Period commences as follows:

   a) The Software Maintenance & Support Services Period for all RANs shall begin at SySAT +60 days.

   b) The Hardware Warranty Period for each RAN shall begin at SySAT + 60 days for RAN#1 and at OAT + 30 days for RAN#2- #9.

   For Test Bed RAN (Milpitas), the hardware Warranty Period shall commence upon completion of SySAT at RAN#1 (Clifton).

3. If Customer exercises the annual extended warranty option referenced in Article 30 of the Contract the first extended warranty period shall commence as follows:

   a) The extended annual Software Maintenance & Support Services Period for all RANs shall commence at the end of the Initial Warranty Period specified in para 2(a) above.

   b) The extended annual Hardware Warranty Period for any RAN shall begin at the end of the Initial Warranty Period for each RAN as defined in para 2 (b) above. At Customer's option, the first extended Hardware Warranty Period for any RAN may be 11 months or less, in order to synchronize the dates of Hardware Warranty Period for all RANs.

10.2 WARRANTY SUPPORT PERIODS FOR UTS

1. The Contractor shall provide a warranty in respect of the UTS in accordance with Article 9 of the Contract for a period of one (1) year from Final Acceptance of User Terminal Subsystem. The Contractor shall provide a warranty in respect of the design of the UTS in accordance with Article 9 of the Contract for a period of one (1) year from Final Acceptance of User Terminal Subsystem.

2. The Contractor shall provide a hardware warranty in respect of the production Satellite Air Interface Chips for a period of one (1) year from delivery of the relevant units.

11.0 TRAINING

11.1 TRAINING REQUIREMENTS

1. The Contractor shall develop and conduct a flexible training program that shall provide the Customer with the knowledge and skill to operate the system through its operational life.

2. The Contractor shall develop a Training Plan.

3. The Contractor training shall be offered to the Customer's trainers at three levels as defined in Section 2 item 15.

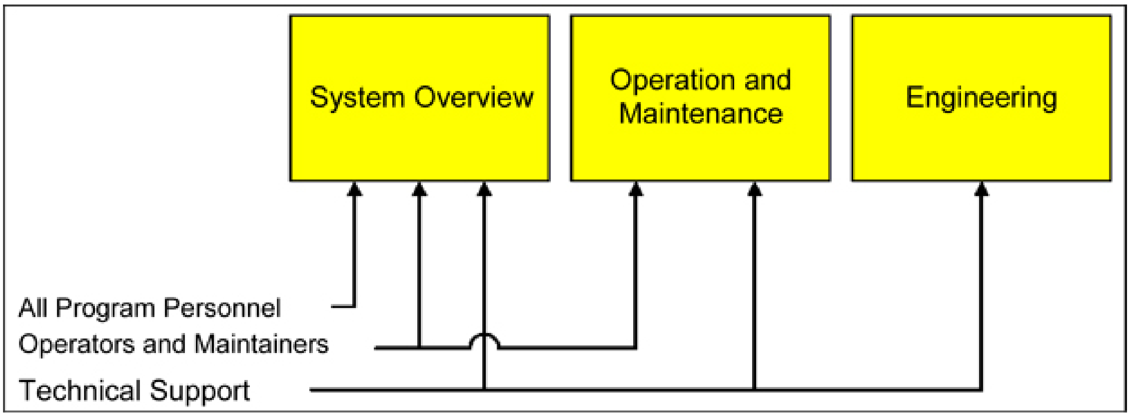
4. The Contractor shall ensure that all training courses are conducted by a qualified expert in the subject matter and that the instructor is fluent in English.

5. The Contractor shall offer On the Job Training (OJT) at Milpitas Test Lab and RAN #1 sites.

11.2 TRAINING PROGRAM

11.2.1 Theoretical and Practical Training Courses

Figure 11-1. Training Courses



1. The Contractor shall provide training courses to meet the varied needs of the program operation and support personnel at the site. The purpose of this training is to "train the trainer", in other words, these courses shall be designed to meet the objective of training personnel who will in turn propogate the knowledge. The multiple course offering shall include:

   a. System Overview Training: This course shall provide a general system overview for all personnel. This training course is purely theoretical in nature and is designed to be taught in the classroom setting. This course shall be designed for a maximum of 15 students.
   b. Operation and Maintenance Training: This course provides first and second line maintenance of Contractor deliverables. Some of the specific topics to be covered in this course are Configuration Management, QoS, error management, daily operations and maintenance information, etc. Classroom sessions and hands-on exercises shall be conducted. Equipment operating manuals shall be used during this training. This course shall be designed for a maximum of 15 students.

c. Engineering: This course expands the Operation and Maintenance capabilities to provide enhanced system knowledge for technical support personnel. This training focuses on enhanced troubleshooting, and software maintenance. This course shall be designed for a maximum of 15 students.

2. The Contractor shall provide one (1) System Overview Training Course, one (1) Operation and Maintenance Training course and one (1) Engineering Course.

3. The Contractor shall provide additional training courses on request, at the prices and conditions defined in Exhibit F.

4. The Contractor shall offer training courses at Contractor facilities in Maryland, USA.

11.2.2 Training Materials

1. The Contractor shall provide training materials in both printed and electronic formats as per **Table 7-1** in advance of each course, and materials shall be reviewed at the start of each training course.

2. Training materials shall be written in English.

3. The Contractor shall supply operating manuals where necessary.

4. The Contractor shall maintain Training Records for each student and shall supply the Customer PM with a course report for each student.

5. The Contractor shall provide visual aids such as overhead projectors and white boards.

6. The Contract shall grant Customer permit to reproduce the training material and distribute it internally without any additional charges or licensing fees.

12.0 CN009 IMSI BASED ACCESS CONTROL

1. Contractor shall design, integrate, and test IMSI based access control design modification in accordance with the technical specifications defined in Section 3.2.4.4 of Exhibit B2.

2. Contractor shall conduct a Design Review (CN009DR) with Customer at EDA + 6 Months. CN009DR will be conducted at Contractor facilities in Maryland and shall not exceed two (2) working days. The CN009DR can be conducted via teleconference at the request of Customer.

3. Contractor shall support three Technical Interchange Meetings with the Customer (one at EDA + 3 Months, one at EDA + 12 Months and one at EDA + 15 Months).

4. Design Requirements shall be reviewed at the first TIM to be conducted at EDA + 3 Months. CN009Acceptance Test Procedure shall be mutually agreed upon at EDA + 9 months.

5. Contractor shall conduct a Factory Acceptance Test (CN009FAT) of the design modification at EDA + 38 Months (Oct, 2014). The CN009 FAT shall be conducted at Contractor facilities in Maryland and shall not exceed 2 working days.

6. Meeting the FAT completion date of EDA + 38 Months is contingent upon delivery of fully functional CFE. Any delays and/or limitations in functional performance may impact EDA+38 Months.

13.0 ACRONYMS

Acronym	Definition
CAI	Common Air Interface
CDR	Critical Design Review
CDROM	Compact Disk
CN	Core Network
COTS	Commercial Off The Shelf
CS	Circuit Switched
DTMF	Dual Tone Multiple Frequency
DVTP	First Article/Design Verification Test Procedure
EDC	Effective Date of Contract
ETSI	European Telecommunication Standards Institute
FAT	Factory Acceptance Testing
FDM	Frequency Division Multiplex
FDR	Final Design Review
FPGA	Fixed Programmable Gate Array
FTP	File Transfer Protocol
GPRS	General Packet Radio System
GPS	Global Positioning System
RAN	Radio Access Network
HLR	Home Location Register
Hughes	Hughes Network Systems, LLC
IF	Intermediate Frequency
IP	Internet protocol
ISP	Internet Service Provider
kbps	Kilo-bits per second
kHz	Kilo-Hertz
KOR	Kick Off Review
LAN	Local Area Network
LLC	Logical Link Control
MAC	Medium Access Control
Mbps	Mega bits per second
MHz	Mega Hertz
MLS	Master Level Schedule
MM	Mobility Management
MMI	Man Machine Interface
MSS	Mobile Satellite System
MT	Mobile Terminal
MTBF	Mean Time Between Failure
MTTR	Mean Time to Repair
Work	RAN and UTS Deliverables under this contract
OAT	Over Air Testing
OEM	Original Equipment Manufacturer
OJT	On The Job Training
OSTP	Overall System Test Plan
PAP	Product Assurance Plan
PDR	Preliminary Design Review

Acronym	Definition
PDU	Protocol Data Unit
PLMN	Public Land Mobile Network
PM	Program Manager
PMP	Program Management Plan
PO	Program Office
PRACH	Packet Data Random Access Channel
PRR	Production Readiness Review
PS	Packet Switched
PSTN	Public Switched Telephone Network
PTT	PSTN Agency
RF	Radio Frequency
RMP	Risk Management Plan
RR	Readiness Review
RTDM	Remote Terminal Diagnostic Monitor
RX	Receive
SACCH	Slow Associated Channel
SAT	Site Acceptance Testing
SGSN	Serving GPRS Support Node
SI	System Information
SID	Site Installation Document
SIM	Subscriber Identity Module
SMS	Short Message Service
SNMP	Simple Network Management Protocol
SOW	Statement of Work
SVT	System Verification Testing
SySAT	System Acceptance Testing
TAC	Technical Assistance Center
TBC	To be confirmed
TBD	To be defined
TCP/IP	Transmission Control Protocol/Internet Protocol
TOD	Time Of Day
TX	Transmit
UDP	User Datagram Protocol
UT	User Terminal
UTSFA	User Terminal Subsystem Final Acceptance
VCRM	Verification Cross Reference Matrix
VLR	Visiting Location Register
VMS	Voice Mail System
WAN	Wide Area Network
WBS	Work Breakdown Structure
WPD	Work Package Description

H36750

RADIO ACCESS NETWORK (RAN)

AND USER TERMINAL SUBSYSTEM (UTS)

EXHIBIT C: PRICING SCHEDULE AND PAYMENT PLAN

Revision H

January 18, 2013

REVISION HISTORY

Revision	Issue Date	Scope
A	05/1/2008	Contract version
B	06/16/2009	Contract amendment
C	08/28/2009	Contract amendment
D	03/24/2010	Contract amendment
E	11/4/2011	Contract amendment
F	2/1/2012	Contract amendment
G	9/4/2012	Contract amendment # 8
H	01/18/2013	Contract amendment # 9

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1.0 PRICE SCHEDULE

1.1 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**	**$**	**[*]**
	Maximal Ratio Combining RTN	*Included*	
	Configurability of Paging/Alerting Parameters	*Included*	
	Turn on Additional FDM Channels based on Traffic Demand to conserve Satellite Power	*Included*	
	RAN Limit CCE Transmit Power based on Type and Frequency	*Included*	
	Disable Gateway RFT by Operator Command, overriding RAI	*Included*	
	Diagnostic Tools: *(a) Display/Logging of Decoded Control Channel Information* *(b) Display and Log Measurements made by SAIC Hardware Accelerator* *(c) RTDM can selectively block Overhead Channels* *(d) RTDM Playback* *(e) Display Radio Resource Records*	*Included*	
	Alerting as an Optional Feature in SAIC	*Included*	
	Increase Output Power of Evaluation Platform by 0.75dB	*Included*	
	RAI Access Channel Issues to support Hot Spots	*Included*	
	Operator Configurable Beam Boundary Definition per Satellite	*Included*	
	Configurability of Frequency Search Algorithm	*Included*	
	TOTAL CONTRACT PRICE	**$**	**101,375,420**

1.2 OPTIONS

OPTIONS

Line Item	Supplies/Services	Price (USD)	
1	**Unit Price for Additional RANs up to Quantity 25 (Incl. 12 mo h/w Warranty)**	**$**	**[*]**
	Option Validity Period: EDC+73 months		
2	**Annual Extended Software Maintenance & Support (second year onwards) Includes RAN & RTDM Software Includes 1200 hours of engineering support (Ex-works) per year Additional engineering support available at T&M rates Start date as defined in Exhibit A, Independeent of number of RANs SOW as per Exhibit D (on-site support subject to T&M rates) Total price per year**	**$**	**[*]**
	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		**[*]**

1.3 TIME AND MATERIAL (T&M) RATE

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

2.0 **PAYMENT**

MILESTONES AND PLAN **2.1 PAYMENT MILESTONES AND PLAN FOR RAN & UTC**

The Payment Milestones and Plan is provided below.

[*]

Exhibit 10.2

To: Globalstar, Inc.

300 Holiday Square Boulevard
Covington, Louisiana 70433
United States of America
Attention: James Monroe III

From: BNP Paribas, as the COFACE Agent

Date: 23 January 2013

By Express Mail and E-mail

Dear Sirs,

Waiver Letter No.13 - COFACE Facility

1. Introduction

1.1. We refer to:

(a) the facility agreement dated 5 June 2009 between Globalstar, Inc. as the Borrower, BNP Paribas, Societe Generale, Natixis, Credit Agricole Corporate and Investment Bank and Credit Industriel et Commercial as the Mandated Lead Arrangers, BNP Paribas as the Security Agent and the COFACE Agent and the banks and financial institutions listed in schedule 1 *(Lenders and Commitments)* thereto as the Original Lenders, *as* amended from time to time (the "Facility Agreement");

(b) the accounts agreement dated 5 June 2009 between the Borrower, Thermo, the Offshore Account Bank, the Security Agent and the COFACE Agent (as amended and restated pursuant to the deed of waiver and amendment No.7 dated 30 September 2011) (the "Accounts Agreement");

(c) the reservation of rights letters dated 29 Tone 2012 and 4 January 2013 from the COFACE Agent to the Borrower (the "Reservation of Rights Letters"); and

(d) the amendment and waiver request letter dated 3 July 2012 from the Borrower to the COFACE Agent setting out, among other things, certain Defaults (the "Relevant Defaults").

1.2. Unless otherwise defined herein, terms and expressions defined in the Facility Agreement shall have the same meaning when used in this letter (the "Letter").

1.3. We write to you in our capacity as COFACE Agent under the Finance Documents.

2. Payment of 4th Launch Insurance Costs

2.1. Subject to certain exceptions (which are not applicable for the purposes of this Letter), Clause 5.2(a) (Permitted Withdrawals from the Collection Account) of the Accounts Agreement requires that the Borrower may only withdraw amounts from the Collection Account at the times, for the purposes and in the order or priority set out in schedule 5 (Order of Application) of the Accounts Agreement.

2.2. Clause 6.3(e) (Contingent Equity Funding) of the Accounts Agreement provides that the proceeds of any "Deficiency Funding" (as such term is defined in the Accounts Agreement) transferred to the Collection Account shall be applied at any time to pay amounts due in accordance with paragraphs (a) to (f) of schedule 5 (Order of Application) of the Accounts Agreement.

2.3. Prior to the date of this Letter, an amount equal to eight million five hundred and twenty five thousand Dollars (US$8,525,000) has been transferred from the Thermo Contingent Equity Account to the Collection Account (the "Relevant Contingent Equity Funds").

2.4. A payment of nine million two hundred and ten thousand and forty three Dollars and twenty three cents (US$9,210,043.23) is due from the Borrower to certain insurers -within fifteen (15) days of receipt of a notice of demand from such insurers, in respect of insurance costs that relate to the Launch Insurance for the proposed Launch of the "hatch 4" Satellites (the "4th Launch Insurance Costs").

2.5. The COFACE Agent (for and on behalf of the Majority Lenders) agrees that notwithstanding the provisions of clauses 5.2(a) (Permitted Withdrawals from the Collection Account) and 6.3(e) (Contingent Equity Funding) of the Accounts Agreement, and subject to the terms of this Letter, the Borrower shall be entitled to apply:

(a) the Relevant Contingent Equity Funds; and

(b) any other monies standing to the balance of the Collection Account and representing monies transferred from the Thermo Contingent Equity Account in an amount not exceeding the difference between the 4th Launch Insurance Costs and the Relevant Contingent Equity Funds,

in payment of the 4th Launch Insurance Costs to the relevant insurers within fifteen (15) days of receipt by the Borrower of a notice of demand in relation thereto. Solely in connection with the application of funds contemplated by this paragraph 2, the

2.6. COFACE Agent (for and on behalf of the Majority Lenders) hereby waives the provisions of 5.2(a) (Permitted Withdrawals from the Collection Account) and clauses 6.3(e) (Contingent Equity Funding) .of the Accounts Agreement.

2.7. Promptly following the payment contemplated by paragraph 2.5 above, the Borrower shall deliver to the COFACE Agent evidence satisfactory to it that the payment of the 4th Launch Insurance Costs has been made in full.

3. Payment of 4th Launch CapEx Costs

3.1. Pursuant to the provisions of clauses 9.2 (Withdrawals from the Debt Service Reserve Account) and 9.3 (Excess Funding in the Debt Service Reserve Account) of the Accounts Agreement, the Borrower is only entitled to withdraw amounts standing to the credit of the Debt Service Reserve Account for the purposes of either:

(a) payment of Debt Service; or

(b) payment to the Debt Service Account, in each case, as set out in the Accounts Agreement.

3.2. On 29 January 2013, a payment of eight million six hundred and twenty five thousand Dollars (US$8,625,000) is due to the Launch Services Provider from the Borrower pursuant to the terms of the Launch Services Contract in respect of certain Capital Expenditures relating to the proposed Launch of the "batch 4" Satellites (but excluding, for the avoidance of doubt, any amounts relating to the 4th Launch Insurance Costs) (the "4th Launch CapEx Costs").

3.3. As of the date of this Letter, the balance standing to the credit of the Debt Service Reserve Account that exceeds the DSRA Required Balance is an amount equal to eight million eight hundred and fifty nine thousand and one hundred Dollars (US$8,859,100) (the "DSRA Excess Amount").

3.4. The COFACE Agent (for and on behalf of the Majority Lenders) agrees that, notwithstanding the provisions of clauses 9.2 (Withdrawals from the Debt Service Reserve Account) and 9.3 (Excess Funding in the Debt Service Reserve Account) of the Accounts Agreement and subject to the provisions of this Letter, the Borrower shall be entitled to instruct the Offshore Account Bank to pay from the Debt Service Reserve Account directly to the Launch Services Provider an amount equal to the lesser of:

(a) the DSRA Excess Amount; and

(b) the 4th Launch CapEx Costs,

in payment of, pro tanto, the 4th Launch CapEx Costs.

3.5. Solely in connection with the application of funds contemplated by paragraph 3.4, the COFACE Agent (for and on behalf of the Majority Lenders) hereby waives the provisions of clauses 9.2 (Withdrawals from the Debt Service Reserve Account) and 9.3 (Excess Funding in the Debt Service Reserve Account) of the Accounts Agreement.

3.6. Pursuant to clause 6.2 (Permitted Withdrawals from the Thermo Contingent Equity Account and the Borrower Contingent Equity Account) of the Accounts Agreement, no amounts may be withdrawn from the Thermo Contingent Equity Account in accordance with clause 6.3(a)(ii)(B) (Contingent Equity Funding) of the Accounts Agreement if a

Default has occurred and is continuing, and, to the extent that any such amounts are permitted to be withdrawn, such amounts are to be:

(a) requested by the Borrower in the manner set out in clauses 6.3(a) and (b) (Contingent Equity Funding) of the Accounts Agreement; and

(b) following such request, paid to the Collection Account and applied in accordance with schedule 5 (Order of Application) to the Accounts Agreement pursuant to the provisions of clauses 6.3(a) and (e) (Contingent Equity Funding) of the Accounts Agreement

3.7. As at the date of this Letter, certain Events of Default have occurred and are continuing.

3.8. Notwithstanding that certain Events of Default have occurred prior to the date of this Letter and are continuing, and subject to the provisions of this Letter, the COFACE Agent (for and on behalf of the Majority Lenders) agrees that the Borrower shall be entitled to instruct the Offshore Account Bank to pay from the Thermo Contingent Equity Account:

(a) directly to the Launch Services Provider an amount equal to the amount (if any) by which the 4th Launch CapEx Costs exceeds the amount paid to the Launch Services Provider under paragraph 3.4 above, in payment of, pro tanto, the 4th Launch CapEx Costs; or

(b) directly to the relevant insurers an amount not exceeding the amount referenced in paragraph 2.5(b) above, in payment of the 4th Launch Insurance Costs.

3.9. Solely in connection with the application of funds contemplated by paragraph 3.8, the COFACE Agent (for and on behalf of the Majority Lenders) hereby waives the provisions of:

(a) clause 6.2 (Permitted Withdrawals from the Thermo Contingent Equity Account and the Borrower Contingent Equity Account) of the Accounts Agreement in respect of there being no Default;

(b) clauses 6.3(a) and (b) (Contingent Equity Funding) of the Accounts Agreement in respect of the process to be followed by the Borrower when requesting the release of funds from the relevant account; and

(c) clauses 6.3(a) and (e) (Contingent Equity Funding) of the Accounts Agreement in respect of payments being made to the Collection Account and applied in accordance with schedule 5 (Order of Application) of the Accounts Agreement.

3.10. For the avoidance of doubt, no transfer from the Thermo Contingent Equity Account to the relevant account of the Launch Services Provider will be permitted unless the Borrower has complied with all the terms and conditions set out in clause 6 (Thermo Contingency Equity Account) of the Accounts Agreement other than as waived pursuant to this Letter.

3.11. Any payment to be made pursuant to paragraphs 3.4 and 3.8 above may only be made following receipt by the COFACE Agent of:

(a) evidence satisfactory to it in all respects of the payment of the 4th Launch Insurance Costs;

(b) a copy of a duly certified Invoice from the Launch Services Provider; and

(c) payment instructions from the Borrower to the Offshore Account Bank instructing the Offshore Account Bank to pay directly to the Launch Services Provider, from the funds standing to the credit of the Thermo Contingent Equity Account, an amount equal to the amount (if any) by which the 4th Launch CapEx Costs exceed the amount to be paid to the Launch Services Provider under paragraph 3.4 above.

4. General Provisions

4.1. The granting of the waivers referred to in this Letter shall in no circumstances be construed to be, other than for the sole purpose described above, a waiver of:

(a) any Relevant Default; or

(b) any other Default which has occurred or which may occur in the future (and whether or not any Finance Party is aware of the same), including, but not limited to, any rights which may arise under clause 24 (Remedies upon an Event of Default) of the Facility Agreement.

4.2. This Letter is provided without prejudice to:

(a) the Reservation of Rights Letters; and

(b) each Obligor's continuing obligations under the Finance Documents to which it is a party and which continuing obligations shall remain in full force and effect.

4.3. For the avoidance of doubt, the provisions of clause 6 (Payment of Waiver Fees) of the sixth amendment letter to the Facility Agreement dated 30 March 2011 and entered into between, amongst others, the Obligors and certain other parties to the Facility Agreement ("Amendment Letter No. 6") shall apply to this Letter, save that the COFACE Agent (on behalf of the Majority Lenders) agrees that for the sole purpose of this Letter only, the provisions of paragraph (b) thereof shall be disapplied and each Waiver Fee (as such term is defined in Amendment Letter No. 6) shall instead be payable by the Borrower on or prior to 23 April 2013.

4.4. Each Obligor confirms in favour of the COFACE Agent that:

(a) it hereby agrees to the terms and conditions of this Letter; and

(b) notwithstanding this Letter, each Finance Document to which it is a party remains in full force and effect and the rights, duties and obligations of each Obligor are not, except as expressly stated to the contrary in this Letter, released, discharged or impaired by this Letter.

4.5. The following provisions of the Facility Agreement are incorporated into this Letter, mutatis mutandis, as if set out in this Letter with references to "this Agreement" being construed as references to this Letter: clauses 17 (Costs and Expenses), 35 (Partial Invalidity), 38 (Counterparts), 39 (Governing Law) and 40 (Enforcement).

4.6. This Letter shall constitute a Finance Document.

4.7. Any failure by the Borrower to comply with this Letter shall, subject to any applicable grace periods under the Finance Documents, constitute an Event of Default.

4.8. Other than as set out in this Letter, each Finance Document shall remain in full force and effect. Each Finance Party reserves all other rights or remedies it may have now or in the future.

4.9. Other than in respect of each Finance Party, a person who is not a party to this Letter may not rely on it and the terms of the Contracts (Rights of Third Parties) Act 1999 are excluded.

Please confirm your acceptance of and agreement to, the provisions of this Letter by signing and dating the enclosed copy of this Letter and returning it to the COFACE Agent.

Yours faithfully

/s/ Jean Philippe Poirier

/s/ E. Galzy

For and on behalf of
BNP Paribas
as COFACE Agent for and on behalf of the Finance Parties

Acknowledged and agreed
For and on behalf of
Globalstar, Inc.
as Borrower

/s/ James Monroe III
By: James Monroe III
Title: CEO
Date: 23 January 2013

Acknowledged and agreed
For and on behalf of
Thermo Funding Company LLC
as Obligor

/s/ James Monroe III
By: James Monroe III
Title: Manager
Date: 23 January 2013

Acknowledged and agreed
For and on behalf of
GSSI, LLC
as Subsidiary Guarantor

/s/ James Monroe III
By: James Monroe III
Title: CEO
Date: 23 January 2013

Acknowledged and agreed
For and on behalf of
Globalstar Security Services, LLC
as Subsidiary Guarantor

/s/ James Monroe III
By: James Monroe III
Title: CEO
Date: 23 January 2013

Acknowledged and agreed
For and on behalf of
Globalstar C, LLC
as Subsidiary Guarantor

/s/ James Monroe III
By: James Monroe III
Title: CEO
Date: 23 January 2013

Acknowledged and agreed
For and on behalf of
Globalstar USA, LLC
as Subsidiary Guarantor

/s/ James Monroe III

By: James Monroe III
Title: CEO
Date: 23 January 2013

Acknowledged and agreed
For and on behalf of
Globalstar Leasing LLC
as Subsidiary Guarantor

/s/ James Monroe III

By: James Monroe III
Title: CEO
Date: 23 January 2013

Acknowledged and agreed
For and on behalf of
Spot LLC
as Subsidiary Guarantor

/s/ James Monroe III

By: James Monroe III
Title: CEO
Date: 23 January 2013

Acknowledged and agreed
For and on behalf of
ATSS Canada, Inc.
as Subsidiary Guarantor

/s/ James Monroe III

By: James Monroe III
Title: CEO
Date: 23 January 2013

Acknowledged and agreed
For and on behalf of
Globalstar Brazil Holdings, L.P.
as Subsidiary Guarantor

/s/ James Monroe III

By: James Monroe III
Title: CEO
Date: 23 January 2013

Acknowledged and agreed
For and on behalf of
GCL Licensee LLC
as Subsidiary Guarantor

/s/ James Monroe III

By: James Monroe III
Title: CEO
Date: 23 January 2013

Acknowledged and agreed
For and on behalf of
GUSA Licensee LLC
as Subsidiary Guarantor

/s/ James Monroe III

By: James Monroe III
Title: CEO
Date: 23 January 2013

Acknowledged and agreed
For and on behalf of
Globalstar Licensee LLC
as Subsidiary Guarantor

/s/ James Monroe III

By: James Monroe III
Title: CEO
Date: 23 January 2013

Exhibit 10.3

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.

January 30. 2013

Globalstar Inc
Att: Paul Monte
461 SO Milpitas Blvd
Milpitas, CA 95035

Subject: Globalstar requested payment delays and "temporary hold" - Third Extension Dear

Paul,

In response to your third request to defer outstanding and accumulated payments for the Globalstar CN Program, your contract number GINC-C-08-0400 (the "Agreement"), this letter acknowledges the agreement by Ericsson to defer the payments for achieved and upcoming Payment Milestones as defined in the Agreement and in the letter agreement PJR0311-002 dated March 7, 2011 and subsequent letter agreements on this subject. Specifically this deferral consists of:

$347,658 CDR ($929,520 less September 2012 payment of $581,862 = $347,658)

$0 down payment Supplementary Services contracted in Dec 2011 ($130,375 less July 2012 payment of $130,375 = $0)

$0 Delivery Milpitas lab HW ($1,500,000 less March 2012 payment of $650,000 less July 2012 payment of $781,862 less September 2012 payment of $68,138 = $0.)

$0 for amendment 5 — Genband /Server Delta Lab ($12.763 less July 2012 payment of $12,763 = $0)

$347,658 Total owed Feb 23rd 2012

$2,100,000 for Clifton HW Install Complete, delivered in March, 2012 $0 for lab rental ($25,000 less July

2012 payment of $25,000 = $0) $110,305 Nigeria Lab Testing Complete

Total additional owed before June 28th 2012: $2,210,305

In addition to the above, Globalstar also owes 5 quarterly support payments for BSCS Support as follows:
January 31, 2012: [*]
April 30. 2012: [*}
July 31, 2012: [*]
October 31, 2012: [*]
January 31, 2013: [*]

Total deferral: $2,726,713

Subject to your consent as indicated below, Ericsson Inc. ("Ericsson") would agree as follows:

a) Assuming the Payment Milestone is completed and invoiced, Globalstar shall pay any unpaid milestone payments in Exhibit C and C-1 of the Agreement (referred to as "Deferred Payments") upon the earlier of the completion of a third party source of financing or June 1^{51}, 2013. Upon such payment, Globalstar and Ericsson will use good faith efforts to come to a mutual agreement on a revised milestone payment schedule and amend Exhibits C and C1 of the Agreement.

b) In consideration for agreeing to the Deferred Payments, Globalstar shall pay six and a half percent (6.5%) per annum interest on the Deferred Payments. Interest shall begin to accrue after the 31^{51} day of acceptance of the completion of any Payment Milestone and shall be paid at the same time as the Deferred Payment is made.

c) For any material event, such as change of ownership, bankruptcy filing, material investment, shareholder or ownership changes affecting control (i.e. the ownership and/or ability to vote more than 50% of the total shares), breach of obligations, failure to pay debts, and the like, the Deferred Payments become due and payable immediately.

d) Due to delays by Globalstar in delivering necessary Customer Furnished Equipment for the Core Network Program (both as defined in the Agreement), **the** only work that will be performed by Ericsson between now and when the project is resumed under a new mutually agreed milestone schedule (the "Temporary Hold Period") will be the completion of the following agreed punch list items for the Milpitas lab:

   1. Loading and testing of the QoS patch in the SGSN including any necessary software reinstallation of software in the SGSN planned for Q1 2013

   Should Globalstar require installation (including upgrading the software on all boxes to the same version that is on the Milpitas lab), and integration of the Clifton Site 1 during the Temporary Hold Period, Ericsson will initiate such work within 4 weeks of Globalstar satisfying the following 3 requirements:

      1. Globalstar notifies Ericsson that the site is ready for integration including completion of Globalstar's agreed deliverables such as Power; and
      2. Ericsson's receipt of a written request for the integration work; and
      3. Ericsson receives a cash payment of the contracted fee of [*] for the integration project plus a contract amendment for the [*] fee for providing and integrating the software upgrades to the Clifton site to the same level as is present in the Milpitas lab. The [*] cash payment amount will be deducted from the future payment milestone "SAT sites 1-3" and Exhibit C will be updated accordingly.

e) Globalstar understands and agrees that the above "temporary hold" will cause a delay to the Core Network Program, and that Ericsson cannot guarantee a day-for-day schedule delay nor can Ericsson commit to re-staffing the project with the same individuals as have been assigned to-date when the Core Network Program resumes as these individuals may have been assigned to other long term Ericsson projects. Ericsson will use commercially reasonable efforts to limit any such delay caused by such "temporary hold" to a period of time equal to the length of the Temporary Hold Period plus four months. Ericsson will not be obligated to perform any work until the project is resumed and a new milestone schedule is agreed. Upon Ericsson's resumption of work, Globalstar agrees to pay Ericsson a project re-setup fee of $250,000.00.

Globalstar and Ericsson agree that the delays in the Core Network Program have created issues regarding the obsolescence of certain program features (specifically 1. HPA including "NRSPCA on offer"; 2. Push-to-Talk; and 3. Sigcomp). Upon the signing of this letter agreement, Globalstar and Ericsson agree to continue the good faith technical discussions agreed to in the letter agreement dated March 8, 2012 relating to HPA and "NRSPCA on offer". Globalstar agrees to forego the requirements for Push-To-Talk and Sigcomp previously committed to and Ericsson agrees to credit Globalstar for the elimination of these requirements. Globalstar and Ericsson will use good faith efforts to come to mutual agreement on the technical solution for HPA and "NRSPCA on offer" at the conclusion of such discussions. However, Ericsson will not commit to deliver the agreed solution on a particular schedule due to the delays in payment as outlined in a) above. Globalstar and Ericsson agree to enter into good faith commercial discussions upon Ericsson's receipt of all monies due in this letter agreement regarding the ordering and delivery of the revised HPA and "NRSPCA on offer" functionality and any commercial impacts following Ericsson's receipt of the Deferred Payments. At that time, Globalstar *and* Ericsson will execute a contract amendment reflecting the agreed solution for HPA and "NRSPCA on offer" and the elimination of Push-To-Talk and Sigcomp. Should the parties be unable to agree on the above technical solution by August 31, 2013 then either Globalstar or Ericsson may choose to terminate the Agreement. Thereafter, provided that all amounts due under this letter agreement have been paid, neither party will have any liability whatsoever under the Agreement.

f) This letter agreement will become effective upon GlobeIstar's signature below and Globalstar's payment to Ericsson of $200,000 paid as follows: $100,000 on or before February11. 2013 and $100,000 on or before February 28, 2013. The first payment of $100,000, when paid, will be used to reduce the balance for the Nigeria Lab Testing Complete from $110,305 to $10,305. The second $100,000 will be applied as follows: $10,305 will be used to eliminate the remaining $10,305 for the Nigeria Lab Testing Complete and $89,695 will be used to reduce the balance for CDR from $347,658 to $257,963. The letter agreement between the parties dated July 17, 2012 is hereby superseded by this letter agreement.

g) Globalstar requests the following payment modifications:

1. If Globalstar has not paid Ericsson the amount due. together with interest and any other amounts owing under the Agreement as of June 1st 2013, Globalstar may terminate the Agreement for convenience by delivering such written notice of the termination and agreeing to make a final payment of $10,000,000 ("Final Payment") to Ericsson.

2. If Globaistar cancels the Agreement for convenience on June 1st, 2013, then Globalstar shall make the Final Payment either: (a) in cash not later than June 15, 2013 or (b) subject to paragraph 4 below, in Globalstar common stock (OTC: GSAT, the "GSAT Stock") not later than June 15, 2013. Globalstar shall provide written notice of such its request to pay in cash or GSAT Stock on June 1St, 2013.

3. If payment is to be made in GSAT Stock, such GSAT Stock shall be registered and freely tradable, free and clear of any liens, encumbrances or other restrictions. The number of shares delivered by Globalstar to Ericsson shall be equal to the Final Payment plus 5%, divided by the volume weighted average price of GSAT for the 20 trading days immediately prior to (but not including) the date of delivery of such shares. If Globalstar requests to make the Final Payment in GSAT Stock, Ericsson shall have the option (exercisable by written notice delivered on or before June 10, 2013) either to accept such GSAT Stock (including the additional 5% mentioned in the above paragraph) or to receive the Final Payment in cash from the sale of such GSAT stock by Globalstar and/or from other sources who will then remit the full amount of the Final Payment. Under no circumstance would Globalstar remit less than the total Final Payment amount.

h) Except as modified hereby, the terms and conditions of the Agreement will continue on in full force and effect.

If Globalstar concurs with the foregoing, please execute a copy of this letter and return it to my attention at Ericsson.

Sincerely,

/s/ Johan Westerberg

ERICSSON INC.
Johan Westerberg
Vice President Eastern Region

Agreed and accepted by Ericsson Inc and Globalstar Inc:

Ericsson Inc.	**Globalstar Inc**
/s/ Johan R. Westerberg	/s/ David Milla
Name: Johan R. Westerberg	Name: David Milla
Title: Vice President Sales	Title: Director – Contracts
Date: February 13, 2013	Date: February 11, 2013

Exhibit 10.4

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.

March 26, 2013

Globalstar Canada Satellite Co. ("Globalstar Canada")
115 Matheson Boulevard West, Suite 100
Mississauga, Ontario, .LSR 3L1
Canada

Globalstar, Inc., ("G1obalstar, Inc.")
300 Holiday Square Blvd.
Covington, Louisiana 70433

Attention: Mr. Jay Monroe

Ref: Contract Number GINC-C-08.0390 ("Contract') between Globalstar Canada, and Hughes Network Systems, LLC ("Hughes"), .as amended; Letter Agreement, dated March 21, 2011, as amended on Oct 14, 2011 and December 30, 2011 and March 30, 2012 and June 26, 2012 and December 20, 2012 (the "Letter Agreement")

Dear Jay:

This letter memorializes the recent discussions regarding certain milestone payments due and payable to Hughes under the Contract and reflects the parties' further understandings and agreements in respect of the Letter Agreement. The Specified Amount currently owing from Globalstar Canada to Hughes (excluding accrued interest) is $17,581,729, which includes the remaining $8,304,486 of the April 2011 milestone payment and the full amount of the July 2011 milestone payment The deadline stated in the Letter Agreement for repayment of the Specified Amount is the earlier of release of funds under [*] and June 29, 2011 (such earlier date, the "Due Date").

The parties hereby agree to further amend the Letter Agreement as follows:

- Globalstar Canada agrees to pay to Hughes the $750,000 that was due and payable to Hughes on March 15, 2013 (referred to herein as "Installment Payment #2") no later than. April 30, 2013.

- Globalstar Canada further agrees to pay to Hughes an additional $1,000,000 in three installments, as follows: i) $333,000 no later than April 30, 2013 ("April Installment Payment"); ii) $333,000 no later than May 30, 2013 ("May Installment Payment"); and iii) $334,000 no later than June 27, 2013 ("June Installment Payment"). All such payments shall be credited against the April 2011 milestone payment and upon receipt of each such payment, the Specified Amount shall be reduced by the amount paid,

- Provided that Hughes receives both Installment Payment #2 and the April Installment Payment no later than April 30, 2013, the Due Date for repayment of the Specified Amount shall be extended to the earlier of release of funds under [*] and June 15, 2013.

- Provided that Hughes receives both Installment Payment #2 and the April. Installment Payment no later than April 30, 2013 and receives the May Installment Payment no later than May 30, 2013 and June Installment Payment no later than June 27, 2013, the Due Date for repayment of the Specified Amount shall be further extended to the earlier of release of funds under [*] and June 28, 2013.

- Upon each extension of the Due Date as specified above, the dates specified in Paragraphs 3 of the Letter Agreement shall be extended to the then-current Due Date, and the associated dates referenced in Paragraph 5 of the letter Agreement shall be adjusted to the corresponding days in May 2013 alter payment of Installment Payment ii2 and the April Installment Payment and. July 2013 after payment of the May Installment Payment and June Installment Payment, respectively,

- Prior to payment of the entire Specified Amount being made to Hughes, neither Globalstar, Inc. nor Globalstar Canada shall pay, or cause to be paid, directly or indirectly, any amount in respect of capital expenses related to new capital projects not currently contracted for, or capital projects previously contracted for other than i) the project for the manufacture and launch, together with related insurance, of the satellites (the "Satellites") already manufactured by Thaler, or for which an order has been placed as of October 14, 2011, pursuant to the Amended and Restated Contract between Globalstar Inc. and Thales Alenia Space France dated June 3, 2009 and ii) projects for the development and supply ground network infrastructure to be used with the Satellites under orders placed prior to October 14, 2011 or under orders valued at no more than $1.5 million.

- Except as amended herein, all terms and conditions of the Letter Agreement and Contract shall remain in full force and effect, In the event of a discrepancy between the terms and conditions contained in this Letter Agreement, as amended, and those contained in the contract, the terms and conditions contained in this Letter Agreement, as-amended, shall prevail.

In light of the extensions contemplated by this letter, the parties agree to revise the program milestones set forth in Exhibit A of the Contract and the payment milestones set forth in. Exhibit C of the Contract, Notwithstanding anything to the contrary in the Contract, until such time as the Specified Amount has been paid to Hughes and the parties have agreed on revised program milestones and payment milestones, Hughes shall not be required to order any hardware and in r aria's or deliver any test or production units under the Contract.

We would appreciate the .acknowledgement of Globalstar Canada's and Globalstar, Ines agreement to this letter by ·having a duly authorized representative of Globalstar Canada and Inc. sign in the respective signature blocks below.

Sincerely,
/s/ Dean A. Manson
Dean A. Manson
Executive Vice President,
General Counsel And. Secretary

AGREED AND ACCEPTED BY:

GLOBALSTAR CANADA SATELLITE CO.	**GLOBALSTAR, INC.**
/s/ Stephen Drew	/s/ James Monroe III
Signature	Signature
Stephen Drew	James Monroe III
Name	Name
Treasurer	CEO
Title	Title
March 22, 2013	March 27, 2013
Date	Date

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: May 9, 2013

By: /s/ James Monroe III

James Monroe III

Chief Executive Officer (Principal Executive and Financial Officer)

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

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

This quarterly report on Form 10-Q for the quarter ended March 31, 2013 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: May 9, 2013

By: /s/ James Monroe III

James Monroe III

Chief Executive Officer