

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

**FORM 10-Q**

(Mark One)

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

**For the quarterly period ended June 30, 2015**

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-33117

**GLOBALSTAR, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

(State or Other Jurisdiction of  
Incorporation or Organization)

**41-2116508**

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

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

Indicate by check mark whether the registrant 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 ☒ 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 ☐

Smaller reporting company ☐

(Do not check if a 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 ☒

As of July 31, 2015, 894,193,182 shares of voting common stock and 134,008,656 shares of nonvoting common stock were outstanding. Unless the context otherwise requires, references to common stock in this Report mean the Registrant's voting common stock.

FORM 10-Q

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**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**GLOBALSTAR, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
(In thousands, except per share data)  
(Unaudited)

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Revenue:				
Service revenues	\$ 18,616	\$ 17,887	\$ 35,723	\$ 34,136
Subscriber equipment sales	4,407	6,107	8,322	10,394
Total revenue	23,023	23,994	44,045	44,530
Operating expenses:				
Cost of services (exclusive of depreciation, amortization and accretion shown separately below)	8,027	7,120	15,461	14,058
Cost of subscriber equipment sales	2,983	4,332	6,114	7,404
Cost of subscriber equipment sales - reduction in the value of inventory	—	7,317	—	7,317
Marketing, general and administrative	10,159	8,247	18,755	16,016
Depreciation, amortization and accretion	19,271	22,013	38,317	45,346
Total operating expenses	40,440	49,029	78,647	90,141
Loss from operations	(17,417)	(25,035)	(34,602)	(45,611)
Other income (expense):				
Loss on extinguishment of debt	(2,189)	(16,484)	(2,254)	(26,679)
Loss on equity issuance	(2,912)	(748)	(2,912)	(748)
Interest income and expense, net of amounts capitalized	(9,244)	(13,864)	(17,761)	(24,786)
Derivative gain (loss)	237,087	(376,283)	129,222	(585,652)
Other	(452)	(344)	3,681	369
Total other income (expense)	222,290	(407,723)	109,976	(637,496)
Income (loss) before income taxes	204,873	(432,758)	75,374	(683,107)
Income tax expense	106	972	334	1,166
Net income (loss)	\$ 204,767	\$ (433,730)	\$ 75,040	\$ (684,273)
Other comprehensive income (loss):				
Foreign currency translation adjustments	447	857	(843)	(378)
Total comprehensive income (loss)	\$ 205,214	\$ (432,873)	\$ 74,197	\$ (684,651)
Net income (loss) per common share:				
Basic	\$ 0.20	\$ (0.48)	\$ 0.07	\$ (0.78)
Diluted	0.17	(0.48)	0.07	(0.78)
Weighted-average shares outstanding:				
Basic	1,009,917	904,994	1,005,406	877,309
Diluted	1,205,450	904,994	1,199,182	877,309

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)

	June 30, 2015	December 31, 2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 12,871	\$ 7,121
Accounts receivable, net of allowance of \$4,978 and \$4,788, respectively	16,653	15,015
Inventory	11,973	14,734
Prepaid expenses and other current assets	7,722	7,944
Total current assets	49,219	44,814
Property and equipment, net	1,090,085	1,113,560
Restricted cash	37,918	37,918
Deferred financing costs, net	58,056	63,862
Prepaid second-generation ground costs	14,237	—
Intangible and other assets, net of accumulated amortization of \$6,542 and \$6,315, respectively	10,767	8,266
Total assets	\$ 1,260,282	\$ 1,268,420
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 19,642	\$ 6,450
Accounts payable	5,468	6,922
Accrued contract termination charge	19,452	21,308
Accrued expenses	22,278	22,342
Payables to affiliates	456	481
Deferred revenue	22,938	21,740
Total current liabilities	90,234	79,243
Long-term debt, less current portion	609,433	623,640
Employee benefit obligations	5,440	5,499
Derivative liabilities	292,293	441,550
Deferred revenue	6,526	6,572
Debt restructuring fees	20,795	20,795
Other non-current liabilities	11,767	12,205
Total non-current liabilities	946,254	1,110,261
Commitments and contingent liabilities (Notes 7 and 8)		
Stockholders' equity:		
Preferred Stock of \$0.0001 par value; 100,000,000 shares authorized and none issued and outstanding at June 30, 2015 and December 31, 2014, respectively	—	—
Series A Preferred Convertible Stock of \$0.0001 par value; one share authorized and none issued and outstanding at June 30, 2015 and December 31, 2014, respectively	—	—
Voting Common Stock of \$0.0001 par value; 1,200,000,000 shares authorized; 894,187,117 and 864,378,563 shares issued and outstanding at June 30, 2015 and December 31, 2014, respectively	89	86
Nonvoting Common Stock of \$0.0001 par value; 400,000,000 shares authorized; 134,008,656 shares issued and outstanding at June 30, 2015 and December 31, 2014, respectively	13	13
Additional paid-in capital	1,574,297	1,503,619
Accumulated other comprehensive loss	(3,741)	(2,898)
Retained deficit	(1,346,864)	(1,421,904)
Total stockholders' equity	223,794	78,916
Total liabilities and stockholders' equity	\$ 1,260,282	\$ 1,268,420

See accompanying notes to unaudited interim condensed consolidated financial statements.

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

	<b>Six Months Ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Cash flows provided by (used in) operating activities:		
Net income (loss)	\$ 75,040	\$ (684,273)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation, amortization and accretion	38,317	45,346
Change in fair value of derivative assets and liabilities	(129,222)	585,652
Stock-based compensation expense	1,472	1,133
Amortization of deferred financing costs	4,667	5,043
Provision for bad debts	1,900	1,050
Reduction in the value of inventory	—	7,317
Noncash interest and accretion expense	5,712	10,942
Loss on extinguishment of debt	2,254	26,679
Loss on equity issuance	2,912	748
Other, net	618	1,101
Unrealized foreign currency gain	(3,442)	(504)
Changes in operating assets and liabilities:		
Accounts receivable	(3,652)	(2,289)
Inventory	2,562	3,524
Prepaid expenses and other current assets	(788)	(723)
Other assets	(493)	(1,199)
Accounts payable and accrued expenses	(63)	(2,177)
Payables to affiliates	(25)	63
Other non-current liabilities	(429)	725
Deferred revenue	1,398	4,195
Net cash provided by (used in) operating activities	(1,262)	2,353
Cash flows used in investing activities:		
Second-generation network costs (including interest)	(10,344)	(3,315)
Property and equipment additions	(3,668)	(1,483)
Net cash used in investing activities	(14,012)	(4,798)
Cash flows provided by (used in) financing activities:		
Principal payment of the Facility Agreement	(3,225)	—
Proceeds from issuance of stock to Terrapin	24,000	—
Payments of deferred financing costs	—	(164)
Proceeds from issuance of common stock and exercise of options and warrants	419	8,986
Net cash provided by financing activities	21,194	8,822
Effect of exchange rate changes on cash	(170)	15
Net increase in cash and cash equivalents	5,750	6,392
Cash and cash equivalents, beginning of period	7,121	17,408
Cash and cash equivalents, end of period	\$ 12,871	\$ 23,800
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ 9,746	\$ 10,335
Income taxes	5	63

	<b>Six Months Ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Supplemental disclosure of non-cash financing and investing activities:		
Increase in non-cash capitalized accrued interest for second-generation network costs	995	847
Capitalization of the accretion of debt discount and amortization of prepaid financing costs	1,580	1,308
Payments made in convertible notes and common stock	735	1,638
Principal amount of debt converted into common stock	6,491	69,232
Reduction of debt discount and deferred financing costs due to conversion of debt	2,085	25,340
Fair value of common stock issued upon conversion of debt	26,669	221,799
Reduction in derivative liability due to conversion of debt	20,008	151,034
Fair value of common stock issued to vendor for payment of services	16,684	—

**GLOBALSTAR, INC.**

**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**1. BASIS OF PRESENTATION**

Globalstar, Inc. ("Globalstar" or "the Company") provides Mobile Satellite Services ("MSS") including voice and data communications services through its global satellite network. Thermo Capital Partners LLC, through its affiliates, ("Thermo") is Globalstar's principal owner and largest stockholder. Globalstar's Executive Chairman and Chief Executive Officer controls Thermo and its affiliates. Two other members of Globalstar's Board of Directors are also directors, officers or minority equity owners of various Thermo entities.

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, 2014, as filed with the Securities and Exchange Commission (the "SEC") on March 2, 2015 (the "2014 Annual Report"), and Management's Discussion and Analysis of Financial Condition and Results of Operations herein.

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company evaluates estimates on an ongoing basis. Significant estimates include the value of derivative instruments, the allowance for doubtful accounts, the net realizable value of inventory, the useful life and value of property and equipment, income taxes and the value of stock-based compensation. Actual results could differ from these estimates. Certain reclassifications have been made to prior period Condensed Consolidated Financial Statements to conform to current period presentation.

These unaudited interim condensed consolidated financial statements include the accounts of Globalstar and its majority owned or otherwise controlled subsidiaries. All significant intercompany transactions and balances have been eliminated in the consolidation. In the opinion of management, 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 and comprehensive loss, condensed consolidated balance sheets, and condensed consolidated statements of cash flows for the periods presented. The results of operations for the three and six months ended June 30, 2015 are not necessarily indicative of the results that may be expected for the full year or any future period.

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

***Recently Issued Accounting Pronouncements***

In January 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-01, *Income Statement - Extraordinary and Unusual Items*. This ASU eliminates the separate presentation of extraordinary items, net of tax and the related earnings per share, but does not affect the requirement to disclose material items that are unusual in nature or infrequently occurring. ASU 2015-01 was issued to simplify income statement classification by removing the concept of extraordinary items from U.S. GAAP and more closely align U.S. GAAP with International Financial Reporting Standards ("IFRS"). This standard is effective for periods beginning after December 15, 2015. Early adoption is permitted, but only as of the beginning of the fiscal year of adoption. Upon adoption, a reporting entity may elect prospective or retrospective application. If adopted prospectively, both the nature and amount of any subsequent adjustments to previously reported extraordinary items must be disclosed. The Company does not expect this ASU to have a material effect on its consolidated financial statements and related disclosures.

In February 2015, the FASB issued ASU No. 2015-02, *Consolidation - Amendments to the Consolidation Analysis*. ASU 2015-02 was issued in response to concerns that current GAAP might require a reporting entity to consolidate another legal entity in situations in which the reporting entity's contractual rights do not give it the ability to act primarily on its own behalf, the reporting entity does not hold a majority of the legal entity's voting rights, or the reporting entity is not exposed to a majority of

the legal entity's economic benefits or obligations. The amendments included in ASU 2015-02 are intended to improve targeted areas in the consolidation guidance, which includes legal entities such as limited partnerships and limited liability companies and the evaluation of fees paid to a decision maker. This ASU is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The Company is currently evaluating the impact this standard will have on its consolidated financial statements and related disclosures. The Company has not yet determined the effect of the standard on its ongoing reporting.

In April 2015, the FASB issued ASU No. 2015-03, *Interest - Imputation of Interest - Simplifying the Presentation of Debt Issue Costs*. ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the consolidated balance sheets as a reduction in the carrying amount of the related debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by this ASU. This ASU is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Upon adoption, if applicable, this ASU will be applied on a retrospective basis, wherein the consolidated balance sheet of each period presented will be adjusted to reflect the effects of applying the new guidance. The Company would be required to comply with the applicable disclosures for a change in an accounting principle, including the nature of and reason for the change in accounting principle, the transition method, a description of the prior-period information that has been retrospectively adjusted, and the effect of the change on the financial statement line items (that is, the previously reported debt issuance cost asset and the adjusted debt liability). The Company is currently evaluating the impact this standard will have on its consolidated financial statements and related disclosures. The Company has not yet determined the effect of the standard on its ongoing reporting.

In July 2015, the FASB decided to delay the effective date of ASU No. 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. This ASU requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. With the one-year deferral, ASU 2014-09 is now effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Additionally, early adoption is now permitted. However, entities reporting under U.S. GAAP are not permitted to adopt the standard earlier than the original effective date of December 15, 2016. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is currently evaluating the impact this standard will have on its financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing reporting.

In July 2015, the FASB issued ASU No. 2015-11, *Simplifying the Measurement of Inventory*. ASU 2015-11 requires that inventory within the scope of the guidance be measured at the lower of cost and net realizable value. Inventory measured using last-in, first-out (LIFO) and retail inventory method (RIM) are excluded from this new guidance. This ASU replaces the concept of market with the single measurement of net realizable value and is intended to create efficiencies for preparers and more closely aligns U.S. GAAP with IFRS. This ASU is effective for public business entities in fiscal years beginning after December 15, 2016, including interim periods within those years. Prospective application is required and early adoption is permitted as of the beginning of an interim or annual reporting period. The Company is currently evaluating the impact this standard will have on its financial statements and related disclosures, but does not expect this ASU to have a material effect on its consolidated financial statements and related disclosures.

## 2. PROPERTY AND EQUIPMENT

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

	June 30, 2015	December 31, 2014
Globalstar System:		
Space component		
First and second-generation satellites in service	\$ 1,211,768	\$ 1,211,904
Prepaid long-lead items	17,040	17,040
Second-generation satellite, on-ground spare	32,481	32,481
Ground component	47,175	47,595
Construction in progress:		
Space component	61	30
Ground component	154,857	141,789
Other	3,595	2,458
Total Globalstar System	1,466,977	1,453,297
Internally developed and purchased software	15,137	15,392
Equipment	12,697	12,647
Land and buildings	3,408	3,590
Leasehold improvements	1,683	1,620
Total property and equipment	1,499,902	1,486,546
Accumulated depreciation	(409,817)	(372,986)
Total property and equipment, net	\$ 1,090,085	\$ 1,113,560

Amounts in the above table consist primarily of costs incurred related to the construction of the Company's second-generation constellation and ground upgrades. Amounts included in the Company's second-generation satellite, on-ground spare balance as of June 30, 2015, consist primarily of costs related to a spare second-generation satellite that has not been placed in orbit, but is capable of being included in a future launch of satellites. As of June 30, 2015, this satellite and the prepaid long-lead items ("LLI") have not been placed into service, and therefore the Company has not started to record depreciation expense for these items.

Pursuant to the Amended and Restated Contract for the construction of the Globalstar Satellite for the Second Generation Constellation between Globalstar and Thales Alenia Space France ("Thales"), dated and executed in June 2009 ("2009 Contract"), Globalstar paid €12 million in purchase price plus an additional €3.1 million in procurement costs for the LLI to be procured by Thales on Globalstar's behalf. The LLI were to be used in the construction of the Phase 3 satellites for Globalstar. As reflected on the Company's condensed consolidated balance sheets and in the above table, Globalstar believes that it owns the LLI and that the title transferred upon procurement. Recently, Globalstar asked Thales to turn over the LLI. Despite historical statements to the contrary, Thales currently disputes Globalstar's ownership of the LLI and has recently asserted that Globalstar released its title to the LLI pursuant to that certain Release Agreement, dated as of June 24, 2012, which is described more fully below. Thales further asserts that the LLI belong to Thales and that Thales has no obligation to turn over possession of this LLI to Globalstar. Globalstar disputes Thales' assertions and is currently considering its rights and remedies to recover the LLI. At this time, Globalstar cannot predict the outcome related to this dispute, including, without limitation, the likelihood of any settlement or the probability of success with respect to any litigation which Globalstar may determine to commence with respect to the LLI.

### Capitalized Interest and Depreciation Expense

The following tables summarize capitalized interest (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Interest cost eligible to be capitalized	\$ 10,589	\$ 11,361	\$ 20,705	\$ 23,615
Interest cost recorded in interest expense, net	(8,135)	(9,395)	(16,060)	(19,808)
Net interest capitalized	\$ 2,454	\$ 1,966	\$ 4,645	\$ 3,807

The following table summarizes depreciation expense (in thousands):



	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Depreciation expense	\$ 19,127	\$ 21,377	\$ 38,030	\$ 44,386

### 3. LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS

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

	June 30, 2015		December 31, 2014	
	Principal Amount	Carrying Value	Principal Amount	Carrying Value
Facility Agreement	\$ 579,071	\$ 579,071	\$ 582,296	\$ 582,296
Thermo Loan Agreement	72,371	38,452	68,154	32,971
8.00% Convertible Senior Notes Issued in 2013	16,561	11,552	22,799	14,823
Total Debt	668,003	629,075	673,249	630,090
Less: Current Portion	19,642	19,642	6,450	6,450
Long-Term Debt	\$ 648,361	\$ 609,433	\$ 666,799	\$ 623,640

The principal amounts shown above include payment of in-kind interest, as applicable. The carrying value is net of any discounts to the loan amounts at issuance, including accretion, as further described below. The current portion of long-term debt represents the scheduled principal repayments under the Facility Agreement due within one year of the balance sheet date.

#### *Facility Agreement*

The Company's senior secured credit facility agreement, as amended and restated (the "Facility Agreement"), is scheduled to mature in December 2022. As of June 30, 2015, the Facility Agreement was fully drawn. Semi-annual principal repayments began in December 2014. The facility bears interest at a floating rate of LIBOR plus 2.75% through June 2017, increasing by an additional 0.5% each year thereafter to a maximum rate of LIBOR plus 5.75%. Ninety-five percent of the Company's obligations under the Facility Agreement are guaranteed by COFACE, the French export credit agency. The Company's obligations under the Facility Agreement are guaranteed on a senior secured basis by all of its domestic subsidiaries and are secured by a first priority lien on substantially all of the assets of the Company and its domestic subsidiaries (other than their FCC licenses), including patents and trademarks, 100% of the equity of the Company's domestic subsidiaries and 65% of the equity of certain foreign subsidiaries.

The Facility Agreement contains customary events of default and requires that the Company satisfy various financial and non-financial covenants. Pursuant to the terms of the Facility Agreement, the Company has the ability to cure noncompliance with financial covenants with equity contributions through a date as late as June 2019. If the Company violates any of these covenants and is unable to make a sufficient equity contribution or obtain a waiver, it would be in default under the agreement and payment of the indebtedness could be accelerated. The acceleration of the Company's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross-acceleration provisions. The covenants under the Facility Agreement limit the Company's ability to, among other things, incur or guarantee additional indebtedness; make certain investments, acquisitions or capital expenditures above certain agreed levels; pay dividends or repurchase or redeem capital stock or subordinated indebtedness; grant liens on its assets; incur restrictions on the ability of its subsidiaries to pay dividends or to make other payments to the Company; enter into transactions with its affiliates; merge or consolidate with other entities or transfer all or substantially all of its assets; and transfer or sell assets.

The compliance calculations of the financial covenants of the Facility Agreement permit inclusion of certain cash funds contributed to the Company from the issuance of the Company's common stock and/or Subordinated Indebtedness. These funds are referred to as "Equity Cure Contributions" and may be funded in order to achieve compliance with financial covenants, subject to the conditions set forth in the Facility Agreement. Each Equity Cure Contribution must be made in a minimum amount of \$10 million for each measurement period or in the aggregate for all periods until the date that such funding is no longer allowed by the Facility Agreement. In February and June 2015, the Company drew \$10 million and \$14 million, respectively, under its agreement with Terrapin Opportunity, L.P. ("Terrapin"), as described below. The Company deemed these funds to be Equity Cure Contributions under the Facility Agreement and treated them accordingly in the Company's calculation of compliance with certain financial covenants under the Facility Agreement for the measurement periods ended December 31, 2014 and June 30, 2015.

The agent for the lenders recently notified the Company that, according to its interpretation of a formula in the Facility Agreement, the Company was not in compliance with the Net Debt to Adjusted Consolidated EBITDA covenant for the period ended December 31, 2014. The Company notified the agent that its advisors and the Company disagreed with the agent's interpretation based on the language of the Facility Agreement. The Company and the lenders discussed the modifications necessary to align the Net Debt to Adjusted Consolidated EBITDA covenant calculation with the original intent of the parties. In August 2015, the Company and the lenders agreed to amend and restate the Facility Agreement to, among other things, clarify the definition of Net Debt and the calculation of the Net Debt to Adjusted Consolidated EBITDA covenant, change the way in which certain Equity Cure Contributions are calculated, and extend by up to two years the date through which Equity Cure Contributions can be made. As of June 30, 2015, the Company was in compliance with respect to the Facility Agreement.

The Facility Agreement requires the Company to maintain a total of \$37.9 million in a debt service reserve account, which is pledged to secure all of the Company's obligations under the Facility Agreement. The use of these funds is restricted to making principal and interest payments under the Facility Agreement. As of June 30, 2015, the balance in the debt service reserve account, which was established with the proceeds of the loan agreement with Thermo discussed below, was \$37.9 million and classified as restricted cash on the Company's condensed consolidated balance sheets.

#### ***Thermo Loan Agreement***

In connection with the amendment and restatement of the Facility Agreement, the Company amended and restated its loan agreement with Thermo (as amended and restated, the "Loan Agreement"). All obligations of the Company to Thermo under the Loan Agreement are subordinated to all of the Company's obligations under the Facility Agreement.

The Loan Agreement 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 by the Facility Agreement. The Loan Agreement becomes due and payable six months after the obligations under the Facility Agreement have been paid in full, or earlier if the Company has a change in control or if any acceleration of the maturity of the loans under the Facility Agreement occurs. As of June 30, 2015, \$34.9 million of interest had accrued with respect to the Loan Agreement; the Thermo loan is included in long-term debt on the Company's condensed consolidated balance sheets.

As discussed in Note 9: Related Party Transactions, in August 2015, Thermo agreed with the lenders under the Facility Agreement that Thermo will purchase up to \$30.0 million in equity securities of the Company if the Company so requests or an event of default is continuing under the Facility Agreement and funds are not available under the new Terrapin agreement (discussed below). Consideration to Thermo for this commitment was added to the principal amount owed to Thermo under the Loan Agreement.

The Company evaluated the various embedded derivatives within the Loan Agreement (See Note 5: Fair Value Measurements for additional information about the embedded derivative in the Loan Agreement). The Company determined that the conversion option and the contingent put feature upon a fundamental change required bifurcation from the Loan Agreement. The conversion option and the contingent put feature were not deemed clearly and closely related to the Loan Agreement and were separately accounted for as a standalone derivative. The Company recorded this compound embedded derivative liability as a non-current liability on its condensed consolidated balance sheets with a corresponding debt discount, which is netted against the face value of the Loan Agreement.

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

#### ***8.00% Convertible Senior Notes Issued in 2013***

The 8.00% Convertible Senior Notes Issued in 2013 (the "8.00% Notes Issued in 2013") initially were convertible into shares of common stock at a conversion price of \$0.80 per share of common stock, or 1,250 shares of the Company's common stock per \$1,000 principal amount of the 8.00% Notes Issued in 2013, subject to adjustment. The conversion price of the 8.00% Notes Issued in 2013 will be adjusted in the event of certain stock splits or extraordinary share distributions, or as a reset of the base conversion and exercise price pursuant to the terms of the Fourth Supplemental Indenture between us and U.S. Bank National Association, as Trustee, dated May 20, 2013 (the "New Indenture"). Due to common stock issuances by the Company since May 20, 2013 at prices below the then effective conversion rate, the base conversion price (rounded to the nearest cent) was reduced to \$0.73 per share of common stock as is the current conversion price as of June 30, 2015.

The 8.00% Notes Issued in 2013 are senior unsecured debt obligations of the Company with no sinking fund. The 8.00% Notes Issued in 2013 will mature on April 1, 2028, subject to various call and put features, and bear interest at a rate of 8.00% per annum. Interest on the 8.00% Notes Issued in 2013 is payable semi-annually in arrears on April 1 and October 1 of each year. Interest is paid in cash at a rate of 5.75% per annum and in additional notes at a rate of 2.25% per annum. The New Indenture for the new 8.00% Notes Issued in 2013 provides for customary events of default. As of June 30, 2015, the Company was in compliance with respect to the 8.00% Notes Issued in 2013 and the New Indenture.

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

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

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

In January 2015, \$0.2 million principal amount of 8.00% Notes Issued in 2013 was converted, resulting in a loss on extinguishment of debt of \$0.1 million on the issuance of 0.5 million shares of voting common stock during the first quarter of 2015. In April 2015, \$6.3 million principal amount of 8.00% Notes Issued in 2013 was converted, resulting in a loss on extinguishment of debt of \$2.2 million on the issuance of 10.4 million shares of voting common stock during the second quarter of 2015. In March 2014, \$7.0 million principal amount of 8.00% Notes Issued in 2013 was converted, resulting in a loss on extinguishment of debt of \$10.5 million in the first quarter of 2014 and \$20.4 million in the second quarter of 2014 on the issuance of 14.6 million shares of voting common stock. Holders receive conversion shares over a 40-consecutive trading day settlement period. Accordingly, the portion of converted debt is extinguished on an incremental basis over the 40-day settlement period, reducing the Company's debt balance outstanding. As of June 30, 2015, no conversions had been initiated but not yet fully settled. Through June 30, 2015, holders had converted a total of \$39.4 million principal amount of 8.00% Notes Issued in 2013, resulting in the issuance of approximately 71.1 million shares of voting common stock.

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

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

#### ***Warrants Outstanding***

Warrants are outstanding to purchase shares of common stock as shown in the table below:

	Outstanding Warrants		Strike Price	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Contingent Equity Agreement <sup>(1)</sup>	30,191,866	30,191,866	\$ 0.01	\$ 0.01
5.0% Warrants <sup>(2)</sup>	8,000,000	8,000,000	0.32	0.32
	<u>38,191,866</u>	<u>38,191,866</u>		

- (1) Pursuant to the terms of a Contingent Equity Agreement with Thermo (See Note 3: Long-Term Debt and Other Financing Arrangements in the Consolidated Financial Statements in the 2014 Annual Report for a complete description of the Contingent Equity Agreement), the Company issued to Thermo warrants to purchase shares of common stock pursuant to the annual availability fee and subsequent reset provisions in the Contingent Equity Agreement. These warrants have a five-year exercise period from issuance. These warrants were issued between June 2009 and June 2012, and the exercise periods expire through June 2017. As of June 30, 2015, Thermo had exercised warrants to purchase approximately 11.3 million of these shares prior to the expiration of the associated warrants.
- (2) In June 2011, the Company issued warrants (the “5.0% Warrants”) to purchase 15.2 million shares of its voting common stock in connection with the issuance of its 5.0% Convertible Senior Unsecured Notes. During 2013, a portion of the 5.0% Warrants was exercised to purchase 7.2 million shares of common stock. The remaining 5.0% Warrants are exercisable until June 2016, which is five years after their issuance. See *5.0% Convertible Senior Notes* in Note 3: Long-Term Debt and Other Financing Arrangements in the Consolidated Financial Statements in the 2014 Annual Report for a complete description of the 5.0% Warrants.

#### ***Terrapin Opportunity, L.P. Common Stock Purchase Agreement***

On December 28, 2012 the Company entered into a Common Stock Purchase Agreement with Terrapin pursuant to which the Company, subject to certain conditions, could require Terrapin to purchase up to \$30.0 million of shares of voting common stock over the 24-month term following the effectiveness of a resale registration statement, which became effective on August 2, 2013. From time to time over the 24-month term following the effectiveness of the registration statement, and in the Company’s sole discretion, the Company had the right to present Terrapin with up to 36 draw down notices requiring Terrapin to purchase a specified dollar amount of shares of voting common stock, based on the price per share per day over ten consecutive trading days (a “Draw Down Period”). The per share purchase price for these shares was equal to the daily volume weighted average price of common stock on each date during the Draw Down Period on which shares were purchased, less a discount ranging from 3.5% to 8% based on a minimum price that the Company specified. In addition, in the Company’s sole discretion, but subject to certain limitations, the Company could 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 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 made a draw under the Terrapin equity line agreement, it issued Terrapin shares of common stock at a price per share calculated as specified in the agreement. In February 2015, the Company drew \$10.0 million under the agreement and issued 4.5 million shares of voting common stock to Terrapin at an average price of \$2.22 per share. In June 2015, the Company drew the remaining \$14.0 million under the agreement and issued 6.6 million shares of voting common stock to Terrapin at an average price of \$2.13 per share. As of June 30, 2015, Terrapin had purchased a total of 17.2 million shares of voting common stock at a total purchase price of \$30.0 million pursuant to the terms of the agreement, and no funds remained available under this agreement.

In conjunction with the amendment of the Facility Agreement in August 2015 (as discussed above), the Company entered into a new Common Stock Purchase Agreement with Terrapin pursuant to which the Company may require Terrapin to purchase up to \$75.0 million of shares of the Company’s voting common stock over the 24-month term following the date of the agreement. From time to time over the 24-month term, in the Company’s discretion, the Company may present Terrapin with up to 24 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 a Draw Down Period. The per share purchase price for these shares of voting common stock will equal the daily volume weighted average price of the common stock on each date during the Draw Down Period on which shares are purchased, but not less than a minimum price specified by the Company (a “Threshold Price”), less a discount ranging from 2.75% to 4.00% based on the Threshold Price. In addition, in the Company’s discretion, but subject to certain limitations, the Company may grant to Terrapin the option to purchase additional shares 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 their beneficial ownership of more than 9.9% of the then issued and outstanding shares of voting common stock. As discussed above in this Note 3: Long-Term Debt and Other Financing Arrangements and in Note 9: Related Party Transactions, Thermo committed, under certain conditions, to purchase equity securities of the Company on the same pricing terms as the new Terrapin agreement.

The Company will make draws from time to time under the new Terrapin agreement, which will be used as Equity Cure Contributions under the Facility Agreement or for general corporate purposes.

#### 4. DERIVATIVES

In connection with certain existing and past borrowing arrangements, the Company was required to record derivative instruments on its condensed consolidated balance sheets. None of these derivative instruments are designated as hedges. The following tables disclose the fair values of the derivative instruments on the Company's condensed consolidated balance sheets (in thousands):

	June 30, 2015	December 31, 2014
Interest rate cap	\$ 19	\$ 46
Total derivative assets	\$ 19	\$ 46
Derivative liabilities:		
Compound embedded derivative with 8.00% Notes Issued in 2013	\$ (40,140)	\$ (79,040)
Compound embedded derivative with the Amended and Restated Thermo Loan Agreement	(252,153)	(362,510)
Total derivative liabilities	\$ (292,293)	\$ (441,550)

The following table discloses the changes in value recorded as derivative gain (loss) in the Company's condensed consolidated statement of operations (in thousands):

	Three Months Ended	
	June 30, 2015	June 30, 2014
Interest rate cap	\$ (6)	\$ (58)
Warrants issued with 8.00% Notes Issued in 2009	—	(31,725)
Compound embedded derivative with 8.00% Notes Issued in 2009	—	6,681
Compound embedded derivative with 8.00% Notes Issued in 2013	37,928	(93,471)
Compound embedded derivative with the Amended and Restated Thermo Loan Agreement	199,165	(257,710)
Total derivative gain (loss)	\$ 237,087	\$ (376,283)

	Six Months Ended	
	June 30, 2015	June 30, 2014
Interest rate cap	\$ (27)	\$ (105)
Warrants issued with 8.00% Notes Issued in 2009	—	(67,523)
Compound embedded derivative with 8.00% Notes Issued in 2009	—	(16,406)
Compound embedded derivative with 8.00% Notes Issued in 2013	18,892	(141,427)
Compound embedded derivative with the Amended and Restated Thermo Loan Agreement	110,357	(360,191)
Total derivative gain (loss)	\$ 129,222	\$ (585,652)

#### Intangible and Other Assets

##### Interest Rate Cap

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

#### Derivative Liabilities

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

#### *Compound Embedded Derivative with 8.00% Notes Issued in 2013*

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

#### *Compound Embedded Derivative with the Amended and Restated Thermo Loan Agreement*

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

#### *Compound Embedded Derivative with 8.00% Notes Issued in 2009*

As a result of the conversion rights and features and the contingent put feature embedded within the 8.00% Notes Issued in 2009, the Company recorded a compound embedded derivative liability on its condensed consolidated balance sheets with a corresponding debt discount that is netted against the principal amount of the 8.00% Notes Issued in 2009. The Company determined the fair value of the compound embedded derivative using a blend of a Monte Carlo simulation model and market prices. On April 15, 2014, the remaining principal amount of 8.00% Notes Issued in 2009 was converted into common stock; accordingly, the derivative liability embedded in the 8.00% Notes Issued in 2009 is no longer outstanding. See *8.00% Convertible Senior Unsecured Notes Issued in 2009* in Note 3: Long-Term Debt and Other Financing Arrangements in the Consolidated Financial Statements in the 2014 Annual Report for a complete description of the 8.00% Notes Issued in 2009.

#### *Warrants Issued with 8.00% Notes Issued in 2009*

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

## **5. FAIR VALUE MEASUREMENTS**

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

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

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

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

### ***Recurring Fair Value Measurements***

The following table provides a summary of the financial assets and liabilities measured at fair value on a recurring basis (in thousands):

	June 30, 2015			
	(Level 1)	(Level 2)	(Level 3)	Total Balance
<b>Assets:</b>				
Interest rate cap	\$ —	\$ 19	\$ —	\$ 19
Total assets measured at fair value	<u>\$ —</u>	<u>\$ 19</u>	<u>\$ —</u>	<u>\$ 19</u>
<b>Liabilities:</b>				
Compound embedded derivative with 8.00% Notes Issued in 2013	\$ —	\$ —	\$ (40,140)	\$ (40,140)
Compound embedded derivative with the Amended and Restated Thermo Loan Agreement	—	—	(252,153)	(252,153)
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (292,293)</u>	<u>\$ (292,293)</u>
	December 31, 2014			
	(Level 1)	(Level 2)	(Level 3)	Total Balance
<b>Assets:</b>				
Interest rate cap	\$ —	\$ 46	\$ —	\$ 46
Total assets measured at fair value	<u>\$ —</u>	<u>\$ 46</u>	<u>\$ —</u>	<u>\$ 46</u>
<b>Liabilities:</b>				
Compound embedded derivative with 8.00% Notes Issued in 2013	\$ —	\$ —	\$ (79,040)	\$ (79,040)
Compound embedded derivative with the Amended and Restated Thermo Loan Agreement	—	—	(362,510)	(362,510)
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (441,550)</u>	<u>\$ (441,550)</u>

### **Assets**

#### ***Interest Rate Cap***

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

### **Liabilities**

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

The significant quantitative Level 3 inputs utilized in the valuation models are shown in the tables below:

June 30, 2015				
	Stock Price Volatility	Risk-Free Interest Rate	Note Conversion Price	Market Price of Common Stock
Compound embedded derivative with 8.00% Notes Issued in 2013	70% - 85%	0.9%	\$ 0.73	\$ 2.11
Compound embedded derivative with the Amended and Restated Thermo Loan Agreement	50% - 85%	2.2%	\$ 0.73	\$ 2.11
December 31, 2014				
	Stock Price Volatility	Risk-Free Interest Rate	Note Conversion Price	Market Price of Common Stock
Compound embedded derivative with 8.00% Notes Issued in 2013	70% - 100%	1.2%	\$ 0.73	\$ 2.75
Compound embedded derivative with the Amended and Restated Thermo Loan Agreement	50% - 100%	2.1%	\$ 0.73	\$ 2.75

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

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

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

#### *Compound Embedded Derivative with 8.00% Notes Issued in 2013*

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

#### *Compound Embedded Derivative with Amended and Restated Thermo Loan Agreement*

In addition to the inputs described above, the valuation model used to calculate the fair value measurement of the compound embedded derivative within the Thermo Loan Agreement includes payment in kind interest payments, make whole premiums, a 40-day stock issuance settlement period upon conversion and automatic conversions. The compound embedded derivative in the



Loan Agreement with Thermo contains similar features to the 8.00% Notes Issued in 2013. As stated in the previous section, the Company uses a weight factor to calculate the fair value of the embedded derivative in the 8.00% Notes Issued in 2013 to align the fair value produced from the valuation model to the fair value of the notes traded in the market. Due to the similarities in the debt instruments, a similar weight factor was applied to the embedded derivative in the Thermo Loan Agreement.

The following table presents a rollforward for all liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three and six months ended June 30, 2015 (in thousands):

Balance at March 31, 2015	\$ (548,526)
Derivative adjustment related to conversions and exercises	19,140
Unrealized gain, included in derivative gain (loss)	237,093
Balance at June 30, 2015	<u>\$ (292,293)</u>
Balance at December 31, 2014	\$ (441,550)
Derivative adjustment related to conversions and exercises	20,008
Unrealized gain, included in derivative gain (loss)	129,249
Balance at June 30, 2015	<u>\$ (292,293)</u>

## 6. ACCRUED EXPENSES AND OTHER NON-CURRENT LIABILITIES

Accrued expenses consist of the following (in thousands):

	June 30, 2015	December 31, 2014
Accrued interest	\$ 315	\$ 827
Accrued compensation and benefits	2,551	2,597
Accrued property and other taxes	6,109	6,727
Accrued customer liabilities and deposits	3,104	3,358
Accrued professional and other service provider fees	2,584	1,925
Accrued commissions and rebates	1,089	686
Accrued telecommunications expenses	1,450	1,135
Accrued satellite and ground costs	973	1,531
Accrued inventory in transit	178	1,189
Accrued liability for potential stock issuance to Hughes	1,744	—
Other accrued expenses	2,181	2,367
Total accrued expenses	<u>\$ 22,278</u>	<u>\$ 22,342</u>

Other accrued expenses include primarily outsourced logistics services, storage, warranty reserve, maintenance, rent, payments to IGOs and liability for contingent consideration.

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

	June 30, 2015	December 31, 2014
Long-term accrued interest	\$ 94	\$ 131
Asset retirement obligation	1,243	1,184
Deferred rent and capital lease obligations	440	404
Liabilities related to the Cooperative Endeavor Agreement with the State of Louisiana	1,187	1,391
Uncertain income tax positions	6,012	6,061
Foreign tax contingencies	2,765	3,034
Other non-current liabilities	26	—
Total other non-current liabilities	<u>\$ 11,767</u>	<u>\$ 12,205</u>

## 7. COMMITMENTS

### *Contractual Obligations - Second-Generation Gateways and Other Ground Facilities*

As of June 30, 2015, the Company had purchase commitments with Hughes Network Systems, LLC (“Hughes”) and Ericsson Inc. (“Ericsson”) related to the procurement, deployment and maintenance of the second-generation ground network.

In May 2008, the Company entered into a contract with Hughes under which Hughes will design, supply and implement the Radio Access Network (RAN) ground network equipment and software upgrades for installation at a number of the Company’s satellite gateway ground stations and satellite interface chips to be used in various second-generation Globalstar devices.

In March 2015, the Company entered into an agreement with Hughes for the design, development, build, testing and delivery of four custom test equipment units for a total of \$1.9 million to be delivered by the end of 2015. In April 2015, the Company extended the scope of work for delivery of two additional RANs for a total of \$4.0 million with an estimated delivery date of February 2016.

In April 2015, Hughes exercised an option to be paid in shares of the Company’s common stock (at a price 7% below market) in lieu of cash for certain of its remaining contract payments, including those related to the 2015 work mentioned above, totaling

approximately \$15.5 million. In June 2015, the Company issued 7.4 million shares of freely tradable common stock at the 7% discount pursuant to this option. The portion of these contract payments related to future milestone work is included in Prepaid second-generation ground costs on the condensed consolidated balance sheets as of June 30, 2015. As the contract milestones are achieved, the related costs will be reclassified from Prepaid second-generation ground costs to construction in progress within Property and equipment. The Company recorded a loss equal to the value of the 7% discount of \$1.2 million in its condensed consolidated statement of operations for the three months ended June 30, 2015. In the April 2015 agreement, as amended in July 2015, the Company agreed to provide downside protection for a period of 40 trading days after the issuance of the shares of common stock. This feature requires that the Company issue additional shares of common stock equal to the difference, if any, between \$15.5 million and the total amount of gross proceeds Hughes receives from the sale of any shares plus the market value of any shares still held by Hughes as of the close of trading on the last day of the 40-day period. Pursuant to this agreement, the Company recorded a \$1.7 million liability as of June 30, 2015 based on an estimate of the value of this option calculated using a Black-Scholes pricing model. The Company recorded this estimated loss in its condensed consolidated statement of operations for the three months ended June 30, 2015. This liability will be marked to market through the settlement date in August 2015.

In July 2015, the Company and Hughes formally amended the contract to include the revised scope of work set forth in the March 2015 and April 2015 letter agreements. The additional \$1.9 million for delivery of four custom test equipment units and the \$4.0 million for delivery of two additional RANs agreed to in March and April 2015, respectively, are now reflected in the contract through this amendment.

The Company has an agreement with Ericsson to develop, implement and maintain a ground interface, or core network system that will be installed at a number of the Company's satellite gateway ground stations. As of June 30, 2015, the remaining amount due under the contract is \$17.1 million. In September 2013, the Company entered into an agreement with Ericsson that deferred certain milestone payments previously due under the contract to 2014 and beyond. The deferred payments were incurring interest at a rate of 6.5% per annum. In April 2015, the Company signed a new letter agreement whereby Ericsson agreed to waive the remaining \$1.0 million in deferred milestone payments and \$0.4 million in interest accrued on the milestone payments. In the first quarter of 2015, the Company reversed these amounts from accounts payable, accrued expenses and construction in progress on the Company's condensed consolidated balance sheets.

## **8. CONTINGENCIES**

### ***Arbitration***

On June 3, 2011, Globalstar filed a demand for arbitration against Thales before the American Arbitration Association to enforce certain rights to order additional satellites under the 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 €51.3 million by October 9, 2011, and that absent further agreement between the parties, Thales had no further obligation to manufacture or deliver satellites under Phase 3 of the 2009 Contract. The award required Globalstar to pay Thales approximately €53 million in termination charges and interest by June 9, 2012. On May 23, 2012, Thales commenced an action in the United States District Court for the Southern District of New York by filing a petition to confirm the arbitration award (the "New York Proceeding"). Thales and the Company entered into a tolling agreement as of June 13, 2013, under which Thales dismissed the New York Proceeding without prejudice. Thales may refile the petition at a later date and pursue the confirmation of the arbitration award, which Globalstar will oppose. Should Thales be successful in confirming the arbitration award, this would have a material adverse effect on the Company's financial condition, results of operations 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 and all claims and obligations (with the exception of those items payable under the Settlement Agreement or in connection with a new contract for the purchase of any additional second-generation satellites), including, without limitation, a full release from paying €35.6 million of the termination charges awarded in the arbitration together with all interest on the award amount effective upon the earlier of December 31, 2012, and the effective date of the financing for the purchase of any additional second-generation satellites. Under the terms of the Release Agreement, Globalstar agreed unconditionally and irrevocably to release and forever discharge Thales from any and all claims (with limited exceptions), including, without limitation, claims related to Thales' work under the 2009 satellite construction contract, including any obligation to pay liquidated damages, effective upon the earlier of December 31, 2012, and the effective date of the financing for the purchase of any additional second-generation satellites. In connection with the Release Agreement and the Settlement

Agreement, the Company recorded a contract termination charge of approximately €17.5 million which is recorded in the Company's condensed consolidated balance sheets as of June 30, 2015. The releases became effective on December 31, 2012.

Under the terms of the Settlement Agreement, the parties agreed, among other things, to stay the New York Proceeding, and Globalstar agreed to pay €17.5 million to Thales, representing one-third of the termination charges awarded to Thales in the arbitration, subject to certain conditions, on the later of the effective date of the new contract for the purchase of any additional second-generation satellites and the effective date of the financing for the purchase of these satellites. As of June 30, 2015, this condition had not been satisfied. Because the effective date of the new contract for the purchase of additional second-generation satellites did not occur on or prior to February 28, 2013, any party may terminate the Settlement Agreement. If any party terminates the Settlement Agreement, all parties' rights and obligations under the Settlement Agreement (with limited exceptions related to tolling) shall terminate. The Release Agreement is a separate and independent agreement from the Settlement Agreement, and therefore it would survive any termination of the Settlement Agreement. As of June 30, 2015, no party had terminated the Settlement Agreement. Each of the Settlement Agreement and the Release Agreement provides that it supersedes all prior understandings, commitments and representations between the parties with respect to the subject matter thereof.

### ***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 those described in this report, which may have a material adverse effect on the Company's financial condition, results of operations or liquidity.

## **9. RELATED PARTY TRANSACTIONS**

Payables to Thermo and other affiliates relate to normal purchase transactions were \$0.5 million at both June 30, 2015 and December 31, 2014.

### ***Transactions with Thermo***

The following table summarizes expenses Thermo incurred on behalf of the Company (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
General and administrative expenses	\$ 214	\$ 33	\$ 244	\$ 63
Non-cash expenses	137	137	274	274
<b>Total</b>	<b>\$ 351</b>	<b>\$ 170</b>	<b>\$ 518</b>	<b>\$ 337</b>

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

Since June 2009, Thermo and its affiliates have also deposited \$60.0 million into a contingent equity account to fulfill a condition precedent for borrowing under the Facility Agreement, purchased \$20.0 million of the Company's 5.0% Notes, purchased \$11.4 million of the Company's 8.00% Notes Issued in 2009, provided a \$2.3 million short-term loan to the Company (which was subsequently converted into nonvoting common stock), loaned \$37.5 million to the Company to fund the debt service reserve account, and funded \$65 million in exchange for the Company's common stock in accordance with the Consent Agreement, the Common Stock Purchase Agreement, and the Common Stock Purchase and Option Agreement entered into in May 2013. See the sections *The Consent Agreement*, *The Common Stock Purchase Agreement*, and *The Common Stock Purchase and Option Agreement* in Note 3: Long-Term Debt and Other Financing Arrangements in the Consolidated Financial Statements in the 2014 Annual Report for a complete description of these agreements between the Company and Thermo.

During 2014, Thermo exercised warrants that were scheduled to expire in June 2014. The warrants that were exercised during 2014 included warrants for 4.2 million shares of the Company's common stock issued as partial consideration for the Amended and Restated Thermo Loan Agreement, resulting in the issuance of 4.2 million shares of Globalstar common stock; warrants for 11.3 million shares issued in connection with the annual availability fee for the Contingent Equity Agreement in 2009, resulting in the issuance of 11.3 million shares of Globalstar common stock; and 8.00% Warrants issued in 2009 to purchase 16.3 million

shares of Globalstar common stock, resulting in the issuance of 14.7 million shares of Globalstar common stock. As of June 30, 2015, warrants to purchase approximately 30.2 million shares issued under the Contingent Equity Agreement and 8.0 million 5.0% Warrants remain outstanding, all of which are held by Thermo and are scheduled to expire between June 2016 and June 2017.

In August 2015, the Company entered into a Common Stock Purchase Agreement with Terrapin pursuant to which the Company may require Terrapin to purchase up to \$75.0 million in shares of voting common stock over the 24-month term. See discussion in Note 3: Long-Term Debt and Other Financing Arrangements. Thermo has agreed with the lenders under the Facility Agreement that Thermo will purchase up to \$30.0 million in equity securities of the Company if the Company so requests or if an event of default is continuing under the Facility Agreement and funds are not available under the Terrapin agreement. Thermo's consideration for this commitment was added to the principal amount owed to Thermo under the Loan Agreement. If the Company requires Thermo to purchase equity securities under this commitment, the price per share of common stock will be calculated on the same terms as those in the new Terrapin agreement.

The Facility Agreement requires Thermo to maintain minimum and maximum ownership levels in the Company's common stock as defined in the Facility Agreement. As needed, Thermo may convert shares of nonvoting common stock into shares of voting common stock to ensure compliance with these ownership limitations. During 2014, Thermo converted 175 million shares of nonvoting common stock into shares of voting common stock to ensure compliance with these covenants.

See Note 3: Long-Term Debt and Other Financing Arrangements for further discussion of the Company's debt and financing transactions with Thermo.

## 10. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) includes all changes in equity during a period from non-owner sources.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Accumulated other comprehensive income (loss), beginning of period	\$ (4,188)	\$ (364)	\$ (2,898)	\$ 871
Other comprehensive income (loss) :				
Foreign currency translation adjustments	447	857	(843)	(378)
Accumulated other comprehensive income (loss), end of period	<u>\$ (3,741)</u>	<u>\$ 493</u>	<u>\$ (3,741)</u>	<u>\$ 493</u>

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

## 11. STOCK COMPENSATION

The Company's 2006 Equity Incentive Plan ("Equity Plan") provides long-term incentives to the Company's key employees, officers, directors, consultants and advisers ("Eligible Participants") 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 (or its designee for non-executive officers and directors) establishes the terms and conditions of any awards granted under the plans.

The Company recorded compensation expense related to its 2006 Equity Incentive Plan of \$0.5 million during the three-month periods ended June 30, 2015 and 2014, and \$1.3 million and \$1.0 million for the six-month periods ended June 30, 2015 and 2014, respectively. These expenses are reflected in marketing, general and administrative expenses.

Grants to eligible participants of incentive stock options, restricted stock awards, and restricted stock units were as follows (in thousands of shares):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Grants of restricted stock awards and restricted stock units	63	377	92	405
Grants of options to purchase common stock	179	168	292	462
Total	242	545	384	867

### ***Employee Stock Purchase Plan***

For the three-month periods ended June 30, 2015 and 2014, the Company recorded expense related to its Employee Stock Purchase Plan for the fair value of the grants of \$0.1 million in each period, and \$0.2 million and \$0.1 million for the six-month periods ended June 30, 2015 and 2014, respectively. These expenses are reflected in marketing, general and administrative expenses. Through June 30, 2015, the Company had issued 2,797,662 shares of common stock pursuant to this plan.

## **12. 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 June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
<b>Revenues:</b>				
Service:				
United States	\$ 12,468	\$ 11,853	\$ 24,183	\$ 22,733
Canada	3,771	3,636	7,204	6,869
Europe	1,541	1,401	2,743	2,752
Central and South America	688	783	1,302	1,447
Others	148	214	291	335
Total service revenue	\$ 18,616	\$ 17,887	\$ 35,723	\$ 34,136
Subscriber equipment:				
United States	1,990	3,515	3,578	5,829
Canada	1,278	1,487	2,439	2,769
Europe	452	555	985	1,087
Central and South America	424	335	1,057	493
Others	263	215	263	216
Total subscriber equipment revenue	\$ 4,407	\$ 6,107	\$ 8,322	\$ 10,394
Total revenue	\$ 23,023	\$ 23,994	\$ 44,045	\$ 44,530

	June 30, 2015	December 31, 2014
<b>Long-lived assets:</b>		
United States	\$ 1,085,501	\$ 1,108,675
Canada	410	357
Europe	416	413
Central and South America	3,122	3,309
Others	636	806
Total long-lived assets	\$ 1,090,085	\$ 1,113,560

### 13. EARNINGS (LOSS) PER SHARE

The Company is required to present basic and diluted earnings per share. Basic earnings per share are computed based on the weighted average number of shares of common stock outstanding during the period. Common stock equivalents are included in the calculation of diluted earnings per share only when the effect of their inclusion would be dilutive.

The following tables reconcile basic weighted average shares of common stock to diluted weighted average shares of common stock outstanding for the three and six months ended June 30, 2015 (in thousands):

	Three Months Ended June 30, 2015
Weighted average common shares outstanding:	
Basic shares outstanding	1,009,917
Incremental shares from assumed exercises of:	
Stock options, restricted stock, restricted stock units and ESPP	8,667
8.00% Notes Issued in 2013	28,001
Thermo Loan Agreement	120,673
Warrants	38,192
Diluted shares outstanding	1,205,450

	Six Months Ended June 30, 2015
Weighted average common shares outstanding:	
Basic shares outstanding	1,005,406
Incremental shares from assumed exercises of:	
Stock options, restricted stock, restricted stock units and ESPP	8,534
8.00% Notes Issued in 2013	27,778
Thermo Loan Agreement	119,272
Warrants	38,192
Diluted shares outstanding	1,199,182

For the three and six months ended June 30, 2015, net income was adjusted for interest expense (net of capitalized amounts) related to the 8.00% Notes Issued in 2013 and the Thermo Loan Agreement for the computation of diluted earnings per share as these Notes were assumed to be converted at the start of the period. There were no anti-dilutive stock options, restricted stock or restricted stock units excluded from diluted shares outstanding during the three or six months ended June 30, 2015.

For the three and six months ended June 30, 2014, 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 would be anti-dilutive.

### 14. CONDENSED CONSOLIDATING FINANCIAL INFORMATION

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

The 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.**  
**Condensed Consolidating Statement of Operations**  
**Three Months Ended June 30, 2015**  
**(Unaudited)**

	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
	(In thousands)				
Revenues:					
Service revenues	\$ 18,935	\$ 515	\$ 6,288	\$ (7,122)	\$ 18,616
Subscriber equipment sales	296	2,615	2,993	(1,497)	4,407
Total revenue	19,231	3,130	9,281	(8,619)	23,023
Operating expenses:					
Cost of services (exclusive of depreciation, amortization, and accretion shown separately below)	3,386	3,235	2,958	(1,552)	8,027
Cost of subscriber equipment sales	78	2,137	3,286	(2,518)	2,983
Marketing, general and administrative	2,078	4,694	3,387	—	10,159
Depreciation, amortization, and accretion	18,778	293	4,917	(4,717)	19,271
Total operating expenses	24,320	10,359	14,548	(8,787)	40,440
Loss from operations	(5,089)	(7,229)	(5,267)	168	(17,417)
Other income (expense):					
Loss on extinguishment of debt	(2,189)	—	—	—	(2,189)
Loss on equity issuance	(2,912)	—	—	—	(2,912)
Interest income and expense, net of amounts capitalized	(9,107)	(5)	(138)	6	(9,244)
Derivative gain	237,087	—	—	—	237,087
Equity in subsidiary earnings	(12,483)	(6,079)	—	18,562	—
Other	(674)	(132)	355	(1)	(452)
Total other income (expense)	209,722	(6,216)	217	18,567	222,290
Income (loss) before income taxes	204,633	(13,445)	(5,050)	18,735	204,873
Income tax (provision) expense	(134)	(8)	248	—	106
Net income (loss)	\$ 204,767	\$ (13,437)	\$ (5,298)	\$ 18,735	\$ 204,767
Comprehensive income (loss)	\$ 204,767	\$ (13,437)	\$ (4,851)	\$ 18,735	\$ 205,214



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

	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
	(In thousands)				
Revenues:					
Service revenues	\$ 18,962	\$ 1,541	\$ 6,212	\$ (8,828)	\$ 17,887
Subscriber equipment sales	269	4,364	2,254	(780)	6,107
Total revenue	19,231	5,905	8,466	(9,608)	23,994
Operating expenses:					
Cost of services (exclusive of depreciation, amortization, and accretion shown separately below)	2,419	2,385	2,431	(115)	7,120
Cost of subscriber equipment sales	212	3,187	2,672	(1,739)	4,332
Cost of subscriber equipment sales - reduction in the value of inventory	7,258	19	40	—	7,317
Marketing, general and administrative	1,908	4,192	3,294	(1,147)	8,247
Depreciation, amortization, and accretion	19,135	3,084	6,530	(6,736)	22,013
Total operating expenses	30,932	12,867	14,967	(9,737)	49,029
Loss from operations	(11,701)	(6,962)	(6,501)	129	(25,035)
Other income (expense):					
Loss on extinguishment of debt	(16,484)	—	—	—	(16,484)
Loss on equity issuance	(748)	—	—	—	(748)
Interest income and expense, net of amounts capitalized	(13,774)	(9)	(81)	—	(13,864)
Derivative loss	(376,283)	—	—	—	(376,283)
Equity in subsidiary earnings	(14,889)	(2,102)	—	16,991	—
Other	198	44	(586)	—	(344)
Total other income (expense)	(421,980)	(2,067)	(667)	16,991	(407,723)
Loss before income taxes	(433,681)	(9,029)	(7,168)	17,120	(432,758)
Income tax expense	49	19	904	—	972
Net income (loss)	\$ (433,730)	\$ (9,048)	\$ (8,072)	\$ 17,120	\$ (433,730)
Comprehensive income (loss)	\$ (433,730)	\$ (9,048)	\$ (7,228)	\$ 17,133	\$ (432,873)

**Globalstar, Inc.**  
**Condensed Consolidating Statement of Operations**  
**Six Months Ended June 30, 2015**  
**(Unaudited)**

	<b>Parent Company</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>(In thousands)</b>				
Revenues:					
Service revenues	\$ 37,850	\$ 1,422	\$ 11,390	\$ (14,939)	\$ 35,723
Subscriber equipment sales	354	6,064	5,491	(3,587)	8,322
Total revenue	38,204	7,486	16,881	(18,526)	44,045
Operating expenses:					
Cost of services (exclusive of depreciation, amortization, and accretion shown separately below)	6,406	6,275	6,057	(3,277)	15,461
Cost of subscriber equipment sales	60	5,443	5,732	(5,121)	6,114
Marketing, general and administrative	4,025	8,416	6,314		18,755
Depreciation, amortization, and accretion	37,327	591	10,798	(10,399)	38,317
Total operating expenses	47,818	20,725	28,901	(18,797)	78,647
Loss from operations	(9,614)	(13,239)	(12,020)	271	(34,602)
Other income (expense):					
Loss on extinguishment of debt	(2,254)	—	—	—	(2,254)
Loss on equity issuance	(2,912)	—	—	—	(2,912)
Interest income and expense, net of amounts capitalized	(17,443)	(15)	(309)	6	(17,761)
Derivative gain	129,222	—	—	—	129,222
Equity in subsidiary earnings	(23,146)	(6,075)	—	29,221	—
Other	1,132	394	2,102	53	3,681
Total other income (expense)	84,599	(5,696)	1,793	29,280	109,976
Income (loss) before income taxes	74,985	(18,935)	(10,227)	29,551	75,374
Income tax (provision) expense	(55)	15	374	—	334
Net income (loss)	\$ 75,040	\$ (18,950)	\$ (10,601)	\$ 29,551	\$ 75,040
Comprehensive income (loss)	\$ 75,040	\$ (18,950)	\$ (11,444)	\$ 29,551	\$ 74,197

**Globalstar, Inc.**  
**Condensed Consolidating Statement of Operations**  
**Six Months Ended June 30, 2014**  
**(Unaudited)**

	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
	(In thousands)				
Revenues:					
Service revenues	\$ 37,370	\$ 3,365	\$ 10,890	\$ (17,489)	\$ 34,136
Subscriber equipment sales	315	7,495	4,153	(1,569)	10,394
Total revenue	37,685	10,860	15,043	(19,058)	44,530
Operating expenses:					
Cost of services (exclusive of depreciation, amortization, and accretion shown separately below)	5,056	4,448	4,726	(172)	14,058
Cost of subscriber equipment sales	212	5,616	4,592	(3,016)	7,404
Cost of subscriber equipment sales - reduction in the value of inventory	7,258	19	40	—	7,317
Marketing, general and administrative	3,596	8,144	6,502	(2,226)	16,016
Depreciation, amortization, and accretion	38,457	7,710	13,139	(13,960)	45,346
Total operating expenses	54,579	25,937	28,999	(19,374)	90,141
Loss from operations	(16,894)	(15,077)	(13,956)	316	(45,611)
Other income (expense):					
Loss on extinguishment of debt	(26,679)	—	—	—	(26,679)
Loss on equity issuance	(748)	—	—	—	(748)
Interest income and expense, net of amounts capitalized	(24,598)	(20)	(168)	—	(24,786)
Derivative loss	(585,652)	—	—	—	(585,652)
Equity in subsidiary earnings	(29,818)	(4,216)	—	34,034	—
Other	220	(9)	279	(121)	369
Total other income (expense)	(667,275)	(4,245)	111	33,913	(637,496)
Loss before income taxes	(684,169)	(19,322)	(13,845)	34,229	(683,107)
Income tax expense	104	27	1,035	—	1,166
Net income (loss)	\$ (684,273)	\$ (19,349)	\$ (14,880)	\$ 34,229	\$ (684,273)
Comprehensive income (loss)	\$ (684,273)	\$ (19,349)	\$ (15,273)	\$ 34,244	\$ (684,651)

**Globalstar, Inc.**  
**Condensed Consolidating Balance Sheet**  
**As of June 30, 2015**  
**(Unaudited)**

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(In thousands)				
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 8,586	\$ 459	\$ 3,826	\$ —	\$ 12,871
Accounts receivable	4,657	5,731	5,813	452	16,653
Intercompany receivables	807,654	452,244	33,863	(1,293,761)	—
Inventory	1,983	6,237	3,753	—	11,973
Prepaid expenses and other current assets	3,280	(4)	4,446	—	7,722
Total current assets	826,160	464,667	51,701	(1,293,309)	49,219
Property and equipment, net	1,082,318	3,183	5,205	(621)	1,090,085
Restricted cash	37,918	—	—	—	37,918
Intercompany notes receivable	12,920	—	13,595	(26,515)	—
Investment in subsidiaries	(277,942)	12,533	31,701	233,708	—
Deferred financing costs	58,056	—	—	—	58,056
Prepaid second-generation ground costs	14,237	—	—	—	14,237
Intangible and other assets, net	9,292	404	1,084	(13)	10,767
Total assets	\$ 1,762,959	\$ 480,787	\$ 103,286	\$ (1,086,750)	\$ 1,260,282
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Current portion of long-term debt	\$ 19,642	\$ —	\$ —	\$ —	\$ 19,642
Accounts payable	2,106	1,836	1,526	—	5,468
Accrued contract termination charge	19,452	—	—	—	19,452
Accrued expenses	7,833	6,238	8,207	—	22,278
Intercompany payables	547,253	583,198	169,616	(1,300,067)	—
Payables to affiliates	456	—	—	—	456
Deferred revenue	1,877	17,102	3,959	—	22,938
Total current liabilities	598,619	608,374	183,308	(1,300,067)	90,234
Long-term debt, less current portion	609,433	—	—	—	609,433
Employee benefit obligations	5,440	—	—	—	5,440
Intercompany notes payable	4,655	—	15,055	(19,710)	—
Derivative liabilities	292,293	—	—	—	292,293
Deferred revenue	6,119	407	—	—	6,526
Debt restructuring fees	20,795	—	—	—	20,795
Other non-current liabilities	1,811	299	9,657	—	11,767
Total non-current liabilities	940,546	706	24,712	(19,710)	946,254
Stockholders' (deficit) equity	223,794	(128,293)	(104,734)	233,027	223,794
Total liabilities and stockholders' equity	\$ 1,762,959	\$ 480,787	\$ 103,286	\$ (1,086,750)	\$ 1,260,282

**Globalstar, Inc.**  
**Condensed Consolidating Balance Sheet**  
**As of December 31, 2014**  
**(Unaudited)**

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(In thousands)				
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 3,166	\$ 672	\$ 3,283	\$ —	\$ 7,121
Accounts receivable	4,470	5,265	4,955	325	15,015
Intercompany receivables	755,482	441,525	23,967	(1,220,974)	—
Inventory	2,018	8,424	4,292	—	14,734
Prepaid expenses and other current assets	3,465	303	4,176	—	7,944
Total current assets	768,601	456,189	40,673	(1,220,649)	44,814
Property and equipment, net	1,105,670	3,002	5,776	(888)	1,113,560
Restricted cash	37,918	—	—	—	37,918
Intercompany notes receivable	13,006	—	8,285	(21,291)	—
Investment in subsidiaries	(265,249)	4,734	30,552	229,963	—
Deferred financing costs	63,862	—	—	—	63,862
Intangible and other assets, net	6,707	541	1,031	(13)	8,266
Total assets	\$ 1,730,515	\$ 464,466	\$ 86,317	\$ (1,012,878)	\$ 1,268,420
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Current portion of long-term debt	\$ 6,450	\$ —	\$ —	\$ —	\$ 6,450
Accounts payable	3,310	1,755	1,857	—	6,922
Accrued contract termination charge	21,308	—	—	—	21,308
Accrued expenses	6,638	7,213	8,491	—	22,342
Intercompany payables	508,503	563,183	153,067	(1,224,753)	—
Payables to affiliates	481	—	—	—	481
Derivative liabilities	—	—	—	—	—
Deferred revenue	3,185	15,378	3,177	—	21,740
Total current liabilities	549,875	587,529	166,592	(1,224,753)	79,243
Long-term debt, less current portion	623,640	—	—	—	623,640
Employee benefit obligations	5,499	—	—	—	5,499
Intercompany notes payable	2,000	—	15,148	(17,148)	—
Derivative liabilities	441,550	—	—	—	441,550
Deferred revenue	6,229	343	—	—	6,572
Debt restructuring fees	20,795	—	—	—	20,795
Other non-current liabilities	2,011	294	9,900	—	12,205
Total non-current liabilities	1,101,724	637	25,048	(17,148)	1,110,261
Stockholders' (deficit) equity	78,916	(123,700)	(105,323)	229,023	78,916
Total liabilities and stockholders' equity	\$ 1,730,515	\$ 464,466	\$ 86,317	\$ (1,012,878)	\$ 1,268,420

**Globalstar, Inc.**  
**Condensed Consolidating Statement of Cash Flows**  
**Six Months Ended June 30, 2015**  
**(Unaudited)**

	<b>Parent Company</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>(In thousands)</b>				
Net cash provided by (used in) operating activities	\$ (3,451)	\$ 1,239	\$ 950	\$ —	\$ (1,262)
Cash flows used in investing activities:					
Second-generation network costs (including interest)	(10,344)	—	—	—	(10,344)
Property and equipment additions	(1,979)	(1,452)	(237)	—	(3,668)
Net cash used in investing activities	(12,323)	(1,452)	(237)	—	(14,012)
Cash flows provided by (used in) financing activities:					
Proceeds from issuance of stock to Terrapin	24,000	—	—	—	24,000
Proceeds from issuance of common stock and exercise of warrants	419	—	—	—	419
Principal payment of the Facility Agreement	(3,225)	—	—	—	(3,225)
Net cash provided by financing activities	21,194	—	—	—	21,194
Effect of exchange rate changes on cash and cash equivalents	—	—	(170)	—	(170)
Net increase (decrease) in cash and cash equivalents	5,420	(213)	543	—	5,750
Cash and cash equivalents at beginning of period	3,166	672	3,283	—	7,121
Cash and cash equivalents at end of period	\$ 8,586	\$ 459	\$ 3,826	\$ —	\$ 12,871

**Globalstar, Inc.**  
**Condensed Consolidating Statement of Cash Flows**  
**Six Months Ended June 30, 2014**  
(Unaudited)

	<b>Parent Company</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>(In thousands)</b>				
Net cash provided by operating activities	\$ 920	\$ 1,240	\$ 193	\$ —	\$ 2,353
Cash flows used in investing activities:					
Second-generation network costs (including interest)	(3,315)	—	—	—	(3,315)
Property and equipment additions	(88)	(208)	(1,187)	—	(1,483)
Net cash used in investing activities	(3,403)	(208)	(1,187)	—	(4,798)
Cash flows provided by (used in) financing activities:					
Proceeds from issuance of common stock and stock options	8,986	—	—	—	8,986
Payment of deferred financing costs	(164)	—	—	—	(164)
Net cash provided by financing activities	8,822	—	—	—	8,822
Effect of exchange rate changes on cash and cash equivalents	—	—	15	—	15
Net increase (decrease) in cash and cash equivalents	6,339	1,032	(979)	—	6,392
Cash and cash equivalents at beginning of period	12,935	676	3,797	—	17,408
Cash and cash equivalents at end of period	\$ 19,274	\$ 1,708	\$ 2,818	\$ —	\$ 23,800

## 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 Quarterly Report on Form 10-Q (the "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 (including our ability to monetize our spectrum rights), 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 (including regulation related to the use of our spectrum), 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 in Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, as filed with the Securities and Exchange Commission (the "SEC") on March 2, 2015 (the "2014 Annual Report"). We do not intend, and undertake no obligation, to update any of our forward-looking statements after the date of this Report to reflect actual results or future events or circumstances.

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 2014 Annual Report.

### Overview

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

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

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

We have integrated our second-generation satellites with our first-generation satellites to form our second-generation constellation of Low Earth Orbit ("LEO") satellites. The restoration of our constellation's Duplex capabilities was complete in August 2013 forming the world's most modern satellite network.

This restoration of Duplex capabilities resulted in a substantial increase in service levels, making our products and services more desirable to existing and potential customers. We are gaining new customers and winning back former customers, which contributes to increases in Duplex service revenue. We offer a range of price-competitive products to the industrial, governmental and consumer markets. Due to the unique design of the Globalstar System (and based on customer input), we believe that we offer the best voice quality among our peer group.

We define a successful level of service for our customers as measured by their ability to make uninterrupted calls of average duration for a system-wide average number of minutes per month. Our goal is to provide service levels and call success rates equal to or better than our MSS competitors so our products and services are attractive to potential customers. We define voice quality as the ability to easily hear, recognize and understand callers with imperceptible delay in the transmission. Due to the unique design of the Globalstar System, by this measure our system outperforms geostationary ("GEO") satellites used by some of our competitors. Due to the difference in signal travel distance, GEO satellite signals must travel approximately 42,000 additional nautical miles, which introduces considerable delay and signal degradation to GEO calls. For our competitors using cross-linked satellite architectures, which require multiple inter-satellite connections to complete a call, signal degradation and delay can result in compromised call quality as compared to that experienced over the Globalstar System.

We also compete aggressively on price. Our MSS handsets are priced lower than those of our main MSS competitors, providing access to MSS services to a broader range of subscribers. We expect to 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 June 30, 2015, we served approximately 673,000 subscribers. We increased our net subscribers 12% from June 30, 2014 to June 30, 2015. 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 designed our second-generation constellation to support our current lineup of Duplex, SPOT and Simplex products. With the improvement in both coverage and service quality resulting from the deployment of our second-generation constellation and with the release of new product and service offerings, we anticipate further expansion of our subscriber base and increases in our average revenue per user, or "ARPU."

Our products and services are sold through a variety of independent agents, dealers and resellers, and independent gateway operators ("IGOs"). We have distribution relationships with a number of "Big Box" and online retailers and other similar distribution channels, which expands the diversification of our distribution channels.

### 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, both of which are indicators of our financial performance; and
- capital expenditures, which are an indicator of future revenue growth potential and cash requirements.

**Comparison of the Results of Operations for the three and six months ended June 30, 2015 and 2014**  
**Revenue**

Total revenue decreased by \$1.0 million, or approximately 4%, to \$23.0 million for the three months ended June 30, 2015 from \$24.0 million for the three months ended June 30, 2014. This decrease was due primarily to a \$1.7 million decrease in revenue from subscriber equipment sales, which was driven primarily by a decline in Simplex equipment sales based on changes in customer demand in the respective periods. The decrease in revenue from subscriber equipment sales was partially offset by a \$0.7 million increase in service revenue driven by a 12% growth in our subscriber base.

Total revenue decreased by \$0.5 million or approximately 1%, to \$44.0 million for the six months ended June 30, 2015 from \$44.5 million for the six months ended June 30, 2014. This decrease was due primarily to a \$2.1 million decline in subscriber equipment sales driven by higher demand in the prior year period from our commercial Simplex customers and lower Duplex and SPOT equipment sales prices due to rebate promotions. The decrease in revenue generated from equipment sales was partially offset by a \$1.6 million increase in service revenue attributable to overall growth in our subscriber base.

Additionally, revenue recognized during the three and six months ended June 30, 2015 declined by \$1.2 million and \$2.3 million, respectively, as a result of the significant appreciation of the U.S. dollar. See further discussion below.

The following table sets forth amounts and percentages of our revenue by type of service (dollars in thousands).

	Three Months Ended June 30, 2015		Three Months Ended June 30, 2014		Six Months Ended June 30, 2015		Six Months Ended June 30, 2014	
	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue
Service Revenue:								
Duplex	\$ 6,998	30%	\$ 6,943	29%	\$ 13,163	30%	\$ 12,817	29%
SPOT	8,345	36	7,037	29	15,861	36	14,076	32
Simplex	2,249	10	2,227	9	4,535	10	4,092	9
IGO	163	1	301	1	387	1	575	1
Other	861	4	1,379	6	1,777	5	2,576	6
Total	<u>\$ 18,616</u>	<u>81%</u>	<u>\$ 17,887</u>	<u>74%</u>	<u>\$ 35,723</u>	<u>82%</u>	<u>\$ 34,136</u>	<u>77%</u>

The following table sets forth amounts and percentages of our revenue for equipment sales (dollars in thousands).

	Three Months Ended June 30, 2015		Three Months Ended June 30, 2014		Six Months Ended June 30, 2015		Six Months Ended June 30, 2014	
	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue
Equipment Revenues:								
Duplex	\$ 1,303	6%	\$ 1,701	7%	\$ 2,812	6%	\$ 3,057	7%
SPOT	1,392	6	1,652	7	2,450	6	3,080	7
Simplex	1,183	5	2,041	9	2,371	5	3,280	7
IGO	473	2	430	2	595	1	610	1
Other	56	—	283	1	94	—	367	1
Total	<u>\$ 4,407</u>	<u>19%</u>	<u>\$ 6,107</u>	<u>26%</u>	<u>\$ 8,322</u>	<u>18%</u>	<u>\$ 10,394</u>	<u>23%</u>

The following table sets forth our average number of subscribers, ARPU and ending number of subscribers by type of revenue.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Average number of subscribers for the period (three and six months ended):				
Duplex (1)	72,334	60,253	71,188	73,033
SPOT	251,092	226,832	247,961	225,737
Simplex	292,873	257,439	292,357	247,754
IGO	38,752	39,258	38,686	39,300
ARPU (monthly):				
Duplex (1)	\$ 32.25	\$ 38.41	\$ 30.82	\$ 29.25
SPOT	11.08	10.34	10.66	10.39
Simplex	2.56	2.88	2.59	2.75
IGO	1.40	2.56	1.67	2.44
Number of subscribers (end of period):				
Duplex	75,013	61,902	75,013	61,902
SPOT	255,604	229,579	255,604	229,579
Simplex	297,546	264,154	297,546	264,154
IGO	38,713	39,248	38,713	39,248
Other	5,835	5,794	5,835	5,794
Total	672,711	600,677	672,711	600,677

- (1) In 2014 we initiated a process to deactivate certain subscribers in our Duplex subscriber base who were either suspended or non-paying. We deactivated approximately 26,000 subscribers during the first quarter of 2014. For the six months ended June 30, 2014, excluding these 26,000 subscribers deactivated in prior periods, average subscribers would have been 59,703 and ARPU would have been \$35.78.

The numbers reported in the above table are subject to immaterial rounding inherent in calculating averages.

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 service revenue in the above charts.

#### Service Revenue

Duplex service revenue increased approximately 1% and 3% for three and six months ended June 30, 2015, compared to the same periods in 2014. The increase in Duplex service revenue was driven primarily by growth in our Duplex subscriber base over the past 12 months. The subscriber base increased 21% from June 30, 2014 to June 30, 2015. This increase from subscriber growth was offset by a decrease in ARPU driven by changes in the rate plans selected by our subscribers and the negative impact from the appreciation of the U.S. dollar during 2015. Due to our global footprint, a significant portion of our sales are generated internationally. For the three and six months ended June 30, 2015 compared to the same periods in 2014, the movement of foreign exchange rates decreased Duplex service revenue by \$0.5 million and \$1.0 million, respectively.

SPOT service revenue increased 19% and 13% for the three and six months ended June 30, 2015, compared to the same periods in 2014. SPOT ARPU increased 7% driven primarily by the significant number of SPOT Gen3® sales over the past twelve months, which were sold with a higher average annual rate plan. End of period SPOT subscribers increased 11% from June 30, 2014 to June 30, 2015. The growth in our SPOT subscriber base is due primarily to a significant increase in activations driven by expansion in international markets.

Simplex service revenue increased 1% and 11% for the three and six months ended June 30, 2015 compared to the same periods in 2014. End of period Simplex subscribers increased 13% from June 30, 2014 to June 30, 2015. However, revenue growth from our Simplex customers is not necessarily commensurate with subscriber growth due to the various competitive pricing plans we offer as well as variations in customer usage.

Other revenue decreased approximately 38% and 31% for the three and six months ended June 30, 2015 compared to the same periods in 2014. The decrease in other revenue is due primarily to lower revenue generated from government contracts as well as a decrease in third party revenue. While we were manufacturing and deploying our second-generation constellation, we purchased service from other satellite providers that we re-sold to certain loyal customers. This revenue is recorded in other service revenue as third party revenue. As our coverage is now fully restored, we continue to transition these subscribers to our network.

#### Equipment Revenue

Revenue from Duplex equipment sales decreased by approximately 23% and 8% for the three and six months ended June 30, 2015 compared to the same periods in 2014. The primary reason for the decline in Duplex equipment revenue was a reduction in the selling price of our phones beginning in 2015 in advance of the introduction of second-generation products. Reduced Duplex equipment pricing has contributed to the 89% and 60% increase in the number of phones sold during the three and six months ended June 30, 2015 compared to the same periods in 2014.

Revenue from SPOT equipment sales decreased by approximately 16% and 20%, respectively, for the three and six months ended June 30, 2015 compared to the same periods in 2014. The success of our SPOT products continues to grow as evidenced in part by improving consumer velocity, which is measured by the number of subscriber activations. The primary reason for the SPOT equipment revenue decrease was the success of our recent rebate programs, which decreased the revenue generated from equipment sales. These rebates given to customers reduced equipment revenue, but contributed to the increase in SPOT service revenue by increasing our subscriber count.

Revenue from Simplex equipment sales decreased by approximately 42% and 28%, respectively, for the three and six months ended June 30, 2015 compared to the same periods in 2014. Reduced demand for certain of our commercial applications for M2M asset monitoring and tracking devices in 2015 contributed to the overall decrease in Simplex equipment revenue during the three and six months ended June 30, 2015 compared to the same periods in 2014.

#### Operating Expenses

Total operating expenses decreased \$8.6 million, or approximately 18%, to \$40.4 million for the three months ended June 30, 2015 from \$49.0 million for the same period in 2014. Total operating expenses decreased \$11.5 million, or approximately 13%, to \$78.6 million for the six months ended June 30, 2015 from \$90.1 million for the same period in 2014. This decrease is due primarily to our not being required to recognize a reduction in the value of inventory during 2015 and lower depreciation expense during the three and six months ended June 30, 2015 compared to the same periods in 2014.

#### Cost of Services

Cost of services increased \$0.9 million, or approximately 13%, to \$8.0 million for the three months ended June 30, 2015 from \$7.1 million for the same period in 2014. Cost of services increased \$1.4 million, or 10%, to \$15.5 million for the six months ended June 30, 2015 from \$14.1 million for the same period in 2014. Increased cost of services was due in part to the Thales in-orbit support contract signed in the fourth quarter of 2014, which represented 21% of the increase for the three-month period and 27% of the increase for the six-month period. Research and development costs related to new products represented 27% and 21% of the increase in cost of services for the three and six-month periods, respectively. Higher personnel costs contributed 13% and 16% to the three and six-month period increases due to higher fringe expenses and an expanded employee base.

#### Cost of Subscriber Equipment Sales

Cost of subscriber equipment sales decreased \$1.3 million, or approximately 31%, to \$3.0 million for the three months ended June 30, 2015 from \$4.3 million for the same period in 2014 and decreased \$1.3 million, or approximately 17%, to \$6.1 million for the six months ended June 30, 2015 from \$7.4 million for the same period in 2014. The decrease in cost of subscriber equipment sales is due to changes in the carrying value, mix, and volume of products sold during the respective periods. During the fourth quarter of 2014, we recorded a reduction in the value of Duplex inventory based on evaluating and estimating timing of new product launches. This impairment corresponded to reduced Duplex equipment pricing during 2015 compared to 2014, which contributed to the decrease in cost of subscriber equipment sales.

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

We recognized no reduction in the value of inventory for the three and six months ended June 30, 2015, compared to \$7.3 million during the same periods in 2014. We have had various commercial contracts with Qualcomm since 2004 for the purchase

of phone equipment and accessories. These contracts were canceled in March 2013, and we entered into an agreement with Qualcomm in July 2014 whereby we paid \$0.1 million to Qualcomm for all remaining finished goods and raw materials held at Qualcomm, which included our previously recorded \$9.2 million advances to Qualcomm for inventory. As part of our future business plans we intend to use Hughes-based technology in future product development, therefore, many of the raw materials held by Qualcomm are not likely to be used in the future production of additional inventory. As a result of certain terms included in the July 2014 agreement, during the second quarter of 2014 we recorded a reduction in the value of inventory of \$7.3 million. The remaining balance of \$2.2 million for inventory advances on our condensed consolidated balance sheets includes approximately \$2.0 million related to the Qualcomm contract, representing primarily finished goods.

#### Marketing, General and Administrative

Marketing, general and administrative expenses increased \$2.0 million, or approximately 23%, to \$10.2 million for the three months ended June 30, 2015 from \$8.2 million for the same period in 2014 and increased \$2.8 million, or approximately 17%, to \$18.8 million for the six months ended June 30, 2015 from \$16.0 million for the same period in 2014. Higher bad debt expense, which constituted 40% and 31%, respectively, of the increase in marketing, general and administrative expenses for the three and six months ended June 30, 2015, was due to an increase in our total subscriber base and specific reserves recorded for certain commercial customer balances. Higher subscriber acquisition costs resulting from enhanced advertising efforts, increased dealer commissions, broader global expansion, and aggressive rebate promotions comprised 29% and 36% of the increase in marketing, general and administrative expenses for the three and six months ended June 30, 2015. Additionally, expenses incurred for third party professional fees represented 23% and 19% of the increase for the three and six months ended June 30, 2015, respectively. We also incurred higher personnel costs for both the three and six months ended June 30, 2015 resulting from higher fringe expenses and an expanded employee base.

#### Depreciation, Amortization and Accretion

Depreciation, amortization, and accretion expense decreased \$2.7 million, or approximately 12%, to \$19.3 million for the three months ended June 30, 2015 from \$22.0 million for the same period in 2014 and decreased \$7.0 million, or approximately 16%, to \$38.3 million for the six months ended June 30, 2015 from \$45.3 million for the same period in 2014. These decreases relate primarily to the depreciation of our first-generation satellites launched during 2007, which reached the end of their estimated depreciable lives during 2014.

#### Other Income (Expense)

#### Gain (Loss) on Extinguishment of Debt

We incurred losses on extinguishment of debt of \$2.2 million and \$2.3 million for the three and six months ended June 30, 2015, respectively, due to the conversion of a portion of our 8.00% Notes Issued in 2013. We incurred losses on extinguishment of debt of \$16.5 million and \$26.7 million for the three and six months ended June 30, 2014, respectively, due to the conversion of our 8.00% Notes Issued in 2013 and 8.00% Notes Issued in 2009.

During the first quarter of 2015, holders of \$0.2 million principal amount of 8.00% Notes Issued in 2013 converted their Notes, resulting in a loss on extinguishment of debt of less than \$0.1 million on the issuance of 0.5 million shares of voting common stock. During the second quarter of 2015, holders of \$6.3 million principal amount of 8.00% Notes Issued in 2013 converted their Notes to common stock, resulting in a loss on extinguishment of debt of \$2.2 million on the issuance of 10.4 million shares of voting common stock. These losses resulted from the carrying value of the debt and derivative liability written off due to these conversions, offset by the fair value of shares issued to the holders upon conversion.

During the first quarter of 2014, we incurred loss on extinguishment of debt of \$10.2 million due primarily to the conversion of a portion of our 8.00% Notes Issued in 2009 and 8.00% Notes Issued in 2013. Holders of approximately \$8.8 million principal amount of our 8.00% Notes Issued in 2009 converted them into common stock, resulting in a gain on extinguishment of debt of \$0.4 million. This gain resulted from the carrying value of the debt and derivative liability written off due to these conversions exceeding the fair value of shares we issued to the holders upon conversion. Additionally, holders of approximately 15%, or \$7.0 million, of the principal amount of 8.00% Notes Issued in 2013 converted them into common stock on March 20, 2014 resulting in a loss on extinguishment of debt of \$10.5 million. This loss was due primarily to the fair value of shares issued to the holders being in excess of the carrying value of the debt and the derivative liability written off due to these conversions.

During the second quarter of 2014, we recorded loss on extinguishment of debt of \$16.5 million due to the conversion of our 8.00% Notes Issued in 2009 and a portion of our 8.00% Notes Issued in 2013. On April 15, 2014 we met the condition for automatic conversion of our 8.00% Notes Issued in 2009 pursuant to the terms of the related indenture. As a result of this automatic conversion

and other conversions prior to April 15, 2014, the remaining principal amount of the 8.00% Notes Issued in 2009 converted into shares of our common stock resulting in a gain on extinguishment of debt of \$3.9 million during the second quarter of 2014. This gain resulted from the carrying value of the debt and derivative liability written off due to these conversions exceeding the fair value of shares issued to the holders upon conversion. Additionally, holders of approximately \$10.5 million principal amount of our 8.00% Notes Issued in 2013 converted the Notes into common stock during the second quarter of 2014, resulting in a loss on extinguishment of debt of \$20.4 million. This loss was due to the fair value of shares issued to the holders being in excess of the carrying value of the debt and the derivative liability written off due to these conversions.

#### Loss on Equity Issuance

Loss on equity issuance increased to \$2.9 million for the three and six months ended June 30, 2015 from \$0.7 million for the three and six months ended June 30, 2014. In June 2015, Hughes exercised its right to receive the pre-payment of certain payment milestones in shares of our common stock at a 7% discount to market value in lieu of cash. Pursuant to this agreement, we provided Hughes downside protection for a period of 40-trading days following the issuance of the stock in June. This agreement generally would require us to issue additional shares to Hughes if the market value of our common stock at the end of the 40-day period is less than the price at issuance. As previously discussed in Note 7: Commitments Contractual Obligations - Second-Generation Gateways and Other Ground Facilities, in valuing the shares issued to Hughes at the 7% discount and the related liability for the potential issuance of additional shares, we recorded a non-cash loss of approximately \$2.9 million in loss on equity issuance in our condensed consolidated statements of operations for the second quarter of 2015. During the three months ended June 30, 2014, Hughes also exercised its right to receive the pre-payment of certain milestone payments in shares of our common stock at a 7% discount to market value in lieu of cash. We recorded a loss of \$0.7 million related to this discount in our condensed consolidated statements of operations for the second quarter of 2014.

#### Interest Income and Expense

Interest income and expense, net, decreased by \$4.7 million to an expense of \$9.2 million for the three months ended June 30, 2015 from an expense of \$13.9 million for the same period in 2014 and decreased \$7.0 million to an expense of \$17.8 million for the six months ended June 30, 2015 compared to an expense of \$24.8 million for the same period in 2014. These decreases resulted primarily from additional interest expense of approximately \$4.0 million related to make-whole interest we paid to holders who converted 8.00% Notes Issued in 2009 and 8.00% Notes Issued in 2013 during the three months ended June 30, 2014, compared to \$0.6 million of make-whole interest paid to holders during the three months ended June 30, 2015. A decrease in the outstanding debt balance resulting primarily from conversions of our various convertible notes also contributed to the decrease in interest expense. As discussed in Note 3: Long-Term Debt and Other Financing Arrangements, these conversions included the remaining 8.00% Notes Issued in 2009 in April 2014 and a portion of the 8.00% Notes Issued in 2013 at various dates throughout 2014 and 2015.

#### Derivative Gain (Loss)

Derivative gain (loss) fluctuated by \$613.4 million to a gain of \$237.1 million for the three months ended June 30, 2015, compared to a loss of \$376.3 million for the same period in 2014 and by \$714.9 million to a gain of \$129.2 million for the six months ended June 30, 2015, compared to a loss of \$585.7 million for the same period in 2014.

We recognize gains or losses due to the change in the value of certain embedded features within our debt instruments that require standalone derivative accounting. A fluctuation in our stock price is the most significant cause for the change in value of these derivative instruments. Our stock price fluctuated significantly during the three and six month periods ended June 30, 2015 and 2014, resulting in material non-cash derivative gains and losses in these periods. See Note 5: Fair Value Measurements to our condensed consolidated financial statements for further discussion of the impact of stock price on the fair value of our derivatives.

#### Other

Other expense increased \$0.1 million to \$0.5 million for the three months ended June 30, 2015, from \$0.3 million for the same period in 2014. Other income increased \$3.3 million to \$3.7 million for the six months ended June 30, 2015 from \$0.4 million in the same period in 2014. The fluctuations in other expense are due primarily to foreign currency gains and losses recognized during the respective periods. The U.S. dollar has strengthened dramatically since mid-2014 relative to certain other currencies, including the Euro and Canadian dollar. Given the significant financial statement amounts we have denominated in these currencies, we recognized a \$3.2 million greater foreign currency gain during the six months ended June 30, 2015 compared to the prior year period.

#### **Liquidity and Capital Resources**

Our principal liquidity requirements include paying amounts related to second-generation upgrades to our ground infrastructure, repaying our debt and funding our operating costs. Our principal sources of liquidity include cash on hand, cash flows from operations and funds available under the new equity line agreement with Terrapin. See below for further discussion. See Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2014 for a description of risks, some of which are beyond our control, affecting our ability to achieve our liquidity requirements.

Additionally, the Facility Agreement requires us to maintain \$37.9 million in a debt service reserve account. The Facility Agreement restricts the use of the funds in this account to making principal and interest payments under the Facility Agreement. As of June 30, 2015, the balance in the debt service reserve account was \$37.9 million and classified as restricted cash on our condensed consolidated balance sheets.

#### ***Comparison of Cash Flows for the six months ended June 30, 2015 and 2014***

The following table shows our cash flows from operating, investing and financing activities (in thousands):

	Six Months Ended	
	June 30, 2015	June 30, 2014
Net cash provided by (used in) operating activities	\$ (1,262)	\$ 2,353
Net cash used in investing activities	(14,012)	(4,798)
Net cash provided by financing activities	21,194	8,822
Effect of exchange rate changes on cash	(170)	15
Net increase in cash and cash equivalents	<u>\$ 5,750</u>	<u>\$ 6,392</u>

#### ***Cash Flows Provided by Operating Activities***

Net cash used in operating activities during the six months ended June 30, 2015 was \$1.3 million compared to net cash provided by operating activities of \$2.4 million during the same period in 2014. During 2015, we experienced a decrease in cash receipts for future services to be provided by us to our subscribers and a decrease in cash receipts from sales of inventory, compared to the same period in 2014.

#### ***Cash Flows Used in Investing Activities***

Net cash used in investing activities was \$14.0 million for the six months ended June 30, 2015 compared to \$4.8 million for the same period in 2014. The increase in cash used in investing activities was due primarily to an increase in spending related to our second-generation ground upgrades.

#### ***Cash Flows Provided by Financing Activities***

Net cash provided by financing activities for the six months ended June 30, 2015 was due primarily to cash received from Terrapin, offset by a principal payment on the Facility Agreement.

#### ***Cash Position and Indebtedness***

As of June 30, 2015, we held cash and cash equivalents of \$12.9 million. We also had \$37.9 million in restricted cash, which must be maintained through the term of the Facility Agreement and will be used to pay principal and interest under the Facility Agreement. Additionally, in August 2015, we executed a \$75.0 million equity line agreement with Terrapin, which is available to be drawn over a 24-month period.

As of December 31, 2014, we held cash and cash equivalents of \$7.1 million and \$24.0 million was available under our previous equity line agreement with Terrapin.

The carrying amount of the current portion of our long-term debt outstanding was \$19.6 million and \$6.5 million at June 30, 2015 and December 31, 2014, respectively. The current portion of our long-term debt outstanding at these periods represents principal payments under our Facility Agreement scheduled to occur within 12 months of the balance sheet dates. The carrying amount of our long-term debt outstanding was \$609.4 million and \$623.6 million at June 30, 2015 and December 31, 2014, respectively. The decrease in the total debt balance was due primarily to conversions of a portion of the 8.00% Notes Issued in

2013 and a principal payment of our Facility Agreement, offset partially by a higher carrying value of the Thermo Loan Agreement due to interest accruing on that debt of and accretion of the debt discounts related to our convertible notes.

#### *Facility Agreement*

Our senior secured credit facility agreement, as amended and restated (the "Facility Agreement") is scheduled to mature in December 2022. As of June 30, 2015, we had drawn all funds available under the Facility Agreement. Semi-annual principal repayments began in December 2014. See Note 3: Long-Term Debt and Other Financing Arrangements in our Consolidated Financial Statements in Part II, Item 8 of our 2014 Annual Report for a complete description of our Facility Agreement.

The Facility Agreement contains customary events of default and requires that we satisfy various financial and non-financial covenants. Pursuant to the terms of the Facility Agreement, we have the ability to cure noncompliance with certain financial covenants with equity contributions through a date as late as June 2019. If we violate any of these covenants and are unable to make a sufficient equity contribution or obtain a waiver, we would be in default under the agreement and payment of the indebtedness could be accelerated. The acceleration of our indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross-acceleration provisions. The covenants under the Facility Agreement limit our ability to, among other things, incur or guarantee additional indebtedness; make certain investments, acquisitions or capital expenditures above certain agreed levels; pay dividends or repurchase or redeem capital stock or subordinated indebtedness; grant liens on our assets; incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us; enter into transactions with our affiliates; merge or consolidate with other entities or transfer all or substantially all of our assets; and transfer or sell assets.

The compliance calculations of the financial covenants of the Facility Agreement permit inclusion of certain cash funds contributed to us from the issuance of our common stock and/or Subordinated Indebtedness. These funds are referred to as "Equity Cure Contributions" and may be funded in order to achieve compliance with financial covenants, subject to the conditions set forth in the Facility Agreement. Each Equity Cure Contribution must be made in a minimum amount of \$10 million for each measurement period or in the aggregate for all periods until the date that such funding is no longer allowed by the Facility Agreement. In February and June 2015, we drew \$10 million and the remaining \$14 million under our agreement with Terrapin, respectively as described below. These funds were deemed Equity Cure Contributions under the Facility Agreement and were used in our calculation of compliance with certain financial covenants under the Facility Agreement for the measurement periods ended December 31, 2014 and June 30, 2015.

The agent for the lenders recently notified us that, according to its interpretation of a formula in the Facility Agreement, we were not in compliance with the Net Debt to Adjusted Consolidated EBITDA covenant for the period ended December 31, 2014. We notified the agent that we and our advisors disagreed with the agent's interpretation based on the language set forth in the Facility Agreement. We and the lenders discussed the modifications necessary to align the Net Debt to Adjusted Consolidated EBITDA covenant calculation with the original intent of the parties. In August 2015, we and the lenders agreed to amend the Facility Agreement to, among other things, clarify the definition of Net Debt and the calculation of the Net Debt to Adjusted Consolidated EBITDA covenant, change the way in which certain Equity Cure Contributions are calculated, and extend by up to two years the date through which we may utilize Equity Cure Contributions.

The Facility Agreement requires that we maintain a total of \$37.9 million in a debt service reserve account which is pledged to reserve all of our obligations under the Facility Agreement. The use of these funds is restricted to making principal and interest payments under the Facility Agreement. As of June 30, 2015, the balance in the debt service reserve account, which was established with the proceeds of the loan agreement with Thermo discussed below, was \$37.9 million and classified as restricted cash on our condensed consolidated balance sheets.

#### *Thermo Loan Agreement*

In connection with the amendment and restatement of the Facility Agreement, we amended and restated our loan agreement with Thermo (as amended and restated, the "Loan Agreement"). Our obligations to Thermo under the Loan Agreement are subordinated to all of our obligations under the Facility Agreement.

Amounts outstanding under the Loan Agreement accrue interest at 12% per annum, which we capitalize and add to the outstanding principal in lieu of cash payments. We will make payments to Thermo only when permitted by the Facility Agreement. The Loan Agreement becomes due and payable six months after the obligations under the Facility Agreement have been paid in full, or earlier if a change in control occurs or if any acceleration of the maturity of the loans under the Facility Agreement occurs. As of June 30, 2015, \$34.9 million of interest was outstanding; we include this amount in long-term debt on our condensed consolidated balance sheets.



### *8.00% Convertible Senior Notes Issued in 2013*

Our 8.00% Convertible Senior Notes Issued in 2013 (the "8.00% Notes Issued in 2013") initially were convertible into shares of our common stock at a conversion price of \$0.80 per share of common stock, or 1,250 shares of our common stock per \$1,000 principal amount of the 8.00% Notes Issued in 2013, subject to adjustment. Due to common stock issuances by us since May 20, 2013 at prices below the then effective conversion rate, the base conversion rate had been reduced to \$0.73 per share of common stock as of June 30, 2015.

Interest on the 8.00% Notes Issued in 2013 is payable semi-annually in arrears on April 1 and October 1 of each year. Interest is paid in cash at a rate of 5.75% per annum and through issuance of additional 8.00% Notes Issued in 2013 at a rate of 2.25% per annum. See Note 3: Long-Term Debt and Other Financing Arrangements in our Consolidated Financial Statements in Part II, Item 8 of our 2014 Annual Report for a complete description of our 8.00% Notes Issued in 2013.

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

The New Indenture governing the 8.00% Notes Issued in 2013 provides for customary events of default. If there is an event of default, the Trustee may, at the direction of the holders of 25% or more in aggregate principal amount of the 8.00% Notes Issued in 2013, accelerate the maturity of the 8.00% Notes Issued in 2013. As of June 30, 2015, we were not in default under the New Indenture governing the 8.00% Notes Issued in 2013.

### *Terrapin Opportunity, L.P. Common Stock Purchase Agreement*

On December 28, 2012 we entered into a Common Stock Purchase Agreement with Terrapin pursuant to which we were entitled, subject to certain conditions, to require Terrapin to purchase up to \$30.0 million of shares of our voting common stock over the 24-month term following the effectiveness of a resale registration statement, which became effective on August 2, 2013. From time to time over the 24-month term following the effectiveness of the registration statement, and in our sole discretion, we could 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 agreed not to 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.

When we make a draw under the Terrapin equity line agreement, we issue Terrapin shares of common stock at a price per share calculated as specified in the agreement. In February 2015, we drew \$10.0 million under the agreement with Terrapin and issued 4.5 million shares of voting common stock to Terrapin at an average price of \$2.22 per share. In June 2015, we drew the remaining \$14 million under our agreement with Terrapin and issued 6.6 million shares of voting common stock to Terrapin at an average price of \$2.13 per share. As of June 30, 2015, Terrapin had purchased a total of 17.2 million shares of voting common stock at a total purchase price of \$30.0 million pursuant to the terms of the agreement and \$0.0 million remained available under this agreement.

In conjunction with the amendment to the Facility Agreement in August 2015 (as discussed above), we entered into a Common Stock Purchase Agreement with Terrapin pursuant to which we may require Terrapin to purchase up to \$75.0 million of shares of voting common stock over the 24-month term following the date of the agreement. Over the 24-month term, in our discretion, we may present Terrapin with up to 24 draw down notices requiring Terrapin to purchase a specified dollar amount of shares of voting common stock, based on the price per share per day over ten consecutive trading days (a "Draw Down Period"). The per share purchase price for these shares will equal the daily volume weighted average price of common stock on each date during the Draw Down Period on which shares are purchased (but not less than a minimum price specified by us (a "Threshold Price")), less a discount ranging from 2.75% to 4.00% based on the Threshold Price. In addition, in our discretion, but subject to certain limitations, we may grant to Terrapin the option to purchase additional shares during the Draw Down Period. We have 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 their beneficial ownership of more than 9.9% of the number of our shares of voting common stock issued and outstanding at the date of the sale. Thermo has agreed with the lenders under the Facility Agreement that Thermo will purchase up to \$30.0 million in our equity securities if we require it to do so or if there is an event of default under the Facility Agreement and funds are not available under the new Terrapin agreement.

We will make draws from time to time under the new Terrapin agreement, which may be used as Equity Cure Contributions under the Facility Agreement or for general corporate purposes.

## Capital Expenditures

We have entered into various contractual agreements, primarily with Hughes and Ericsson, related to the procurement and deployment of our second-generation gateways and other ground facilities.

Our agreements with Hughes are related to design, supply and implementation of RAN ground network equipment and software upgrades for installation at a number of our satellite gateway ground stations and satellite interface chips to be used in various second-generation devices. In March 2015, we entered into an agreement with Hughes for the design, development, build, testing and delivery of four custom test equipment units for a total of \$1.9 million to be delivered by the end of 2015. In April 2015, we extended the scope of work for delivery of two additional RANs for a total of \$4.0 million with an estimated delivery date of February 2016.

In April 2015, Hughes exercised its option to accept shares of our common stock in lieu of cash for certain of our remaining contract milestones, including milestones related to the 2015 work mentioned above, totaling approximately \$15.5 million. In June 2015, we issued 7.4 million shares of freely tradable common stock at a 7% discount to market value pursuant to this option. We recorded a loss equal to the value of the 7% discount of \$1.2 million in our condensed consolidated statement of operations for the three months ended June 30, 2015. In the April 2015 agreement, as amended in July 2015, we agreed to provide downside protection for a period of 40 trading days after the issuance of common stock. This feature requires that we issue additional shares of common stock equal to the difference, if any, between the \$15.5 million and the total amount of gross proceeds Hughes receives from the sale of any shares plus the market value of any shares still held by Hughes as of the close of trading on the last day of the 40 day period. Pursuant to this agreement, we recorded a \$1.7 million liability as of June 30, 2015 based on an estimate of the value of this option calculated using a Black-Scholes pricing model. We recorded this estimated loss in our condensed consolidated statement of operation for the three months ended June 30, 2015. We will mark to market this liability through the settlement date in August 2015.

Our agreements with Ericsson are related to development, implementation and maintenance of a ground interface, or core network, system that will be installed at a number of our satellite gateway ground stations. The remaining amount due under the Ericsson contract is \$17.1 million. In September 2013, we entered into an agreement with Ericsson that deferred certain milestone payments previously due under the contract to 2014 and beyond. The deferred payments were incurring interest at a rate of 6.5% per annum. In April 2015, we signed a new letter agreement whereby Ericsson agreed to waive the remaining \$1.0 million in deferred milestone payments and \$0.4 million in interest accrued on the milestone payments. In the first quarter of 2015, we reversed these amounts from accounts payable, accrued expenses and construction in progress in our condensed consolidated balance sheets.

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

Capital Expenditures	Payments through June 30, 2015	Estimated Future Payments			
		Remaining 2015	2016	Thereafter	Total
Hughes second-generation ground component (including research and development expense)	\$ 111,082	\$ —	\$ 756	\$ —	\$ 111,838
Ericsson ground network	14,365	11,500	5,643	—	31,508
Other Capital Expenditures	1,667	—	—	—	1,667
Total	\$ 127,114	\$ 11,500	\$ 6,399	\$ —	\$ 145,013

As of June 30, 2015, we recorded approximately \$1.0 million of these capital expenditures in accrued expenses.

In addition to the contractual agreements mentioned above, we have a contract with Thales for the construction of the second-generation low-earth orbit satellites and related services. We successfully completed the launches of our second-generation satellites. Discussions between us and Thales are ongoing regarding certain deliverables under the contract.

## Contractual Obligations and Commitments

As previously disclosed, on December 31, 2014, we entered into a contract for the sale of a Globalstar gateway for installation in Eastern Europe, along with related construction and engineering services. During the quarter ended March 31, 2015, the contract

was amended to extend the date at which the parties could terminate the contract to May 29, 2015. An agreement was not reached; therefore, the contract terminated without any payment obligations by either party.

There have been no other significant changes to our contractual obligations and commitments since December 31, 2014, except those discussed above.

#### **Off-Balance Sheet Transactions**

We have no material off-balance sheet transactions.

#### **Recently Issued Accounting Pronouncements**

For a discussion of recently issued accounting guidance and the expected impact that the guidance could have on our Condensed Consolidated Financial Statements, see *Recently Issued Accounting Pronouncements* in Note 1: Basis of Presentation in our Condensed Consolidated Financial Statements in Part 1, Item 1 of this Report.

#### **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 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 also have operations in Venezuela. Since 2010, the Venezuelan government's frequent modifications to its currency laws have caused the bolivar to devalue significantly and resulted in Venezuela being considered a highly inflationary economy. In February 2013, the official rate was devalued to the current 6.3 bolivars per U.S. dollar from 4.3 bolivars per U.S. dollar. At the end of each accounting period, we remeasure our Venezuelan subsidiary from the bolivar to the U.S. dollar at the official government rate of 6.3 bolivars per U.S. dollar. We continue to monitor the significant uncertainty surrounding current Venezuela exchange mechanisms, but due to the immateriality of our Venezuelan operations, we do not expect a substantial effect on our results of operations.

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 reduce 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. We have \$579.1 million due under the Facility Agreement. A 1.0% change in interest rates would result in a change to interest expense of approximately \$5.8 million annually.

See Note 5: Fair Value Measurements in our Condensed Consolidated Financial Statements for discussion of our financial assets and liabilities measured at fair market value and the market factors affecting changes in fair market value of each.

#### **Item 4. Controls and Procedures.**

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

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 as of June 30, 2015, the end of the period covered by this Report. This evaluation was based on the guidelines established in *Internal Control - Integrated Framework* issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In

designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of June 30, 2015 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 SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

We believe that the condensed consolidated financial statements included in this Report fairly present, in all material respects, our condensed consolidated financial position and results of operations for the quarter and six months ended June 30, 2015.

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

As of June 30, 2015, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated our internal control over financial reporting. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that no changes in our internal control over financial reporting occurred during the quarter ended June 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II: OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

For a description of our material pending legal and regulatory proceedings and settlements, see Note 8: Contingencies in our Condensed Consolidated Financial Statements in Part I, Item 1 of this Report.

### **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 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 our risk factors disclosed in Part I, Item 1A, "Risk Factors" of our 2014 Annual Report.

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

None

### **Item 3. Defaults Upon Senior Securities.**

None

### **Item 4. Mine Safety Disclosures.**

Not Applicable

### **Item 5. Other Information.**

#### Second Global Amendment and Restatement Agreement

As previously discussed, the agent for the lenders under our Facility Agreement notified us that, according to its interpretation of a formula in the Facility Agreement, we were not in compliance with the Net Debt to Adjusted Consolidated EBITDA covenant for the period ended December 31, 2014. We and our advisors believed that we were in compliance with all financial and non-financial covenants as of that date. We notified the agent that we and our advisors disagreed with the agent's interpretation of the language of the covenant. Based on the language of the Facility Agreement, we determined that we would not be in compliance with this financial covenant as of June 30, 2015. To resolve these issues, we engaged in discussions with the lenders under the Facility Agreement.

To resolve these issues, on August 7, 2015, we, Thermo Funding Company LLC (“Thermo”), the lenders and their agent entered into a Second Global Amendment and Restatement Agreement (the “2015 GARA”). Pursuant to the 2015 GARA:

- The Facility Agreement was amended and restated as described below and in the form attached to the 2015 GARA. The amendments to the Facility Agreement clarify the definition of Net Debt (which previously was ambiguous and subject to varying interpretations), adjust the calculation of the Net Debt to Adjusted Consolidated EBITDA covenant, change the way in which certain Equity Cure Contributions are calculated, and extend by up to the end of 2019 the date through which Equity Cure Contributions can be made.
- The lenders agreed that the \$14 million equity financing we received from Terrapin Opportunity, L.P. (“Terrapin”) on June 22, 2015 would be credited towards an Equity Cure Contribution for the period ended June 30, 2015 and that any equity financing we raised between the closing date and June 30, 2016 may be used to the extent required as an Equity Cure Contribution for any period ending on or before June 30, 2016.
- The lenders waived any existing defaults or events of default under the Facility Agreement.
- Thermo agreed to make, or caused to be made, available to us cash equity financing, subject to certain conditions, of \$30.0 million, all as further described below.
- Thermo repeated in favor of the lenders and agent each of the representations and warranties previously made by Thermo in the Amended and Restated Thermo Subordinated Deed executed in July 2013.
- We paid a waiver fee to the agent and lenders in the aggregate amount of \$85,000.

#### Second Thermo Group Undertaking Letter

In connection with, and as a condition to the effectiveness of, the 2015 GARA, Thermo and certain of its affiliates, executed and delivered to the agent under the Facility Agreement, an undertaking (the “Second Thermo Group Undertaking Letter”) in which they agreed that, during the period commencing on the effective date of the 2015 GARA and ending on the later of March 31, 2018 and, if our 8% Notes Issued in 2013 have been redeemed in full, September 30, 2019 (the “Commitment Period”), under the circumstances described below, they will make, or cause to be made, available to us cash equity financing in the aggregate amount of \$30.0 million.

Thermo and its affiliates are required to provide these funds during the Commitment Period if:

- We request the funds, or
- An Event of Default occurs and is continuing under the Facility Agreement, and, at the direction of the agent under the Facility Agreement, we deliver a notice to Terrapin under the Purchase Agreement drawing the amount set forth in the agent’s notice, and Terrapin fails to purchase shares of our voting common stock to provide us with cash proceeds in such amount.

The balance of this commitment will be reduced by any cash equity financing received by us during the Commitment Period from Thermo or an external equity funding source, including Terrapin, if we use the funds as an Equity Cure Contribution.

#### Agreements with Thermo

Simultaneously with the execution of the 2015 GARA and the Second Thermo Group Undertaking Letter, we entered into an Equity Commitment Agreement (the “Equity Agreement”) and a 2015 Thermo Loan Agreement (the “New Thermo Loan Agreement”).

Pursuant to the Equity Agreement, Thermo agreed to make, or cause to be made, available to us up to \$30.0 million in additional cash equity investments as contemplated by the 2015 GARA and the Second Thermo Group Undertaking Letter. The price per share that Thermo will pay to purchase any shares of our common stock pursuant to this equity commitment will be established using the same method as used to establish the price per share under the new Terrapin stock purchase agreement. If the issuance of shares of voting common stock to Thermo pursuant to the Equity Agreement would constitute a “Change of Control,” “Default” or “Event of Default” under any agreement applicable to use, we will issue instead an equal number of shares of non-voting common stock.

In connection with the 2015 GARA, the Second Thermo Group Undertaking Letter and the Equity Agreement, we agreed to increase the principal amount under the Thermo Loan Agreement by \$6.0 million, resulting in a new principal balance of \$79.3 million.

All of the transactions between us and Thermo and its affiliates were reviewed and approved on our behalf by a Special Committee of our independent directors, who were represented by independent counsel.

**Item 6. Exhibits.**

<b>Exhibit Number</b>	<b>Description</b>
10.1†	Amendment No. 13 to Contract between Globalstar, Inc. and Hughes Network Systems LLC dated as of July 16, 2015
10.2	Second Global Amendment and Restatement Agreement dated as of August 7, 2015 between Globalstar, Inc., Thermo Funding Company LLC, BNP Paribas and the other lenders thereto
10.3	Second Amended and Restated Facility Agreement dated as of August 7, 2015 between Globalstar, Inc., BNP Paribas and the other lenders thereto
31.1	Section 302 Certification of the Chief Executive Officer
31.2	Section 302 Certification of the Chief Financial Officer
32.1	Section 906 Certification of the Chief Executive Officer
32.2	Section 906 Certification of the Chief Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
†	Portions of the exhibit have been omitted pursuant to a request for confidential treatment filed with the Commission. The omitted portions have been filed with the Commission.

## SIGNATURES

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

GLOBALSTAR, INC.

Date: August 10, 2015

By: /s/ James Monroe III

James Monroe III

*Chairman and Chief Executive Officer (On behalf of the registrant)*

/s/ Rebecca S. Clary

Rebecca S. Clary

*Chief Financial Officer (Principal Financial Officer)*

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. 13**

**TO**

**CONTRACT NUMBER GINC-C-08-0390**

**BETWEEN**

**GLOBALSTAR, INC.**

**AND**

**HUGHES NETWORK SYSTEMS, LLC**

**FOR**

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

HUGHES AND GLOBALSTAR CONFIDENTIAL AND PROPRIETARY



This Amendment No. 13 ("Amendment") is entered into effective as of July 16, 2015 ("Effective Date"), by and between Hughes Network Systems, LLC, a limited liability company organized under the laws of Delaware (hereinafter referred to as the "Contractor") with its principal place of business at 11717 Exploration Lane, Germantown, Maryland 20876 USA, and Globalstar, Inc., a company incorporated under the laws of Delaware with its principal place of business at 300 Holiday Square Blvd., Covington, Louisiana 70433 (hereinafter referred to as "Globalstar" or "Customer"). As used herein, Contractor and Globalstar may be referred to individually as a "Party" and collectively as the "Parties".

WHEREAS, Contractor and Globalstar entered into Contract No. GINC-C-08-0390 for the delivery of the Radio Access Network ("RAN") and the User Terminal Subsystem ("UTS") ("Contract") effective May 1, 2008, as amended by Amendments #1-12;

WHEREAS, on March 3, 2015, the Parties executed a letter agreement covering the design, development, build and supply of custom test equipment ("CTE");

WHEREAS, on April 20, 2015, the Parties executed a letter agreement extending the validity date for the exercise of Option #1 under the Contract for the delivery of additional RANs, which was exercised by Globalstar pursuant to that letter agreement;

WHEREAS, the Parties seek to enter into the formal Contract amendment provided for in the March 3, 2015 and April 20, 2015 letter agreements covering the CTE and the extension and exercise of Option #1 for additional RANs.

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 K), dated October 16, 2014, shall be deleted and replaced in its entirety by a new Exhibit C, Pricing Schedule and Payment Plan (Revision L), dated July 16, 2015.
2. Exhibit A, Statement of Work (Revision H), dated October 16, 2014 shall be deleted and replaced in its entirety by a new Exhibit A, Statement of Work (Revision J), dated July 16, 2015.
3. Exhibit B2, RAN Technical Specifications (Revision D), dated October 16, 2014, shall be deleted and replaced in its entirety by a new Exhibit B2, RAN Technical Specifications (Revision E), dated July 16, 2015.
4. Exhibit B3, UTS Technical Specifications (Revision D), dated October 16, 2014, shall be deleted and replaced in its entirety by a new Exhibit B3, UTS Technical Specifications (Revision E), dated July 16, 2015.
5. The Parties acknowledge and agree that Globalstar has paid through Payment Milestone Number 22 (set forth in Section 2.1 of Exhibit C) in full and has paid all Payment Milestones set forth in Sections 2.2, 2.3, 2.4 and 2.5 of Exhibit C in full as of the Effective Date of this Amendment.
6. This Amendment shall be governed by and interpreted according to the laws of the State of New York.
7. This Amendment may be signed in counterparts and each original counterpart shall be deemed binding on each Party collectively and individually.

HUGHES AND GLOBALSTAR CONFIDENTIAL AND PROPRIETARY

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

*(signature page follows on next page)*

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

**GLOBALSTAR, INC.**

**HUGHES NETWORK SYSTEMS, LLC**

BY: /s/ David Milla

BY: /s/ Sean P. Fleming

Name: David Milla

Name: Sean P. Fleming

Title: Director of Contract Administration

Title: VP & Associate General Counsel



H36750

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

**EXHIBIT A: STATEMENT OF WORK**

**Revision J**

**July 16, 2015**

[\*]



**HUGHES**

**H36750**

**RADIO ACCESS NETWORK (RAN)  
AND USER TERMINAL SUBSYSTEM (UTS)  
EXHIBIT B2: RAN TECHNICAL SPECIFICATIONS  
Revision E**

**July 16, 2015**

**[\*]**



H36750

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

**EXHIBIT B3: UTS TECHNICAL SPECIFICATIONS**

**Revision E**

**July 16, 2015**

[\*]



H36750

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

**EXHIBIT C: PRICING SCHEDULE AND PAYMENT PLAN**

**Revision L**

**July 16, 2015**

#### PROPRIETARY NOTICE

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## 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
J	12/17/2013	Contract amendment # 11
K	10/16/2014	Contract amendment # 12
L	7/16/2015	Contract amendment # 13

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**PRICE SCHEDULE  
BASELINE RAN AND UTS**

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

	<i>Alerting as an Optional Feature in SAIC</i>	<i>Included</i>
	<i>Increase Output Power of Evaluation Platform by 0.75dB</i>	<i>Included</i>
	<i>RAI Access Channel Issues to support Hot Spots</i>	<i>Included</i>
	<i>Operator Configurable Beam Boundary Definition per Satellite</i>	<i>Included</i>
	<i>Configurability of Frequency Search Algorithm</i>	<i>Included</i>
	<b>TOTAL CONTRACT PRICE</b>	<b>\$ [*]</b>

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: June 30, 2016	
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, Independent of number of RANs SOW as per Exhibit D (on-site support subject to T&M rates) Total price per year	\$ [*]
	Option Validity Period: December 30, 2016	
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: December 30, 2016	
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: December 30, 2016	
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: December 28, 2018	
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: December 28, 2018	
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: December 28, 2018	
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: December 28, 2018	
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	[*]

	<b>Annual quantity = 500,000</b>	<b>[*]</b>
	<b>Annual quantity = 1 million +</b>	<b>[*]</b>
	Option Validity Period: EDC+96 months	
<b>13</b>	<b>Unit Pricing for One-Time Order of Satellite Air Interface Chips</b> 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	<b>[*]</b>

**TIME AND MATERIAL (T&M) RATE**

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

## **PAYMENT MILESTONES AND PLAN**

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

The Payment Milestones and Plan is provided below.

[\*]



**PAYMENT MILESTONES AND PLAN FOR CN009**

[\*]

**PAYMENT MILESTONES AND PLAN FOR AMENDMENT 12 DESIGN CHANGES**

[\*]

**PAYMENT MILESTONES AND PLAN FOR AMENDMENT 13 CUSTOM TEST EQUIPMENT**

[\*]

**PAYMENT MILESTONES AND PLAN FOR AMENDMENT 13 DELIVERY OF ADDITIONAL RANs**

[\*]

**Dated 7 August 2015**

## **Second Global Amendment and Restatement Agreement**

between

**Globalstar, Inc.**  
as the Borrower

**Thermo Funding Company LLC**  
as Thermo and the Subordinated Creditor

**BNP Paribas**  
as the COFACE Agent and the Security Agent

**The Banks and Financial Institutions**  
named in Schedule 1 (*Lenders*) as the Lenders

and

**Others**

in respect of a COFACE Facility Agreement  
dated 5 June 2009 and amended and restated on 22 August 2013

White & Case LLP  
5 Old Broad Street  
London EC2N 1DW

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**This Second Global Amendment and Restatement Agreement** (the “**Agreement**”) is made on 7 August 2015 between:

- (1) **Globalstar, Inc.**, a corporation duly organised and validly existing under the laws of the State of Delaware, with its principal office located at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America (the “**Borrower**”);
- (1) **Thermo Funding Company LLC**, a limited liability company duly organised and existing under the laws of the State of Colorado, with its principal office located at 1735 Nineteenth Street, Second Floor, Denver, Colorado 80202, United States of America (“**Thermo**” and the “**Subordinated Creditor**”);
- (2) **The Subsidiary Guarantors**, listed in Schedule 2 (*Subsidiary Guarantors*) as Subsidiary Guarantors (the “**Subsidiary Guarantors**”);
- (3) **BNP Paribas**, a société anonyme with a share capital of €2,491,915,350 organised and existing under the laws of the Republic of France, whose registered office is at 16 boulevard des Italiens, 75009 Paris, France registered under number 662 042 449 at the Commercial Registry of Paris, acting in its capacity as facility agent and *Chef de File* for and on behalf of the Finance Parties (the “**COFACE Agent**”);
- (4) **BNP Paribas**, a société anonyme with a share capital of €2,491,915,350 organised and existing under the laws of the Republic of France, whose registered office is at 16 boulevard des Italiens, 75009 Paris, France registered under number 662 042 449 at the Commercial Registry of Paris, acting in its capacity as the security agent (the “**Security Agent**”);
- (5) **BNP Paribas, Société Générale, Natixis, Crédit Agricole Corporate and Investment Bank** (formerly known as Calyon) and **Credit Industriel et Commercial**, each acting in its capacity as a mandated lead arranger (the “**Mandated Lead Arrangers**”); and
- (6) **The Banks and Financial Institutions** listed in Schedule 1 (*Lenders*) as lenders (the “**Lenders**”).

**Recitals:**

- (A) The Borrower, the COFACE Agent, the Original Lenders and others entered into a facility agreement dated 5 June 2009 (the “**Original Facility Agreement**”).
- (B) Following the occurrence of certain Defaults and Events of Default under the Original Facility Agreement, the Borrower, the Subsidiary Guarantors, the Security Agent, the COFACE Agent, the Lenders and Thermo entered into an equity commitment, restructuring support and consent agreement dated 20 May 2013 (the “**Restructuring Support and Consent Agreement**”) pursuant to which the Borrower requested that, among other things, the Lenders consent and agree to a restructuring of the obligations of the Borrower under the Original Facility Agreement on the basis of certain key terms as set out therein, and subject to other terms and conditions as set out therein (the “**Initial Restructuring**”).
- (C) In connection with the Initial Restructuring, the Parties entered into a global deed of amendment and restatement dated 31 July 2013, as amended, varied and modified from time to time (the “**First GARA**”), pursuant to which the Parties agreed to, among other things, amend and restate the Original Facility Agreement (as amended and restated, the “**First Amended and Restated Facility Agreement**”) on the terms and subject to the First GARA.

(D)The Parties have agreed to amend and restate the First Amended and Restated Facility Agreement on the terms and subject to the conditions of this Agreement.

**It is Hereby Agreed** as follows:

AMERICAS 90655881

iii



**This Second Global Amendment and Restatement Agreement** (the “**Agreement**”) is made on 7 August 2015 between:

- (1) **Globalstar, Inc.**, a corporation duly organised and validly existing under the laws of the State of Delaware, with its principal office located at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America (the “**Borrower**”);
- (2) **Thermo Funding Company LLC**, a limited liability company duly organised and existing under the laws of the State of Colorado, with its principal office located at 1735 Nineteenth Street, Second Floor, Denver, Colorado 80202, United States of America (“**Thermo**” and the “**Subordinated Creditor**”);
- (3) **The Subsidiary Guarantors**, listed in Schedule 2 (*Subsidiary Guarantors*) as Subsidiary Guarantors (the “**Subsidiary Guarantors**”);
- (4) **BNP Paribas**, a société anonyme with a share capital of €2,491,915,350 organised and existing under the laws of the Republic of France, whose registered office is at 16 boulevard des Italiens, 75009 Paris, France registered under number 662 042 449 at the Commercial Registry of Paris, acting in its capacity as facility agent and *Chef de File* for and on behalf of the Finance Parties (the “**COFACE Agent**”);
- (5) **BNP Paribas**, a société anonyme with a share capital of €2,491,915,350 organised and existing under the laws of the Republic of France, whose registered office is at 16 boulevard des Italiens, 75009 Paris, France registered under number 662 042 449 at the Commercial Registry of Paris, acting in its capacity as the security agent (the “**Security Agent**”);
- (6) **BNP Paribas, Société Générale, Natixis, Crédit Agricole Corporate and Investment Bank** (formerly known as Calyon) and **Credit Industriel et Commercial**, each acting in its capacity as a mandated lead arranger (the “**Mandated Lead Arrangers**”); and
- (7) **The Banks and Financial Institutions** listed in Schedule 1 (*Lenders*) as lenders (the “**Lenders**”).

**Recitals:**

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- (B) Following the occurrence of certain Defaults and Events of Default under the Original Facility Agreement, the Borrower, the Subsidiary Guarantors, the Security Agent, the COFACE Agent, the Lenders and Thermo entered into an equity commitment, restructuring support and consent agreement dated 20 May 2013 (the “**Restructuring Support and Consent Agreement**”) pursuant to which the Borrower requested that, among other things, the Lenders consent and agree to a restructuring of the obligations of the Borrower under the Original Facility Agreement on the basis of certain key terms as set out therein, and subject to other terms and conditions as set out therein (the “**Initial Restructuring**”).
- (C) In connection with the Initial Restructuring, the Parties entered into a global deed of amendment and restatement dated 31 July 2013, as amended, varied and modified from time to time (the “**First GARA**”), pursuant to which the Parties agreed to, among other things, amend and restate the Original Facility Agreement (as amended and restated, the “**First Amended and Restated Facility Agreement**”) on the terms and subject to the First GARA.
- (D) The Parties have agreed to amend and restate the First Amended and Restated Facility Agreement on the terms and subject to the conditions of this Agreement.

**It is Hereby Agreed** as follows:

## **1. Definitions and Interpretation**

## 1.1 Definitions

In this Agreement:

“**Amendment Fee**” has the meaning given to such term in Clause 5.1 (*Amendment Fee*).

“**August 2015 Side-Letter**” means the letter from the Borrower to the COFACE Agent dated on or about the date of this Agreement relating to the occurrence of certain events under or in connection with the Finance Documents as of the date of this Agreement.

“**Commitment Period**” means the period commencing on the Effective Date and ending on the later of: (a) 31 March 2018; or (b) if the 8% New Notes have been irrevocably redeemed in full (and no obligations or amounts are outstanding in connection therewith), on or prior to 30 September 2019. For the avoidance of doubt, in no circumstance would clause 23.2(d) (*Financial Covenants*) of the Second Amended and Restated Facility Agreement have any effect on the calculation of an Equity Cure Contribution required to cure a breach of a financial covenant for any Relevant Period ending after 31 December 2017.

“**Effective Date**” means the date on which the COFACE Agent confirms to the Borrower and the Lenders that it has received all of the documents and other evidence set out in Schedule 3 (*Conditions Precedent to the Effective Date*) in form and substance satisfactory to the COFACE Agent (acting on the instructions of each Lender).

“**Existing Defaults**” has the meaning given to such term in Clause 8.2(a) (*Waivers of Existing Defaults*).

“**First Amended and Restated Facility Agreement**” has the meaning given to such term in Recital (C).

“**First GARA**” has the meaning given to such term in Recital (C).

“**Initial Restructuring**” has the meaning given to such term in Recital (B).

“**Irrevocable Limited Power of Attorney**” means an irrevocable limited power of attorney from the Borrower to the COFACE Agent to be entered into on or about the date of this Agreement on terms and subject to conditions, and which is otherwise in form and substance, satisfactory to the Lenders.

“**Longstop Date**” means 5 August 2015 or such other date as may be agreed between the Borrower and the COFACE Agent (acting on the instructions of all the Lenders).

“**Original Facility Agreement**” has the meaning given to such term in Recital (A).

“**Party**” means a party to this Agreement.

“**Reservation Letters**” means:

- 12(a) the notice dated 23 March 2015 from the COFACE Agent to the Borrower;
- 12(b) the letter dated 16 April 2015 from the COFACE Agent to the Borrower;
- 12(c) the letter dated 24 April 2015 from the COFACE Agent to the Borrower;
- 12(d) the letter dated 29 April 2015 from the COFACE Agent to the Borrower; and

12(e) the e-mail of 7 May 2015 from Solenne Regourd (for and on behalf of the COFACE Agent) to Timothy E. Taylor (for and on behalf of the Borrower).

**“Restructuring Documents”** means:

- 13(a) this Agreement;
- 13(b) the Second Amended and Restated Facility Agreement;
- 13(c) the Second Terrapin Purchase Agreement;
- 13(d) the Irrevocable Limited Power of Attorney;
- 13(e) the Second Thermo Group Undertaking Letter;
- 13(f) the August 2015 Side-Letter; and
- 13(g) any notices or schedules entered into pursuant to any of the foregoing.

**“Restructuring Support and Consent Agreement”** has the meaning given to such term in Recital (B).

**“Second Amended and Restated Facility Agreement”** means the First Amended and Restated Facility Agreement, as amended and restated by this Agreement, the terms of which are set out in Schedule 4 (*Second Amended and Restated Facility Agreement*).

**“Second Effective Date Commitment”** has the meaning given to such term in Clause 3(a) (*Equity Commitment from Thermo*).

**“Second Terrapin Purchase Agreement”** means a stock purchase agreement with Terrapin to be entered into on or about the date of this Agreement which requires Terrapin to purchase up to US\$75,000,000 of common stock of the Borrower on terms and subject to conditions, and which is otherwise in form and substance, satisfactory to the Lenders.

**“Second Thermo Group Undertaking Letter”** means the undertaking letter dated on or around the date of this Agreement entered into by each of the members of the Thermo Group in favour of the COFACE Agent.

**“Terrapin”** means Terrapin Opportunity, L.P. or any of its affiliates.

## **1.2 Incorporation of Defined Terms**

Terms defined in clause 1.1 (*Definitions*) of the First Amended and Restated Facility Agreement shall, unless otherwise defined herein, have the same meaning in this Agreement and the principles of construction set out in clause 1.2 (*Construction*) of the First Amended and Restated Facility Agreement shall have effect as if set out in this Agreement.

## **1.3 Clauses**

In this Agreement any reference to a *“Clause”* or a *“Schedule”* is, unless the context otherwise requires, a reference to a Clause or a Schedule hereof. Clause headings are for ease of reference only.

## **1.4 Third Party Rights**

- (a) A person which is not a party to this Agreement (a “**third party**”) shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this Agreement.
- (b) The Parties may, without the consent of any third party, vary or rescind this Agreement.

## **1.5 Finance Documents**

In the case of any inconsistency between the provisions of this Agreement and the provisions of any other Finance Document, the provisions of this Agreement shall prevail.

## **2. Amendment and Restatement**

### **2.1 Amendment and Restatement of the First Amended and Restated Facility Agreement**

With effect from the Effective Date, the First Amended and Restated Facility Agreement shall be deemed to have been amended and restated so that it shall be read and construed for all purposes as set out in Schedule 4 (*Second Amended and Restated Facility Agreement*).

### **2.2 Failure to Achieve Effective Date**

If the Effective Date does not occur on or prior to the Longstop Date, such non-occurrence shall constitute an immediate Event of Default pursuant to clause 23.3 (*Other Obligations*) of the First Amended and Restated Facility Agreement and, for the avoidance of doubt, it is agreed that any grace period contemplated by clause 23.3(b) (*Other Obligations*) of the First Amended and Restated Facility Agreement shall not apply to such Event of Default.

### **2.3 Finance Document**

Each Party agrees that this Agreement is designated a “*Finance Document*” for the purposes of the First Amended and Restated Facility Agreement and the Second Amended and Restated Facility Agreement.

## **3. Equity Commitment from Thermo**

- (a) As of the Effective Date, subject to the terms of this Agreement and the other Finance Documents (as applicable), Thermo agrees to make, or cause to be made, available to the Borrower cash equity financing (including for this purpose, convertible subordinated debt, subordinated debt, subordinated debt with warrants, or similar equity-like financial instruments which, in all cases, shall be subject to definitive documentation, including, without limitation, subordination provisions, acceptable to the COFACE Agent, the Majority Lenders and COFACE) during the Commitment Period in an aggregate amount of US\$30,000,000 (the “**Second Effective Date Commitment**”).
- (b)
  - (i) If, during the Commitment Period, Thermo receives written notice demanding monies in an amount specified from the Borrower, then within fifteen (15) Business Days Thermo shall make, or cause to be made, available to the Borrower such

requested monies, provided that the amount of such requested monies is less than or equal to the remaining Second Effective Date Commitment at such time.

- (ii) If, during the Commitment Period, an Event of Default has occurred and is continuing, then within five (5) days of receipt of any notice from the COFACE Agent specifying an amount of monies reasonably believed by the COFACE Agent to be necessary to fund the capital requirements of the Borrower, the Borrower shall issue a Fixed Request Notice (as defined in the Second Terrapin Purchase Agreement or the Replacement Purchase Agreement (as defined in the Second Amended and Restated Facility Agreement), as applicable) to Terrapin or the Replacement Investor, as applicable, for the amount specified in such notice from the COFACE Agent. If Terrapin or the Replacement Investor fails to purchase shares of the Borrower and provide the Borrower with cash proceeds in an amount equal to that which was specified in the COFACE Agent's notice (as described in the preceding sentence), then the COFACE Agent may issue a written notice to Thermo demanding such monies for the Borrower, and, within fifteen (15) Business Days Thermo shall make, or cause to be made, available to the Borrower such requested monies, provided that the amount of such requested monies is less than or equal to the Remaining Second Effective Date Commitment at such time.
- (c) The outstanding balance of the Second Effective Date Commitment shall only be reduced pursuant to Clause 7.2(b) (*Terrapin Equity Funding*) or otherwise by cash equity financing received by the Borrower and utilized as an Equity Cure Contribution during the Commitment Period from Thermo or an external equity funding source, including Terrapin or a Replacement Investor (as defined in the Second Amended and Restated Facility Agreement). For the avoidance of doubt, the Second Effective Date Commitment shall not be reduced by any cash proceeds from any cash equity financing received on or prior to the Effective Date from any person, including, without limitation, the cash equity financing provided by Terrapin on or about 22 June 2015, as described in Clause 7.2(a) (*Terrapin Equity Financing*).
- (d) Thermo hereby acknowledges and agrees that:
  - (i) it shall execute and deliver all agreements, instruments, certificates, filings and other documents necessary, or otherwise reasonably requested by the Borrower or the COFACE Agent, to effect the Second Effective Date Commitment in accordance with the terms set out in this Clause 3 (*Equity Commitment from Thermo*);
  - (ii) its obligation to fund the Second Effective Date Commitment shall be irrevocable and subject only to the conditions expressly set out in this Clause 3 (*Equity Commitment from Thermo*); and
  - (iii) it shall procure that any third-party that provides the Borrower or any of the Subsidiary Guarantors with convertible subordinated debt, subordinated debt, subordinated debt with warrants, or similar equity-like financial instruments shall agree to be bound by subordination provisions on terms acceptable to the COFACE Agent, the Majority Lenders and COFACE.

#### **4. Representations and Warranties**

#### 4.1 Borrower Representations

- (c) Subject to the disclosures set out in Schedule 5 (*Disclosures*) and the August 2015 Side-Letter, on each of the date of this Agreement and the Effective Date, the Borrower repeats in favour of the Finance Parties each of the representations and warranties set out in clause 18 (*Representations*) of the Second Amended and Restated Facility Agreement but with reference to the facts existing as of the date on which such representation is being repeated (with, in respect of any representations and warranties repeated on the date of this Agreement, any reference therein to the “*Effective Date*” being deemed to be the date of this Agreement).
- (d) On the Effective Date, the Borrower represents that the obligations of the Borrower and Terrapin under the Second Terrapin Purchase Agreement:
  - (i) are, subject to the Reservations, the legal, valid, binding and enforceable obligations of the Borrower, and, to the best of the Borrower’s knowledge, Terrapin; and
  - (ii) have not been repudiated, terminated or otherwise cancelled by the Borrower or Terrapin and there is no breach thereunder by either party thereto.

#### 4.2 Subsidiary Guarantor Representations

Subject to the disclosures set out in Schedule 5 (*Disclosures*) and the August 2015 Side-Letter, on each of the date of this Agreement and the Effective Date, each Subsidiary Guarantor repeats in favour of the Finance Parties each of the representations and warranties set out in clause 4 (*Representations and Warranties*) of the Amended and Restated Guarantee Agreement (as defined in the First GARA) but with reference to the facts existing as of the date on which such representation is being repeated (with, in respect of any representations and warranties repeated on the date of this Agreement, any reference therein to the “*Effective Date*” being deemed to be the date of this Agreement).

#### 4.3 Thermo Representations

Subject to the disclosures set out in Schedule 5 (*Disclosures*) and the August 2015 Side-Letter, on each of the date of this Agreement and the Effective Date, Thermo repeats in favour of the Finance Parties each of the representations and warranties set out in clause 4 (*Representations and Warranties*) of the Amended and Restated Thermo Subordination Deed (as defined in the First GARA) but with reference to the facts existing as of the date on which such representation is being repeated (with, in respect of any representations and warranties repeated on the date of this Agreement, any reference therein to the “*Effective Date*” being deemed to be the date of this Agreement).

### 5. Amendment Fee

#### 5.1 Amendment Fee

As consideration for the Finance Parties’ entry into this Agreement and any other Restructuring Document, the Borrower shall pay a fee in an amount equal to US\$85,000 (the “**Amendment Fee**”) to be allocated as follows:

- (a) to the COFACE Agent (for the account of each Lender) a waiver fee in an amount equal to US\$15,000 per Lender; and

(b) to the COFACE Agent (for its own account) a waiver fee in an amount equal to US\$10,000.

## **5.2 Payment**

The Amendment Fee shall be payable on or prior to the Effective Date as a condition precedent to the occurrence thereof.

## **4.3 Non-refundable**

The Amendment Fee shall be payable in immediately available funds and, once paid, shall be non-refundable and non-creditable against any other fees payable in connection with the First Amended and Restated Facility Agreement or the Second Amended and Restated Facility Agreement.

## **6. Confirmations of Obligors**

### **6.1 Confirmations – Date of this Agreement**

As of the date of this Agreement:

- (a) each Obligor irrevocably and unconditionally confirms its acceptance of the Second Amended and Restated Facility Agreement;
- (b) each Obligor irrevocably and unconditionally confirms that notwithstanding this Agreement, each Finance Document to which it is a party remains in full force and effect and the rights, duties and obligations of each Obligor thereunder are not released, discharged or impaired by this Agreement;
- (c) each Subsidiary Guarantor irrevocably and unconditionally confirms that its guarantee and indemnity under clause 2.1 (*Guarantee and Indemnity*) of the Original Guarantee Agreement (as defined in the First GARA) or the Additional Guarantee Agreement (as defined in the First GARA) (as the case may be):
  - (i) continues in full force and effect on the terms of the Original Guarantee Agreement or the Additional Guarantee Agreement (as the case may be); and
  - (ii) extends to the liabilities and obligations of the Obligors under the Finance Documents (including this Agreement);
- (d) each Obligor irrevocably and unconditionally confirms that any Lien created by it under the Security Documents extends to the liabilities and obligations of the Obligors under the Finance Documents subject to any limitations set out in the Security Documents; and
- (e) each Obligor irrevocably and unconditionally confirms that the Liens created under the Security Documents to which it is a party continue in full force and effect on the terms of the Security Documents.

### **6.2 Confirmations – Effective Date**

As of the Effective Date:

- (a) each Obligor irrevocably and unconditionally confirms its acceptance of the Second Amended and Restated Facility Agreement;

- (b) each Obligor irrevocably and unconditionally agrees that it is bound by the terms of the Second Amended and Restated Facility Agreement applicable to it;
- (c) each Subsidiary Guarantor irrevocably and unconditionally confirms that its guarantee and indemnity under clause 2.1 (*Guarantee and Indemnity*) of the Amended and Restated Guarantee Agreement (as defined in the First GARA):
  - (i) continues in full force and effect on the terms of the Amended and Restated Guarantee Agreement (as defined in the First GARA); and
  - (ii) extends to the liabilities and obligations of the Obligors under the Finance Documents;
- (d) each Obligor irrevocably and unconditionally confirms that, except as explicitly provided for in this Agreement, each Finance Document to which it is a party remains in full force and effect and the rights, duties and obligations of each Obligor thereunder are not released, discharged or impaired by this Agreement;
- (e) each Obligor irrevocably and unconditionally confirms that any Lien created by it under the Security Documents extends to the liabilities and obligations of the Obligors under the Finance Documents (as such term is defined in the Second Amended and Restated Facility Agreement and including the Restructuring Documents) subject to any limitations set out in the Security Documents;
- (f) each Obligor irrevocably and unconditionally confirms that the obligations of the Obligors arising under the Finance Documents (as such term is defined in the Second Amended and Restated Facility Agreement and including the Restructuring Documents) are included in the definition of the relevant secured obligations (howsoever defined) for the purposes of the Security Documents; and
- (g) each Obligor irrevocably and unconditionally confirms that the Liens created under the Security Documents to which it is a party continue in full force and effect on the terms of the Security Documents.

## **7. Other Provisions**

### **7.1 Withdrawal of Reservation Letters**

As of the Effective Date and to the maximum extent permitted by Applicable Law, the COFACE Agent agrees to withdraw the Reservation Letters.

### **7.2 Terrapin Equity Financing**

- (a) As of the Effective Date, the Finance Parties acknowledge and agree that the US\$14,000,000 in equity financing received by the Borrower from Terrapin on 22 June 2015 pursuant to the First Terrapin Purchase Agreement (as defined in the Second Amended and Restated Facility Agreement) shall be credited towards the Relevant Contribution (to the extent needed) for the purposes of curing a breach of a relevant covenant in respect of a Relevant Period ending on 30 June 2015 which was within the thirty (30) day period after providing notice. For the avoidance of doubt, nothing herein shall be deemed a waiver of any right of the Finance Parties to assert an Event of Default pursuant to clause 23.2 (*Financial*



*Covenants*) of the Second Amended and Restated Facility Agreement if the Borrower fails to make a Relevant Contribution in excess of US\$14,000,000 (to the extent needed) to cure any breach of a relevant covenant in respect of a Relevant Period ending on 30 June 2015.

- (b) The Finance Parties acknowledge and agree that:
  - (i) the US\$15,000,000 in equity financing to be received by the Borrower from Terrapin pursuant to paragraph 3(a) of Schedule 6 (*Conditions Subsequent to the Effective Date*) may be used in its entirety or in part for any Relevant Contribution to cure a breach of a relevant covenant in respect of a Relevant Period ending on 31 December 2015; and
  - (ii) the Second Effective Date Commitment shall be reduced by the amount of such funds received pursuant to paragraph (b)(i) above at such time as the Borrower receives such funds.
- (c) For the avoidance of doubt, no portion of such equity financing shall apply towards a breach of a relevant covenant in respect of a Relevant Period ending on 30 June 2015.

### **7.3 Equity Raises After 31 August 2015 But Prior to 30 June 2016**

As of the Effective Date, the Finance Parties acknowledge and agree that any cash equity financing made available to the Borrower after 31 August 2015 but prior to 30 June 2016 pursuant to the Second Terrapin Purchase Agreement, the Second Effective Date Commitment or otherwise may be used in its entirety or in part for any Relevant Contribution to cure a breach of a relevant covenant in respect of a Relevant Period ending on 30 June 2016 provided that such cash equity financing shall not have been applied as an Equity Cure Contribution for the purposes of any prior Relevant Period.

### **7.4 Conditions Subsequent**

As soon as possible, but in any event no later than the latter of (a) the date specified for a condition set out in Schedule 6 (*Conditions Subsequent to the Effective Date*) or (b) 10 September 2015, each condition subsequent set out in Schedule 6 (*Conditions Subsequent to the Effective Date*) shall be satisfied in form and substance satisfactory to the COFACE Agent (acting on the instructions of each Lender).

## **8. Continuity, Waivers and Further Assurance**

### **8.1 Continuing Obligations**

- (d) The provisions of the First Amended and Restated Facility Agreement and each other Finance Document, save as amended hereby, continue in full force and effect.
- (e) For the avoidance of doubt, this Agreement shall not constitute an assignment or novation of any of the rights and obligations of any party to the First Amended and Restated Facility Agreement, nor shall it constitute an amendment to any Finance Document (except as expressly provided in this Agreement) or Security Document in place at the date of this Agreement, each of whose terms shall remain in full force and effect.

### **8.2 Waivers of Existing Defaults**

- (a) The Borrower confirms that it has advised the COFACE Agent of any Defaults and/or Events of Default existing under the Finance Documents (the “**Existing Defaults**”) as of the date of this Agreement.
- (b) The Lenders agree that on and from the Effective Date, all Existing Defaults (to the extent that such Existing Defaults are continuing) shall be permanently waived.
- (c) Subject to paragraph (d) below, the waiver contained in this Clause 8.2 (*Waiver of Existing Defaults*) shall extend solely to the Existing Defaults which have occurred as of the date of this Agreement and shall not apply to any Defaults or Events of Default which first occur following the date of this Agreement (including those of a similar nature to the Existing Defaults).
- (d) If:
  - (i) any Defaults or Events of Default arise during the period from the date of this Agreement to the Effective Date (the “**Relevant Defaults**”); and
  - (ii) the COFACE Agent receives a written request from the Borrower requesting the designation of the Relevant Defaults as Existing Defaults,

then the COFACE Agent may, acting on the instructions of each Lender, agree in writing to designate the Relevant Defaults as “*Existing Defaults*” for the purposes of this Agreement.

### 8.3 Further Assurance

The Borrower shall, at the request of the COFACE Agent and at its own expense, do all such acts and things necessary or desirable to give effect to the amendments effected or to be effected pursuant to this Agreement and the other Restructuring Documents.

## 9. Release

As of the Effective Date and to the maximum extent permitted by Applicable Law, the Borrower and each of its Affiliates hereby release the Finance Parties, and each of their respective affiliates, partners, trustees, shareholders, representatives, attorneys-in-fact, controlling persons, employees, officers, directors, agents, attorneys and advisors, from all claims, demands, disputes, objections, liabilities or obligations whether based in contract, tort or any other theory at law or equity, arising out of, related to or in connection with the Group, Thermo, any of the Finance Documents, any documents related to any other debt obligation of the Group, and any other document or instrument executed in connection with the transactions contemplated by this Agreement and the Restructuring Documents and all transactions related in any way thereto.

## 10. Miscellaneous

### 10.1 Incorporation of Terms

The provisions of clauses 13.4 (*Stamp Taxes*), 13.5 (*Value Added Tax*), 35 (*Partial Invalidity*), 36 (*Remedies and Waivers*), 40 (*Enforcement*) and 41 (*Confidentiality*) of the First Amended and Restated Facility Agreement shall also apply to this Agreement as if expressly set out herein, *mutatis mutandis*, with each reference therein to “*this Agreement*” being deemed to be a reference to this

Agreement, each reference to “*Party*” or “*Parties*” being deemed to be a reference to the parties to this Agreement and each reference to the “*Borrower*” being deemed to be a reference to each Obligor and the Subordinated Creditor. For the purposes of incorporating clause 41 (*Confidentiality*) of the Second Amended and Restated Facility Agreement into this Agreement, the Parties agree that the definition of Confidential Information shall be extended to include any information provided by the Borrower, Thermo or any other person to satisfy the requirements of paragraph 4 of Schedule 6 (*Conditions Subsequent to the Effective Date*).

## **10.2 Governing Law**

This Agreement, and any non-contractual obligations arising out of or in connection with it, shall be governed by, and construed in accordance with, English law.

## **10.3 Counterparts**

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

## **10.4 Set-off**

If an Event of Default has occurred and is continuing, a Finance Party may set-off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. Following the exercise of a right of set-off under this Agreement, the relevant Finance Party shall notify the Borrower.

**This Agreement** has been executed by the Borrower, Thermo, and the Subsidiary Guarantors and has been signed on behalf of the other Parties.

**SIGNATURE PAGES**

**The Borrower**

**SIGNED** by **GLOBALSTAR, INC.**

acting by its attorney Lindsey Keeble, attorney-in-fact

/s/ Lindsey Keeble

**Thermo**

**SIGNED** by **THERMO FUNDING COMPANY LLC**

acting by its attorney Lindsey Keeble, attorney-in-fact

/s/ Lindsey Keeble

AMERICAS 90655881

**SIGNED** by **GSSI, LLC** in its capacity as **GUARANTOR**

acting by its attorney Lindsey Keeble, attorney-in-fact

/s/ Lindsey Keeble

Address of Guarantor:

Globalstar, Inc.

300 Holiday Square Boulevard

Covington

LA 70433

United States of America

Attention: James Monroe III

Telephone No.: +1 (985) 335-1500

Fax No.: +1 (985) 335-1900

**SIGNED** by **GLOBALSTAR SECURITY SERVICES, LLC** in its capacity as  
**GUARANTOR**

/s/ Lindsey Keeble

acting by its attorney Lindsey Keeble, attorney-in-fact

Address of Guarantor:

Globalstar, Inc.

300 Holiday Square Boulevard

Covington

LA 70433

United States of America

Attention: James Monroe III

Telephone No.: +1 (985) 335-1500

Fax No.: +1 (985) 335-1900

AMERICAS 90655881

**SIGNED** by **GLOBALSTAR C, LLC** in its capacity as **GUARANTOR**

/s/ Lindsey Keeble

acting by its attorney Lindsey Keeble, attorney-in-fact

Address of Guarantor:

Globalstar, Inc.

300 Holiday Square Boulevard

Covington

LA 70433

United States of America

Attention: James Monroe III

Telephone No.: +1 (985) 335-1500

Fax No.: +1 (985) 335-1900



**SIGNED** by **GLOBALSTAR USA, LLC** in its capacity as **GUARANTOR**

/s/ Lindsey Keeble

acting by its attorney Lindsey Keeble, attorney-in-fact

Address of Guarantor:

Globalstar, Inc.

300 Holiday Square Boulevard

Covington

LA 70433

United States of America

Attention: James Monroe III

Telephone No.: +1 (985) 335-1500

Fax No.: +1 (985) 335-1900

**SIGNED** by **GLOBALSTAR LEASING LLC** in its capacity as **GUARANTOR**

acting by its attorney Lindsey Keeble, attorney-in-fact

/s/ Lindsey Keeble

Address of Guarantor:

Globalstar, Inc.

300 Holiday Square Boulevard

Covington

LA 70433

United States of America

Attention: James Monroe III

Telephone No.: +1 (985) 335-1500

Fax No.: +1 (985) 335-1900

**SIGNED** by **SPOT LLC** in its capacity as **GUARANTOR**

acting by its attorney Lindsey Keeble, attorney-in-fact

/s/ Lindsey Keeble

Address of Guarantor:

Globalstar, Inc.

300 Holiday Square Boulevard

Covington

LA 70433

United States of America

Attention: James Monroe III

Telephone No.: +1 (985) 335-1500

Fax No.: +1 (985) 335-1900

AMERICAS 90655881

20

**SIGNED** by **ATSS CANADA, INC.** in its capacity as **GUARANTOR**

acting by its attorney Lindsey Keeble, attorney-in-fact

/s/ Lindsey Keeble

Address of Guarantor:

Globalstar, Inc.

300 Holiday Square Boulevard

Covington

LA 70433

United States of America

Attention: James Monroe III

Telephone No.: +1 (985) 335-1500

Fax No.: +1 (985) 335-1900

AMERICAS 90655881

**SIGNED** by **GLOBALSTAR BRAZIL HOLDINGS, L.P.** in its capacity as  
**GUARANTOR**

/s/ Lindsey Keeble

acting by its attorney Lindsey Keeble, attorney-in-fact

Address of Guarantor:  
Globalstar, Inc.  
300 Holiday Square Boulevard  
Covington  
LA 70433  
United States of America  
Attention: James Monroe III  
Telephone No.: +1 (985) 335-1500  
Fax No.: +1 (985) 335-1900

**SIGNED** by **GCL LICENSEE LLC** in its capacity as **GUARANTOR**

/s/ Lindsey Keeble

acting by its attorney Lindsey Keeble, attorney-in-fact

Address of Guarantor:

Globalstar, Inc.

300 Holiday Square Boulevard

Covington

LA 70433

United States of America

Attention: James Monroe III

Telephone No.: +1 (985) 335-1500

Fax No.: +1 (985) 335-1900

**SIGNED** by **GUSA LICENSEE LLC** in its capacity as **GUARANTOR**

acting by its attorney Lindsey Keeble, attorney-in-fact

/s/ Lindsey Keeble

Address of Guarantor:

Globalstar, Inc.

300 Holiday Square Boulevard

Covington

LA 70433

Attention: James Monroe III

Telephone No.: +1 (985) 335-1500

Fax No.: +1 (985) 335-1900

AMERICAS 90655881

**SIGNED** by **GLOBALSTAR LICENSEE LLC** in its capacity as  
**GUARANTOR**

/s/ Lindsey Keeble

acting by its attorney Lindsey Keeble, attorney-in-fact

Address of Guarantor:  
Globalstar, Inc.  
300 Holiday Square Boulevard  
Covington  
LA 70433  
United States of America  
Attention: James Monroe III  
Telephone No.: +1 (985) 335-1500  
Fax No.: +1 (985) 335-1900



**SIGNED** by **GLOBALSTAR MEDIA, L.L.C.** in its capacity as **GUARANTOR**

acting by its attorney Lindsey Keeble, attorney-in-fact

/s/ Lindsey Keeble

Address of Guarantor:

Globalstar, Inc.

300 Holiday Square Boulevard

Covington

LA 70433

United States of America

Attention: James Monroe III

Telephone No.: +1 (985) 335-1500

Fax No.: +1 (985) 335-1900

**SIGNED** by **GLOBALSTAR BROADBAND SERVICES INC.** in its capacity as  
**GUARANTOR**

/s/ Lindsey Keeble

acting by its attorney Lindsey Keeble, attorney-in-fact

Address of Guarantor:  
Globalstar, Inc.  
300 Holiday Square Boulevard  
Covington  
LA 70433  
United States of America  
Attention: James Monroe III  
Telephone No.: +1 (985) 335-1500  
Fax No.: +1 (985) 335-1900

AMERICAS 90655881



**The Subordinated Creditor**

**SIGNED** by **THERMO FUNDING COMPANY LLC**

acting by its attorney Lindsey Keeble, attorney-in-fact

/s/ Lindsey Keeble

**Lender**  
**BNP Paribas**

---

By: /s/ Jean Philippe Poirier  
Name: Jean Philippe Poirier  
Title: Export Finance

---

By: /s/ Irene Paschalidis  
Name: Irene Paschalidis  
Title: Export Finance, Head of French Desk

AMERICAS 90655881

**Lender**  
**Société Générale**

---

By: /s/ Benoit Tangny  
Name: Benoit Tangny  
Title: Managing Director

AMERICAS 90655881



**Lender**  
**Natixis**

---

By: /s/ Thibault Lantoine  
Name: Thibault Lantoine  
Title: Head of Aviation & Export Asset Monitoring

---

By: /s/ Jean-Louis Viala  
Name: Jean-Louis Viala  
Title: Executive Director, SEF



**Lender**  
**Crédit Agricole Corporate and Investment Bank**

---

By: /s/ Xavier Ricard  
Name: Xavier Ricard  
Title: Distressed Assets

---

By: /s/ Mourad Ilekti  
Name: Mourad Ilekti  
Title:



**Lender**  
**Crédit Industriel et Commercial**

---

By: /s/ Anne-Helene Hovasse  
Name: Anne-Helene Hovasse  
Title: Associate Director

---

By: /s/ Francois-Xavier Archambault  
Name: Francois-Xavier Archambault  
Title: Senior Vice President

AMERICAS 90655881

**Mandated Lead Arranger**  
**BNP Paribas**

---

By: /s/ Jean Philippe Poirier  
Name: Jean Philippe Poirier  
Title: Export Finance

---

By: /s/ Irene Paschalidis  
Name: Irene Paschalidis  
Title: Export Finance, Head of French Desk

**Mandated Lead Arranger**  
**Société Générale**

---

By: /s/ Benoit Tangny  
Name: Benoit Tangny  
Title: Managing Director

**Mandated Lead Arranger**  
**Natixis**

---

By: /s/ Thibault Lantoine  
Name: Thibault Lantoine  
Title: Head of Aviation & Export Asset Monitoring

---

By: /s/ Jean-Louis Viala  
Name: Jean-Louis Viala  
Title: Executive Director, SEF

**Mandated Lead Arranger**  
**Crédit Agricole Corporate and Investment Bank**

---

By: /s/ Xavier Ricard  
Name: Xavier Ricard  
Title: Distressed Assets

---

By: /s/ Mourad Ilekti  
Name: Mourad Ilekti  
Title:

**Mandated Lead Arranger**  
**Crédit Industriel et Commercial**

---

By: /s/ Anne-Helene Hovasse  
Name: Anne-Helene Hovasse  
Title: Associate Director

---

By: /s/ Francois-Xavier Archambault  
Name: Francois-Xavier Archambault  
Title: Senior Vice President

AMERICAS 90655881



**Security Agent**  
**BNP Paribas**

---

By: /s/ Jean Philippe Poirier  
Name: Jean Philippe Poirier  
Title: Export Finance

---

By: /s/ Irene Paschalidis  
Name: Irene Paschalidis  
Title: Export Finance, Head of French Desk

**COFACE Agent**  
**BNP Paribas**

---

By: /s/ Jean Philippe Poirier  
Name: Jean Philippe Poirier  
Title: Export Finance

---

By: /s/ Irene Paschalidis  
Name: Irene Paschalidis  
Title: Export Finance, Head of French Desk

## **Schedule 1**Lenders

1. BNP Paribas;
2. Société Générale;
3. Natixis;
4. Crédit Agricole Corporate and Investment Bank; and
5. Crédit Industriel et Commercial.

## Schedule 2 Subsidiary Guarantors

1. GSSI, LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 3732317 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
2. Globalstar Security Services, LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 3747502 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
3. Globalstar C, LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 3732313 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
4. Globalstar USA, LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 2663064 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
5. Globalstar Leasing LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 3731109 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
6. Spot LLC, a limited liability company organised in Colorado, United States of America, with organisational identification number 20071321209 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
7. ATSS Canada, Inc., a corporation incorporated in Delaware, United States of America, with organisational identification number 2706412 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
8. Globalstar Brazil Holdings, L.P., a limited partnership formed in Delaware, United States of America, with organisational identification number 2453576 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
9. GCL Licensee LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 4187922 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
10. GUSA Licensee LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 4187919 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
11. Globalstar Licensee LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 4187920 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
12. Globalstar Media, L.L.C., a limited liability company organised in Louisiana, United States of America, with organisational identification number 40224959K and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433; and

13. Globalstar Broadband Services Inc. a corporation incorporated in Delaware, United States of America, with organisational identification number 4833062 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433.

### Schedule 3 Conditions Precedent to the Effective Date

#### 1. Obligors

- (a) A copy of the constitutional documents of each Obligor.
- (b) A copy of a resolution of the board of directors of each Obligor:
  - (i) approving the terms of, and the transactions contemplated by, the Restructuring Documents to which it is a party and resolving that it execute the Restructuring Documents to which it is a party;
  - (ii) authorising a specified person or persons to execute the Restructuring Documents to which it is a party on its behalf; and
  - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Restructuring Documents to which it is a party.
- (c) A specimen of the signature of each person authorised by the resolutions referred to in paragraph (b) above.
- (d) A certificate from a Responsible Officer of the Borrower certifying that, as at the Effective Date:
  - (i) each copy document relating to an Obligor specified in this Schedule 3 (*Conditions Precedent to the Effective Date*) is correct, complete and in full force and effect as at the Effective Date;
  - (ii) all representations and warranties of the Obligors contained in the Restructuring Documents are true, correct and complete in all respects;
  - (iii) none of the Obligors is in violation of any of the covenants contained in the Restructuring Documents save as set out in the Restructuring Documents; and
  - (iv) after giving effect to the transactions contemplated by the Restructuring Documents, no Default or Event of Default has occurred and is continuing.
- (e) Certificates as of a recent date of the good standing of each Obligor under the laws of its jurisdiction of organisation and, to the extent requested by the COFACE Agent, each other jurisdiction where such Obligor is qualified to do business.

#### 2. Restructuring Documents

An original (duly executed by each of the parties thereto) of:

- (a) this Agreement; and
- (b) each of the other Restructuring Documents (other than the Second Amended and Restated Facility Agreement which shall be scheduled to this Agreement).

3. **COFACE Insurance Policy**

Each COFACE Insurance Policy (as amended) is in full force and effect and is in form and substance satisfactory to the COFACE Agent (acting on the instructions of all Lenders) and the COFACE Agent (acting on the instructions of all the Lenders) is satisfied that all conditions to each COFACE Insurance Policy are fulfilled, that all requisite approvals of the French Authorities have been obtained and, if required, payment of any portion of any new COFACE Insurance Premium then owing (if any) has been made.

4. **Equity / Subordinated Debt**

- (a) Certification by a Responsible Officer of the Borrower that no amendment, variation, novation, supplement, waiver, or modification shall have been made to, or in respect of, the terms of the 8% New Notes or the Thermo Loan Agreement since execution of the First GARA.
- (b) Evidence (which must include a certification by the Borrower) that the Borrower has received the equity financing from Terrapin described in Clause 7.2(a) (*Terrapin Equity Financing*).

5. **Debt Service Reserve Account**

Evidence that the DSRA Required Balance is standing to the credit of the Debt Service Reserve Account.

6. **No Litigation**

No litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened against the Group or its assets which has not been disclosed to the COFACE Agent in writing.

7. **Other Documents and Evidence**

- (a) Evidence that any process agent referred to in the Finance Documents has accepted its appointment.
- (b) A copy of any other Authorisation or other document, opinion or assurance which any Lender considers to be necessary in connection with the entry into and performance of the transactions contemplated by any Restructuring Document or for the validity or enforceability of any Restructuring Document.
- (c) Payment of all fees, costs and expenses of the Finance Parties associated with the negotiation, preparation, due diligence, documentation, administration and closing of the Restructuring Documents and the transactions contemplated therein, including payment in cash of:
  - (i) the Amendment Fee, and
  - (ii) all fees and expenses of the Finance Parties and their professional advisors, including, without limitation, any fees payable to White & Case LLP and FTI Consulting, Inc., as approved by the Lenders.
- (d) Receipt by the COFACE Agent of a comfort letter addressed to it from James Monroe III.
- (e) Receipt by the COFACE Agent of a letter addressed to it from Thermo and the beneficiary of the ultimate owner of Thermo acknowledging that:

- (i) the Lenders have requested the provision of the financial statements (or equivalent document) of Thermo and certain “*Know Your Customer*” documentation in respect of the “James Monroe Revocable Trust dated January 1, 1997”, which have not been provided by Thermo on the basis that such documents are not available; and
- (ii) if a Lender is obliged by its compliance reporting requirements to report the unavailability of the financial statements (or equivalent document) of Thermo or such “*Know Your Customer*” documentation, Thermo and the ultimate owner of Thermo agree to take all such action required to release the relevant Lender from any potential liability that may be asserted against it if Thermo or the ultimate owner of Thermo (as beneficiary of the above-mentioned trust) suffers any negative consequences due to such documents not being provided to the Lenders,

in such form as shall be acceptable to the COFACE Agent.

## **Schedule 4 Second Amended and Restated Facility Agreement**

### **Part 1 See Exhibit 10.[3]**



## Schedule 5 Disclosures

### 1. Clause 18.5 No Proceedings Pending or Threatened

- (a) **Globalstar, Inc. v. Thales Alenia Space France.** On June 3, 2011, the Borrower filed a demand for arbitration against Thales Alenia Space France (“**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**”).

On May 10, 2012, the arbitration tribunal issued its award (the “**Arbitration Award**”) in which it determined that the Borrower materially breached the contract by failing to pay to Thales termination charges in the amount of €51,330,875 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 arbitrator’s ruling also required the Borrower 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, Case No. 12-4102 (PAE) by filing a petition to confirm the Arbitration Award (the “**New York Proceeding**”).

On June 24, 2012, the Borrower 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 Borrower and Thales entered into a Release Agreement (the “**Release Agreement**”), Settlement Agreement (the “**Settlement Agreement**”) and Submission Agreement. Under the terms of the Release Agreement, Thales agreed unconditionally and irrevocably to release and forever discharge the Borrower of any obligation to pay €35,623,770 of the termination charges awarded in the Arbitration Award together with all interest on the award amount upon the earlier of December 31, 2012 and the occurrence of the effective date of the financing of the purchase of the additional six second-generation satellites. Under the terms of the Release Agreement, the Borrower agreed unconditionally and irrevocably to release and forever discharge Thales from any and all claims related to Thales’ work under Phase 2 of the 2009 Contract, including any obligation to pay liquidated damages upon the earlier of December 31, 2012 and the occurrence of the effective date of the financing of the purchase of the additional six second-generation satellites.

Under the terms of the Settlement Agreement, the Borrower agreed to pay €17,530,000 to Thales representing one-third of the termination charges awarded to Thales in the Arbitration Award on the later of the effective date of the new contract for the purchase of the six additional second-generation satellites and the occurrence of the effective date of the financing of the purchase of the additional six second-generation satellites. Further, the court in the New York Proceeding previously agreed to extend the time for the Borrower to file responsive pleadings in the New York Proceeding until July 1, 2013. Thales and the Borrower entered into a Tolling Agreement as of June 13, 2013 under which Thales dismissed the New York Proceeding without prejudice. The Tolling Agreement terminated on May 23, 2015. Under no circumstances can Thales refile the petition after May 23, 2016.

Any party to the Settlement Agreement can terminate the Settlement Agreement given the effective date of the new contract for the purchase of the six additional second-generation satellites did not occur on or prior to February 28, 2013. No party has terminated the Settlement Agreement. Termination of the Settlement Agreement by any party would not terminate the above-described Release Agreement.

Under the terms of the Submission Agreement, the Borrower and Thales agreed to seek clarification of the Arbitration Award with respect to a €3,864,000 claim by Thales related to the Phase 2 satellites. Article 4 of the 2009 Contract sets forth a price term of €3,864,000 with respect to Phase 2 of the Contract. In the prior arbitration proceeding, Thales claimed that it was entitled to payment of this amount pursuant to Article 26 of the Contract upon termination of Phase 3 of the Contract for convenience. The Borrower disputed that any such amount was owed. The Arbitration Award found that the Borrower was not obligated to pay the amount under Article 26 of the Contract. Subsequently, Thales demanded that the Borrower nevertheless pay the amount. In order to resolve this dispute, the Borrower and Thales agreed to submit the issue to Mr. James Carter in an ad hoc arbitration proceeding. On December 3, 2012, Mr. Carter issued an award in favour of the Borrower, ruling *inter alia* that the Borrower is not obligated to pay any portion of the €3,864,000 amount and that Thales is judicially estopped from claiming otherwise.

- (b) ***Borrower petition for rulemaking.*** The Borrower filed a petition for rulemaking with the FCC on November 13, 2012 in order to obtain regulatory authority to offer terrestrial services over its mobile satellite services (MSS) spectrum, including mobile broadband services.

Therein, the Borrower proposed both a near-term plan and a separate long-term plan for utilizing its MSS spectrum terrestrially. Under the proposed near-term plan, the Borrower has requested a license to offer terrestrial services over 11.5 MHz of its exclusively licensed MSS spectrum at 2483.5-1495MHz. As part of its near-term plan, the Borrower has also requested authority to utilize 10.5 MHz of adjacent unlicensed spectrum at 2473-2483.5MHz in the Industrial, Scientific and Medical (“ISM”) band in order to offer a Terrestrial Low Power Service (“TLPS”). With TLPS, the Borrower could make available a carrier-grade service over a fourth 22 MHz channel (Channel 14 under the existing 802.11 standard) over which existing Wi-Fi capable devices could operate.

In its rulemaking, the Borrower also proposed a long-term plan to utilize its full 19.275 MHz of exclusively licensed MSS spectrum for a conventional terrestrial wireless network. This proposal will take more time to work through the additional technical issues that are associated with operating a terrestrial wireless service near the GPS frequency band.

After the Borrower filed its petition, the FCC quickly placed the petition on public notice and received comments on the petition during January 2013. In November 2013, the FCC proposed rules, which, if adopted, would enable the Borrower to offer low-power ATC services such as TLPS over a portion of our licensed MSS spectrum. The public comment period on these proposed rules ended in June 2014, and the Borrower anticipate that the FCC will take final action in this proceeding in the near future. The proposed rules would substantially eliminate the gating criteria as applied to low-power ATC services and would allow us to provide TLPS over our licensed spectrum together with the use of the adjacent unlicensed spectrum. If the FCC takes final action to adopt these proposed rules, we plan

to establish one or more partnerships to deploy commercial service promptly as well as to seek similar terrestrial authority in certain international jurisdictions.

- (c) ***Iridium petition for rulemaking.*** On February 11, 2013 Iridium Constellation LLC (“**Iridium**”) filed a petition for rulemaking with the FCC requesting that 2.725 MHz of Big Leo spectrum presently licensed to the Borrower be reallocated to Iridium’s exclusive use. This includes 1.775 MHz of spectrum currently licensed to the Borrower exclusively at 1616-1617.775 MHz, as well as 0.95 MHz of spectrum currently shared by the Borrower and Iridium at 1617.775-1618.725 MHz. Iridium also filed a motion to consolidate its petition for rulemaking with the petition for rulemaking filed by the Borrower in November of 2012 to receive terrestrial flexibility to offer mobile broadband services. On November 1, 2012, the Commission requested public comment on Iridium’s petition.

Iridium subsequently filed a “revised spectrum proposal” seeking exclusive use of 1.225 MHz of spectrum (1617.5-1618.725 MHz) and shared use of 1.5 MHz of additional spectrum (1610-1617.5 MHz); and on April 17, 2015, Iridium filed another revised plan for sharing a portion of Globalstar’s spectrum with no reallocation of exclusive use to Iridium. On May 14, 2015, Globalstar filed an opposition to Iridium’s latest revised plan which included an additional technical report by Roberson & Associates. The FCC has not taken any further action on Iridium’s petition and motion. The Borrower will continue to vigorously oppose both Iridium’s petition and its motion to consolidate.

- (d) ***Tax Returns and Payments.*** The Borrower operates in various U.S. and foreign tax jurisdictions. The process of determining its anticipated tax liabilities involves many calculations and estimates which are inherently complex. The Borrower believes that it has complied in all material respects with its obligations to pay taxes in these jurisdictions. However, its position is subject to review and possible challenge by the taxing authorities of these jurisdictions. If the applicable taxing authorities were to challenge successfully its current tax positions, or if there were changes in the manner in which the Borrower conducts its activities, the Borrower could become subject to material unanticipated tax liabilities. It may also become subject to additional tax liabilities as a result of changes in tax laws, which could in certain circumstances have a retroactive effect.
- (i) In January 2012, the Borrower’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 Borrower’s Canadian subsidiary is in the process of collecting the information required by the Canada Revenue Agency. The Canada Revenue Agency has reviewed the information provided by the Borrower’s Canadian subsidiary and has issued an assessment for those years under audit. The Borrower’s Canadian subsidiary has filed an objection for the cash settlement and for the net operating loss carry forward to be adjusted for the assessed amount.
- (ii) Except for the audits noted above, neither the Borrower nor any of its Subsidiaries are currently under audit by the IRS or by any state jurisdiction in the United States. The Borrower’s corporate US tax returns for 2010 and subsequent years remain subject to examination by tax authorities. State income tax returns are generally subject to examination for a period of three to five years after filing of the respective return. The state impact of any federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states.

- (iv) Through a prior foreign acquisition the Borrower acquired a tax liability for which the Borrower has been indemnified by the previous owners. As of December 31, 2014 and 2013, the Borrower had recorded a tax liability of \$1.1million and \$2.2 million, respectively, to the foreign tax authorities with an offsetting tax receivable from the previous owners. An agreement was reached in November of 2014 to settle the outstanding tax liability by utilization of the Brazilian Tax Amnesty program and the accumulated fiscal losses related to tax periods preceding the date of the agreement. The Borrower may be exposed to liabilities in the future if its subsidiary in Brazil, after making use of all available tax benefits and fiscal losses, incurs additional tax liabilities for which it may not be fully indemnified by the seller, or the seller may fail to perform its indemnification obligations.
- (v) In the Borrower's international tax jurisdictions, numerous tax years remain subject to examination by tax authorities, including tax returns for 2005 and subsequent years in most of the Borrower's international tax jurisdictions.

## **2. Clause 18.36(c) Notes and Purchase Agreement**

The 5% Notes and Old 8% Notes were converted into equity in accordance with their terms.

## **Schedule 6 Conditions Subsequent to the Effective Date**

### **1. Legal Opinions**

- (c) A legal opinion of White & Case LLP (advisers to the Lenders) as to matters of the laws of England and confirming, amongst other things, the validity and enforceability of this Agreement.
- (d) A legal opinion of Taft Stettinius & Hollister LLP (advisers to the Borrower) confirming, amongst other things, the due authorization of each Obligor, the validity and enforceability of the Restructuring Documents governed by New York law, and that the Finance Documents (except as expressly provided in this Agreement) and the Security Documents in place at the date of the Agreement are the legal, valid, binding and enforceable obligations of the Obligors, notwithstanding the amendments to the First Amended and Restated Facility Agreement as set out in this Agreement.
- (e) Such other favourable legal opinions of counsel to the Obligors addressed to the COFACE Agent (for and on behalf of itself and the other Finance Parties) with respect to the Obligors, the Restructuring Documents and such other matters as the COFACE Agent shall reasonably request, including, without limitation, FCC matters.

### **2. Security Matters**

- (a) Within thirty (30) days of the Effective Date, or such later date as the COFACE Agent, acting on the instructions of the Lenders, may agree, a Security Document pledging 65% of the total outstanding Capital Stock of The World's End (Proprietary) Limited and a consent thereto executed by The World's End (Proprietary) Limited (including, without limitation, original stock certificates (or the equivalent thereof pursuant to the Applicable Laws and practices of any relevant foreign jurisdiction) evidencing the Capital Stock of The World's

End (Proprietary) Limited, together with an appropriate undated stock power for each certificate duly executed in blank by the Borrower).

- (b) Within thirty (30) days of the Effective Date, or such later date as the COFACE Agent, acting on the instructions of the Lenders, may agree, evidence of the completion of all recordings and filings of, or with respect to, the Amended and Restated Collateral Agreement (as defined in the First GARA), the Amended and Restated Pledge Agreement (as defined in the First GARA) and the Borrower Additional Pledge of Accounts as may be necessary to perfect any Lien intended to be created by such documents.
- (c) Within thirty (30) days of the Effective Date, or such later date as the COFACE Agent, acting on the instructions of the Lenders, may agree, evidence in such form as shall be acceptable to the COFACE Agent that the security interests (including the Liens) of the Finance Parties are perfected and subject only to Permitted Liens.
- (d) Such other documents as may be reasonably requested by the COFACE Agent, all in form, content and scope reasonably satisfactory to the COFACE Agent.

### 3. **Equity and Fees**

- (a) Evidence reasonably satisfactory to the COFACE Agent that the Borrower has delivered to Terrapin a Fixed Request Notice (as defined in the Second Terrapin Purchase Agreement) for, and has received in cash from Terrapin, at least US\$15,000,000 in equity financing pursuant to the Second Terrapin Purchase Agreement by the later of (i) fifteen (15) Business Days after execution of this Agreement or (ii) 31 August 2015.
- (b) Payment in cash of all fees, costs and expenses of the Finance Parties associated with the negotiation, preparation, due diligence, documentation, administration and closing of all conditions subsequent to the Effective Date specified in this Schedule 6 (*Conditions Subsequent to the Effective Date*), including payment of all fees and expenses of the Finance Parties and their professional advisors, including, without limitation, any fees payable to White & Case LLP and FTI Consulting, Inc., as approved by the Lenders.

### 4. **Know Your Customer Requirements**

The COFACE Agent shall have received each of the documents required by each of the Lenders in respect of any “*Know Your Customer*” requirements applicable to such Lender, including, without limitation, in respect of The World’s End (Proprietary) Limited.

**WHITE & CASE**

Execution Version  
**WHITE & CASE**

**Dated 5 June 2009  
as amended and restated on 22 August 2013  
and as further amended and restated on 7 August 2015**

## **COFACE Facility Agreement**

between

**Globalstar, Inc.**  
as Borrower,

**BNP Paribas  
Société Générale  
Natixis  
Crédit Agricole Corporate and Investment Bank  
Crédit Industriel Et Commercial**  
as Mandated Lead Arrangers,

**BNP Paribas**  
as the Security Agent  
and the COFACE Agent

and

**The Banks and Financial Institutions**  
listed in Schedule 1  
as the Original Lenders

White & Case LLP  
5 Old Broad Street  
London EC2N 1DW

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**This Agreement** (the “**Agreement**”) is dated 5 June 2009 (as amended and restated on 22 August 2013 by the First Global Deed of Amendment and Restatement and as further amended and restated on 7 August 2015 by the Second Global Amendment and Restatement Agreement) and made

**Between:**

- (1) **Globalstar, Inc.**, a corporation duly organised and validly existing under the laws of the State of Delaware, with its principal office located at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America (the “**Borrower**”);
- (1) **BNP Paribas**, a société anonyme with a share capital of €2,491,915,350 organised and existing under the laws of the Republic of France, whose registered office is at 16 boulevard des Italiens, 75009 Paris, France registered under number 662 042 449 at the Commercial Registry of Paris, acting in its capacity as facility agent and *Chef de File* for and on behalf of the Finance Parties (the “**COFACE Agent**”);
- (2) **BNP Paribas, Societe Generale, Natixis, Crédit Agricole Corporate and Investment Bank (formerly known as Calyon) and Crédit Industriel et Commercial** each acting in its capacity as a mandated lead arranger (the “**Mandated Lead Arrangers**”);
- (3) **BNP Paribas**, a société anonyme with a share capital of €2,491,915,350 organised and existing under the laws of the Republic of France, whose registered office is at 16 boulevard des Italiens, 75009 Paris, France registered under number 662 042 449 at the Commercial Registry of Paris, acting in its capacity as the security agent (the “**Security Agent**”); and
- (4) **The Financial Institutions** listed in Schedule 1 (*Lenders and Commitments*) as lenders (the “**Original Lenders**”).

## **1. Definitions and Interpretation**

### **1.1 Definitions**

In this Agreement:

“**2013 Closing Commitment**” means the equity commitment made by Thermo in respect of the Borrower on or prior to the First Effective Date pursuant to the Restructuring Support and Consent Agreement in an aggregate amount of cash equal to US\$20,000,000 less the aggregate amount of cash actually received by the Borrower in connection with the Initial Minimum Cash Commitment (as such amount may be reduced by the amount of any proceeds received by the Borrower from any financing pursuant to third party Equity Issuances (*but excluding* any Equity Issuance involving Terrapin)).

“**2013 Year-End Commitment**” means the equity commitment made or to be made by Thermo or any other member of the Thermo Group in respect of the Borrower pursuant to the First Global Deed of Amendment and Restatement or the First Thermo Group Undertaking Letter (as the case may be) to be funded on or prior to 26 December 2013 as a condition precedent to the entry into Guarantee Obligations by the Subsidiary Guarantors under Clause 22.1(1) (*Limitations on Financial Indebtedness*), in an aggregate amount of cash equal to US\$20,000,000 (as such amount may be reduced by the amount of any proceeds received by the Borrower from any financing pursuant to third party Equity Issuances (*but excluding* any Equity Issuance involving Terrapin)).

“**2014 Equity Financing**” means the equity commitment made or to be made by Thermo or any other member of the Thermo Group in respect of the Borrower pursuant to the First Global Deed of Amendment and Restatement or the First Thermo Group Undertaking Letter (as the case may

be) to be funded on or prior to 31 December 2014 in an aggregate amount of cash equal to US\$20,000,000 less the amount by which the amount of cash actually received by the Borrower in connection with the Initial Minimum Cash Commitment, the 2013 Closing Commitment and the 2013 Year-End Commitment exceeds US\$40,000,000 (as such amount may be reduced by the amount of any proceeds received by the Borrower from any financing pursuant to third party Equity Issuances (*but excluding* any Equity Issuance involving Terrapin)).

“**5% Notes**” means the 5% convertible senior unsecured notes issued by the Borrower pursuant to the Original Indenture as supplemented by the third supplemental indenture dated as of 14 June 2011.

“**5.75% Notes Term Sheet**” means the term sheet attached as schedule 1 to the Restructuring, Support and Consent Agreement in respect of the restructuring of the 5.75% notes which were exchanged or redeemed in full by the Borrower on or prior to 26 June 2013.

“**8% New Notes**” means the 8% convertible senior notes issued by the Borrower pursuant to the Original Indenture as supplemented by the Fourth Supplemental Indenture.

“**8% Old Notes**” means the 8% convertible senior unsecured notes issued by the Borrower pursuant to the Original Indenture as supplemented by a second supplemental indenture dated 19 June 2011.

“**Acceptable Bank**” means:

- 1(a) a bank or financial institution which has a rating for its long-term unsecured and non credit-enhanced debt obligations of AA- or higher by S&P or Fitch Ratings Ltd or Aa2 or higher by Moody's or a comparable rating from an internationally recognised credit rating agency;
- 1(b) Union Bank, *provided that*, it has a rating for its long-term unsecured and non credit-enhanced debt obligations of A or higher by S&P or A+ by Fitch Ratings Ltd or a comparable rating from an internationally recognised credit rating agency; or
- 1(c) any other bank or financial institution approved by the COFACE Agent.

“**Acceptable Intercreditor Agreement**” means an intercreditor agreement in form and substance satisfactory to the COFACE Agent to be entered into by the Borrower or any Subsidiary (as the case may be), the COFACE Agent (unless the COFACE Agent agrees otherwise) and the relevant provider of Subordinated Indebtedness. Such Acceptable Intercreditor Agreement shall include, without limitation, the following provisions, whereby the relevant Subordinated Indebtedness provider shall agree not to:

- 2(a) seek direct or indirect recovery, payment or repayment of, nor permit direct or indirect payment or repayment of any of the Subordinated Indebtedness or other amounts payable by the Borrower or any Subsidiary (as the case may be) in respect thereof or of any other Subordinated Indebtedness of the Borrower or any Subsidiary (as the case may be);
- 2(b) demand, sue for or accept from the Borrower or any Subsidiary (as the case may be) any payment in respect of the Subordinated Indebtedness or take any other action to enforce its rights or to exercise any remedies in respect of any Subordinated Indebtedness (whether upon the occurrence or during the occurrence of an event of default (howsoever described) or otherwise) unless requested to do so by the COFACE Agent;
- 2(c) file or join in any petition to commence any winding-up proceedings or an order seeking reorganisation or liquidation of the Borrower or any Subsidiary (as the case may be), or take any other action for the winding-up, dissolution or administration of the Borrower

or any Subsidiary (as the case may be) or take, or agree to, any other action which could or might lead to the bankruptcy, insolvency or similar process of the Borrower or any Subsidiary (as the case may be) unless requested to do so by the COFACE Agent; and/or

2(d) claim, rank or prove as a creditor of the Borrower or any Subsidiary (as the case may be) in competition with any Finance Party.

**“Account Control Agreement”** means:

- (a) the account control agreement dated 22 June 2009 between the Deposit Account Bank (as such term is defined in each Account Control Agreement), the Borrower and the Security Agent; and
- (b) any other account control agreement entered into between any other deposit account bank, the Borrower and the Security Agent in form and substance satisfactory to the COFACE Agent.

**“Accounts Agreement”** means the accounts agreement dated 5 June 2009 (as amended and restated from time to time including pursuant to the First Global Deed of Amendment and Restatement) and, as of the First Effective Date, made between the Borrower, the COFACE Agent, the Offshore Account Bank and the Security Agent.

**“Adjusted Consolidated EBITDA”** means, for any period, Consolidated EBITDA for such period *provided that*, for the purpose of calculating the Consolidated Net Income component of Consolidated EBITDA, any cash revenue received in that period but not recognised under GAAP shall be included, *plus* (in the case of paragraphs (a), (b) and (c) below only, to the extent deducted in the calculation of Consolidated EBITDA (without double-counting)):

- 5(a) non-cash stock compensation expenses;
- 5(b) non-cash asset impairment charges; and
- 5(c) one time non-cash non-recurring expenses,

*but excluding* the proceeds of any Spectrum Cash Flow (save for, to the extent agreed in writing by the COFACE Agent (acting on the instructions of the Majority Lenders), any such proceeds which replace revenue that had otherwise been projected in the then current Agreed Business Plan but which has not been earned due to a change in the strategy of the Group).

**“Adjusted Consolidated EBITDA Reconciliation”** means, for any period, a reconciliation statement prepared by the Borrower in a form reasonably acceptable to the COFACE Agent showing a reconciliation of:

- 6(a) cash revenue received in that period but not recognised under GAAP, as determined in accordance with the definition of Adjusted Consolidated EBITDA; *to*
- 6(b) revenues recognised for such period, as determined in accordance with GAAP.

**“Advance Payment”** means an advance payment:

- 7(a) in the case of the Launch Services Contract, of five *per cent.* (5%) of the total Contract Price payable by the Borrower pursuant to the Launch Services Contract; and
- 7(b) in the case of the Satellite Construction Contract, of fifteen *per cent.* (15%) of the total Contract Price payable by the Borrower pursuant to the Satellite Construction Contract.

“**Affiliate**” means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

“**Agreed Business Plan**” means the business plan:

- (a) delivered to the COFACE Agent on or prior to the First Effective Date pursuant to paragraph 13 of schedule 3 (*Conditions Precedent to the Effective Date*) of the First Global Deed of Amendment and Restatement; or
- (b) as updated on an annual basis in accordance with Clause 19.3 (*Annual Business Plan and Financial Projections*).

“**ANFR**” means the Agence Nationale des Fréquences.

“**Applicable Law**” means all applicable provisions of constitutions, laws, statutes, ordinances, rules, treaties, regulations, permits, licences, approvals, interpretation and orders of courts or Governmental Authorities and all orders and decrees of all courts and arbitrators.

“**Applicable Margin**” means in respect of each Facility for any Interest Period commencing:

- 12(a) any time prior to the First Effective Date, two point two five *per cent.* (2.25%) per annum;
- 12(b) from the First Effective Date and prior to (but excluding) 1 July 2017, two point seven five *per cent.* (2.75%) per annum;
- 12(c) on (and including) 1 July 2017 and ending on 30 June 2018, three point two five *per cent.* (3.25%) per annum;
- 12(d) on (and including) 1 July 2018 and ending on 30 June 2019, three point seven five *per cent.* (3.75%) per annum;
- 12(e) on (and including) 1 July 2019 and ending on 30 June 2020, four point two five *per cent.* (4.25%) per annum;
- 12(f) on (and including) 1 July 2020 and ending on 30 June 2021, four point seven five *per cent.* (4.75%) per annum;
- 12(g) on (and including) 1 July 2021 and ending on 30 June 2022, five point two five *per cent.* (5.25%) per annum; and
- 12(h) on (and including) 1 July 2022 and thereafter, five point seven five *per cent.* (5.75%) per annum.

“**Applicable Negative Excess Cash Flow**” means:

- 13(a) for all Payment Periods (except the Second Half 2017 Payment Period), the absolute value of such negative Excess Cash Flow for such Payment Period *provided that* if such absolute value is greater than US\$10,000,000 the Applicable Negative Excess Cash Flow shall be deemed to be US\$10,000,000; or
- 13(b) for the Second Half 2017 Payment Period, the absolute value of such negative Excess Cash Flow for such Payment Period *provided that* if such absolute value is greater than US\$25,000,000 the Applicable Negative Excess Cash Flow shall be deemed to be US\$25,000,000.

“**Asset Disposition**” means the disposition of any or all assets (including the Capital Stock of a Subsidiary or any ownership interest in a joint venture) of any Obligor or any Subsidiary thereof

whether by sale, lease, transfer or otherwise. The term “*Asset Disposition*” shall not include any Equity Issuance or any Debt Issuance.

“**Assignment Agreement**” means an agreement substantially in the form set out in Part B (*Form of Assignment Agreement*) of Schedule 5 (*Form of Transfer Certificate and Assignment Agreement*) or any other form agreed between the relevant assignor and assignee.

“**Attributable Indebtedness**” means, on any date:

- 16(a) in respect of any Capital Lease of any person, the capitalised amount thereof that would appear on a balance sheet of such person prepared as of such date in accordance with GAAP; and
- 16(b) in respect of any Synthetic Lease, the capitalised amount or principal amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease.

“**Authorisation**” means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration (including all Governmental Approvals).

“**Authorised Signatory**” means, with respect to the Supplier and the Launch Services Provider, a person authorised to sign any document on its behalf to be delivered pursuant to this Agreement.

“**Availability Period**” means, subject to clause 7 (*Other Provisions*) of the First Global Deed of Amendment and Restatement, the period from and including the date of this Agreement to and including 31 December 2012.

“**Available Cash**” means the sum of:

- 20(a) the Borrower’s consolidated unrestricted cash balance at the beginning of the relevant Payment Period *less* the minimum Liquidity threshold set out in Clause 20.2 (*Minimum Liquidity*);
- 20(b) any Spectrum Cash Flow for the relevant Payment Period; and
- 20(c) any Excess Cash Flow for the relevant Payment Period.

“**Available Commitment**” means, in relation to a Facility, a Lender’s Commitment under that Facility *minus*:

- 21(a) the amount of its participation in any outstanding Loans under that Facility; and
- 21(b) in relation to any proposed Utilisation, the amount of its participation in any Loans that are due to be made under that Facility on or before the proposed Utilisation Date.

“**Available Facility**” means, in relation to a Facility, the aggregate for the time being of each Lender’s Available Commitment in respect of that Facility.

“**Borrower Additional Pledge of Bank Accounts**” means the French law “*Convention de Nantissement de Comptes Bancaires*” dated on or around the First Effective Date between the Borrower, the Offshore Bank and the Security Agent.

“**Borrower Pledge of Bank Accounts**” means the French law “*Convention de Nantissement de Comptes Bancaires*” dated 5 June 2009 between the Borrower, the Offshore Account Bank and the Security Agent.

“**Break Costs**” means the amount (if any) by which:

- 25(a) the interest which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

*exceeds:*

- 25(a) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the London interbank market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in London, Paris and New York City.

“**Canadian Dollars**” means the lawful currency for the time being of Canada.

“**Capital Assets**” means, with respect to the Borrower and its Subsidiaries:

- 28(a) any asset that should, in accordance with GAAP, be classified and accounted for as a capital asset on a Consolidated balance sheet of the Borrower and its Subsidiaries *but excluding* any capitalised interest; and

- 28(b) non-capitalised cash payments attributable to any second generation Satellite Launch and ground segment vendors.

“**Capital Expenditures**” means with respect to the Borrower and its Subsidiaries for any period, the aggregate cost of all Capital Assets acquired by the Borrower and its Subsidiaries during such period, as determined in accordance with GAAP.

“**Capital Lease**” means any lease of any property by the Borrower or any of its Subsidiaries, as lessee, that should, in accordance with GAAP, be classified and accounted for as a capital lease on a Consolidated balance sheet of the Borrower and its Subsidiaries.

“**Capital Stock**” means:

- 31(a) in the case of a corporation, capital stock;
- 31(b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock;
- 31(c) in the case of a partnership, partnership interests (whether general or limited);
- 31(d) in the case of a limited liability company, membership interests; and
- 31(e) any other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing person.

“**Cash**” means, at any time, cash denominated in Dollars and the Dollar equivalent of Euros and Canadian Dollars, in hand or at bank and (in the latter case) credited to an account in the name of an Obligor with an Acceptable Bank and to which an Obligor is alone (or together with other Obligors) beneficially entitled and for so long as:

- 32(a) that cash is repayable on demand;

- 32(b) repayment of that cash is not contingent on the prior discharge of any other indebtedness of any member of the Group or of any other person whatsoever or on the satisfaction of any other condition;
- 32(c) there is no Lien over that cash except for Liens created pursuant to the Security Documents or any Permitted Lien constituted by a netting or set-off arrangement entered into by members of the Group in the ordinary course of their banking arrangements; and
- 32(d) the cash is freely and immediately available to be applied in repayment or prepayment of the Facilities.

“**Cash Equivalent Instruments**” means at any time:

- 33(a) certificates of deposit maturing within one (1) year after the relevant date of calculation and issued by an Acceptable Bank;
- 33(b) any investment in marketable debt obligations issued or guaranteed by the government of the United States of America, the United Kingdom, any member state of the European Economic Area or any Participating Member State or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one (1) year after the relevant date of calculation and not convertible or exchangeable to any other security;
- 33(c) commercial paper not convertible or exchangeable to any other security:
  - (i) for which a recognised trading market exists;
  - (ii) issued by an issuer incorporated in the United States of America, the United Kingdom, any member state of the European Economic Area or any Participating Member State;
  - (iii) which matures within one (1) year after the relevant date of calculation; and
  - (iv) which has a credit rating of either A-1 or higher by S&P or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody’s, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;
- 33(d) any investment in money market funds which:
  - (i) have a credit rating of either A-1 or higher by S&P or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody’s;
  - (ii) invest substantially all their assets in securities of the types described in paragraphs (a) to (c) above; and
  - (iii) can be turned into cash on not more than thirty (30) days’ notice; or
- 33(e) any other debt or marketable security approved by the Majority Lenders,

in each case, denominated in Dollars and the Dollar equivalent of Euros and Canadian Dollars, and to which any Obligor is alone (or together with other Obligors) beneficially entitled at that time and which is not issued or guaranteed by any member of the Group or subject to any Lien (other than a Lien arising under the Security Documents).

“**Change in Control**” has the meaning given to such term in Clause 7.2 (*Mandatory Prepayment – Exit*).



“**Code**” means the US Internal Revenue Code of 1986, and the rules and regulations thereunder, each as amended or modified from time to time.

“**COFACE**” means *La Compagnie Française d’Assurance pour le Commerce Extérieur* a French *société anonyme* whose registered office is at 1, place Costes et Bellonte, CS 20003, 92276 Bois-Colombes, France and registered at the *Registre du Commerce et des Sociétés of Nanterre* with registered number 552 069 791.

“**COFACE Additional Insurance Premium**” means the premium due to COFACE payable by the Borrower to the COFACE Agent (for the account of COFACE) in accordance with Clause 12.1(c) (*COFACE Insurance Premia and COFACE Additional Insurance Premium*) in an amount of US\$20,000,000.

“**COFACE Insurance Policy**” means each credit insurance policy (as amended from time to time) in respect of this Agreement to be issued by COFACE for the benefit of the Lenders in respect of each Facility and as approved by the COFACE Agent (on behalf of the Lenders) pursuant to articles L.432-1 to L.432-4 of the French *Code des Assurances* and signed by the COFACE Agent and the Original Lenders.

“**COFACE Insurance Premia**” means the premia due to COFACE payable by the Borrower to the COFACE Agent (for the account of COFACE) on each Facility in accordance with Clause 12.1(b) (*COFACE Insurance Premia and COFACE Additional Insurance Premium*).

“**Collateral**” means the collateral security for the Obligations pledged or granted pursuant to the Security Documents.

“**Collateral Agreement**” means the security agreement dated 22 June 2009 (as supplemented by the Joinder Agreement and as amended and restated by the Security Amendment and Restatement Agreement) between the Borrower, each Domestic Subsidiary and the Security Agent.

“**Collection Account**” has the meaning given to such term in the Accounts Agreement.

“**Commercial Contracts**” means:

43(a) the Launch Services Contract; and

43(b) the Satellite Construction Contract,

and, “**Commercial Contract**” means either of the foregoing as the context requires.

“**Commitment**” means a Facility A Commitment and/or a Facility B Commitment.

“**Communication Act**” means the US Communications Act of 1934 (47 U.S.C. 151, *et seq.*) as amended.

“**Communications Licences**” means the licences, permits, authorisations or certificates to construct, own, operate or promote the telecommunications business of the Borrower and its Subsidiaries (including, without limitation, the launch and operation of Satellites) as granted, or to be granted, by the FCC or the ANFR (and any other Governmental Authority), and all extensions, additions and renewals thereto or thereof.

“**Compliance Certificate**” means a certificate substantially in the form set out in Schedule 8 (*Form of Compliance Certificate*).

“**Confidential Information**” means all information relating to the Borrower, any other Obligor, the Group, the Finance Documents or a Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance

Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or a Facility from either:

(a) any member of the Group or any of its advisers; or

(a) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Group or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

- (i) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 41 (*Confidentiality*); or
- (ii) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or
- (iii) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

**“Confidentiality Undertaking”** means a confidentiality undertaking substantially in the form set out in Schedule 10 (*Form of Confidentiality Undertaking*) or in any other form agreed between the Borrower and the COFACE Agent.

**“Consolidated”** means, when used with reference to financial statements or financial statement items of any person, such statements or items on a consolidated basis in accordance with applicable principles of consolidation under GAAP.

**“Consolidated EBITDA”** means, for any period, the sum of the following determined on a Consolidated basis, without duplication, for the Borrower and its Subsidiaries in accordance with GAAP:

53(a) Consolidated Net Income for such period; *plus*

53(b) the sum of the following to the extent deducted in determining Consolidated Net Income:

- (i) income and franchise taxes;
- (ii) Consolidated Interest Expense;
- (iii) amortisation, depreciation and other non-cash charges (except to the extent that such non-cash charges are reserved for cash charges to be taken in the future);
- (iv) extraordinary losses (other than from discontinued operations) and any losses on foreign currency transaction; and
- (v) any Transaction Costs (*provided that*, in no event shall the aggregate amount of Transaction Costs relating to the negotiation of any Permitted Acquisitions or Permitted Joint Venture Investments which are not consummated added back to net income during any four (4) consecutive fiscal quarter period exceed US\$1,000,000), *less*

53(c) interest income and any extraordinary gains and any gains on foreign currency transactions.

**“Consolidated Interest Expense”** means, with respect to the Borrower and its Subsidiaries for any period, the gross interest expense (including, interest expense attributable to Capital Leases, all net payment obligations pursuant to Hedging Agreements and cash interest in respect of indebtedness (including vendor indebtedness) but excluding any non-cash interest) of the Borrower and its Subsidiaries, all determined for such period on a Consolidated basis, without duplication, in accordance with GAAP.

**“Consolidated Net Income”** means, with respect to the Borrower and its Subsidiaries, for any period of determination, the net income (or loss) of the Borrower and its Subsidiaries for such period, determined on a Consolidated basis in accordance with GAAP, *provided that* there shall be excluded (without double counting) from the calculation of income:

- 55(a) the net income (or loss) of any person (other than a Subsidiary which shall be subject to paragraph (c) below), in which the Borrower or any of its Subsidiaries has a joint interest with a third party, except to the extent such net income is actually paid in cash to the Borrower or any of its Subsidiaries by dividend or other distribution during such period;
- 55(b) the net income (or loss) of any person accrued prior to the date it becomes a Subsidiary of such person or is merged into or consolidated with such person or any of its Subsidiaries or that person’s assets are acquired by such person or any of its Subsidiaries except to the extent included pursuant to the foregoing paragraph (a);
- 55(c) the net income (if positive) of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary to the Borrower or any of its Subsidiaries of such net income is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute rule or governmental regulation applicable to such Subsidiary; and
- 55(d) the proceeds of any Equity Issuances and/or Subordinated Indebtedness.

**“Consultation Period”** has the meaning given to such term in Clause 19.3(c) (*Annual Business Plan and Financial Projections*).

**“Contract Price”** means the aggregate price to be paid by the Borrower to:

- 57(a) the Supplier under and in relation to the Satellite Construction Contract being an amount (in aggregate) equal to €298,919,905 *plus* US\$218,483,217.82; and
- 57(b) the Launch Services Provider under and in relation to the Launch Services Contract being US\$216,000,000.

**“Convertible Notes”** means:

- (a) the 5% Notes;
- (b) the 8% New Notes;
- (c) the 8% Old Notes; and
- (d) any other convertible notes issued by the Borrower (or its Subsidiaries) after the First Effective Date in compliance with the terms of this Agreement.

“**Covenant Capital Expenditure**” means any Capital Expenditure, including (but not limited to), for the avoidance of doubt, any Capital Expenditure funded with the Net Cash Proceeds received in connection with:

- (a) any Insurance and Condemnation Event;
- (b) any Asset Disposition; and
- (c) any Equity Issuance or funded by the issuance of Capital Stock of the Borrower to the seller (or an affiliate thereof) of the related Capital Asset,

*but excluding*, any Capital Expenditure funded with the Net Cash Proceeds received in connection with an Insurance and Condemnation Event or an Asset Disposition *provided that* such Net Cash Proceeds are reinvested in “like-for-like” replacement assets in accordance with Clause 7.5 (*Mandatory Prepayment – Insurance and Condemnation Events*) or Clause 7.6 (*Mandatory Prepayment – Asset Dispositions*) (as the case may be).

“**Current Assets**” has the meaning given to such term under GAAP but *deducting* Cash and Cash Equivalent Instruments (*excluding* any Cash and Cash Equivalent Instruments subject to any Lien, including Liens created pursuant to the Security Documents).

“**Current Liabilities**” has the meaning given to such term under GAAP but *excluding* the current portion of any long-term Financial Indebtedness outstanding on the date of calculation.

“**Debt Issuance**” means any issuance of any Financial Indebtedness for borrowed money by the Borrower or any of its Subsidiaries. The term “*Debt Issuance*” shall not include any Equity Issuance or any Asset Disposition.

“**Debt Service**” means the aggregate Dollar amount of principal, interest, and, if any, fees and other sums required to be paid by the Borrower pursuant to the Finance Documents and pursuant to all the Borrower’s Financial Indebtedness incurred from time to time, including all amounts which have become due and payable as at the date of calculation but which have not been paid on such date for the Relevant Period.

“**Debt Service Account**” has the meaning given to such term in the Accounts Agreement.

“**Debt Service Coverage Ratio**” means, on any date, the ratio of:

- 69(a) Adjusted Consolidated EBITDA (without double-counting),
  - (i) *plus*, any Liquidity (in an amount exceeding US\$4,000,000) at the beginning of any relevant period of calculation *plus* the cash proceeds of any Equity Issuance or Subordinated Indebtedness raised during the relevant period not committed, or required to be applied, for any other purpose under the Finance Documents but including monies standing to the credit of the Collection Account which are not required to be applied for any other purpose;
  - (ii) *less* the sum of the following (without double-counting);
    - (A) any Covenant Capital Expenditure;
    - (B) any changes in Working Capital; and
    - (C) any cash taxes,

to

- 69(b) Debt Service,

in each case, during the relevant period of calculation.

“**Debt Service Reserve Account**” has the meaning given to such term in the Accounts Agreement.

“**Default**” means an Event of Default or any event or circumstance specified in Clause 23 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

“**Delegation Agreement**” means:

- (a) the French law delegation agreement dated 5 June 2009 between the Borrower, the Supplier and the Security Agent as amended by an amendment agreement that was to be entered into on or after the First Effective Date pursuant to the First Global Deed of Amendment and Restatement between the Borrower, the Security Agent and the Supplier; and
- (b) the French law delegation agreement dated 24 June 2009 between the Borrower, the Launch Services Provider and the Security Agent as amended by an amendment agreement that was to be entered into on or after the First Effective Date pursuant to the First Global Deed of Amendment and Restatement between the Borrower, the Security Agent and the Launch Services Provider.

“**Disruption Event**” means either or both of:

- 73(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with a Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or
- 73(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:
  - (i) from performing its payment obligations under the Finance Documents; or
  - (ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

“**Dollar**” and “**US\$**” means the lawful currency for the time being of the United States of America.

“**Domestic Subsidiary**” means any Subsidiary organised under the laws of any state of the United States or the District of Colombia, other than GCL Licensee LLC.

“**DSA Required Balance**” has the meaning given to such term in the Accounts Agreement.

“**DSRA Required Balance**” means an amount equal to US\$37,913,900.

“**Earth Station**” means any earth station (gateway) licenced for operation by the FCC or by a Governmental Authority outside the United States that is owned and operated by the Borrower or any of its Subsidiaries.

**“Eligible Amount”** means:

- 79(a) in the case of Facility A, an amount which is equivalent of eighty five *per cent.* (85%) of the total cost of the Eligible Goods and Services which is at any time due and payable under and in accordance with the Satellite Construction Contract; and
- 79(b) in the case of Facility B, one hundred *per cent.* (100%) of the amount of US\$21,600,000, representing goods made in France and/or services performed in France under the Launch Services Contract.

**“Eligible Goods and Services”** means:

- 80(a) goods made in France and/or services performed in France; and
- 80(b) goods and services (including transport and insurance of any nature) originating from countries other than France and the United States, incorporated in the items delivered by the Supplier and/or the Launch Services Provider and which have been sub-contracted by the Supplier and/or the Launch Services Provider and therefore remaining under its responsibility, and recognised as being eligible by the French Authorities to be financed by this Agreement,

which are included in the aggregate Contract Price within an amount of eligibility of:

- (i) an amount equal to (in aggregate) €298,919,905 *plus* US\$218,483,217.82 under the Satellite Construction Contract; and
- (ii) US\$21,600,000 under the Launch Services Contract.

**“Employee Benefit Plan”** means any employee benefit plan within the meaning of Section 3(3) of ERISA which:

- 81(a) is maintained or contributed to by any Obligor or any ERISA Affiliate, or to which any Obligor or ERISA Affiliate has an obligation to contribute; or
- 81(b) has at any time within the preceding six (6) years been maintained or contributed to by any Obligor or any current or former ERISA Affiliate, or with respect to which any Obligor or any such ERISA Affiliate has had an obligation to contribute (or is deemed under Section 4069 of ERISA to have maintained or contributed, or to have had an obligation to contribute, or otherwise to have liability).

**“Environmental Claims”** means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, judgments, liens, accusations, allegations, notices of non-compliance or violation, investigations (other than internal reports prepared by any person in the ordinary course of trading and not in response to any third party action or request of any kind) or proceedings relating in any way to any actual or alleged violation of or liability under any Environmental Law or relating to any Environmental Permit issued, or any approval given, under any such Environmental Law, including any and all claims by Governmental Authorities for enforcement, clean-up, removal, response, remedial or other actions or damages, contribution, indemnification cost recovery, penalties, fines, compensation or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to human health or the environment.

**“Environmental Laws”** means any and all federal, foreign state, state, regional, provincial and local laws, statutes, ordinances, codes, rules, standards and regulations, common law, permits, licences, approvals, interpretations and orders of courts or Governmental Authorities, and amendments thereto, relating to the protection of human health or the environment, including, but not limited to, requirements pertaining to the manufacture, processing, distribution, use,

treatment, storage, disposal, transportation, handling, reporting, licensing, permitting, emission, release or threatened release, investigation or remediation of Hazardous Materials. For the purposes of this definition, the term “*Environmental Laws*” shall include but not be limited to:

83(a) the US Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. Section 9601, *et seq.*); and

83(b) the US Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, *et seq.*).

“**Environmental Permits**” means any permit and other Authorisation and the filing of any notification, report or assessment under any Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by any member of the Group.

“**Equity Commitments**” means:

85(a) the Initial Minimum Cash Commitment;

85(b) the First Effective Date Commitment;

85(c) the 2013 Closing Commitment;

85(d) the 2013 Year-End Commitment;

85(e) the 2014 Equity Financing; and

85(f) the Second Effective Date Commitment.

“**Equity Cure Contribution**” means cash funds contributed to the Borrower from the issuance of shares in the Borrower’s Capital Stock and/or Subordinated Indebtedness (*but excluding* the Initial Equity) in the amounts as set out in Clause 23.2(c) (*Financial Covenants*).

“**Equity Issuance**” means any issuance by the Borrower or any Subsidiary to any person of:

87(a) shares of its Capital Stock;

87(b) any shares of its Capital Stock pursuant to the exercise of options or warrants; or

87(c) any shares of its Capital Stock pursuant to the conversion of any debt securities to equity.

The term “*Equity Issuance*” shall not include any Asset Disposition, any Debt Issuance, the conversion of any of the Convertible Notes or the issuance of any other Capital Stock pursuant to the Fourth Supplemental Indenture in circumstances where the Borrower (or any Subsidiary) does not receive any cash proceeds.

“**Equity Linked Securities**” has the meaning given to such term in the First Global Deed of Amendment and Restatement.

“**Ericsson**” means Ericsson Federal Inc. a Delaware corporation with a place of business at 1595 Spring Hill Road, Vienna, VA 22182, United States.

“**ERISA**” means the US Employee Retirement Income Security Act of 1974, and the rules and regulations thereunder, each as amended or modified from time to time.

“**ERISA Affiliate**” means any person who together with any Obligor is treated as a single employer within the meaning of Section 414(b), (c), (m) or (o) of the Code or Section 4001(b) of ERISA.

“**ERISA Termination Event**” means:

- 91(a) a “*Reportable Event*” described in Section 4043 of ERISA with respect to a Pension Plan for which the notice requirement has not been waived by the PBGC; or
- 91(b) the withdrawal of any Obligor or any ERISA Affiliate from a Pension Plan during a plan year in which it was a “*substantial employer*” as defined in Section 4001(a)(2) of ERISA; or
- 91(c) the termination of a Pension Plan, the filing of a notice of intent to terminate a Pension Plan or the treatment of a Pension Plan amendment as a termination, under Section 4041 of ERISA, if such termination would require material additional contributions in order to be considered a standard termination within the meaning of Section 4041(b) of ERISA, or the filing under Section 4041(a)(2) of ERISA of a notice of intent to terminate any Pension Plan or the termination of any Pension Plan under Section 4041(c) of ERISA; or
- 91(d) the institution of proceedings to terminate, or the appointment of a trustee with respect to, any Pension Plan by the PBGC; or
- 91(e) any other event or condition which would reasonably be expected to constitute grounds under Section 4042(a) of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; or
- 91(f) the failure to make a required contribution to any Pension Plan that would reasonably be expected to result in the imposition of a Lien or the provision of security under Section 430 of the Code or Section 303 or 4068 of ERISA, or the arising of such a Lien; the failure to satisfy the minimum funding standard under section 412 of the Code or section 302 of ERISA, whether or not waived; or the filing of any request for or receipt of a minimum funding waiver under Section 412 of the Code or Section 302 of ERISA with respect to any Pension Plan, or that such filing may be made; or a determination that any Pension Plan is, or is expected to be, considered an at-risk plan within the meaning of Section 430 of the Code or Section 303 of ERISA; or
- 91(g) the partial or complete withdrawal of any Obligor of any ERISA Affiliate from a Multiemployer Plan if withdrawal liability is asserted by such plan; or
- 91(h) any event or condition which results, or is reasonably expected to result, in the reorganisation or insolvency of a Multiemployer Plan under Sections 4241 or 4245 of ERISA; or
- 91(i) any event or condition which results, or is reasonably expected to result, in the termination of a Multiemployer Plan under Section 4041A of ERISA or the institution by PBGC of proceedings to terminate a Multiemployer Plan under Section 4042 of ERISA; or
- 91(j) the receipt by any Obligor or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from any Obligor or any ERISA Affiliate of any notice, that a Multiemployer Plan is in endangered or critical status under Section 432 of the Code or Section 305 of ERISA.

“**Euro**” or “**€**” means the single currency of the Participating Member States.

“**Event of Default**” means any event or circumstance specified as such in Clause 23 (*Events of Default*).



“**Exceptional Items**” means any material items of an unusual or non-recurring nature which represent gains or losses including those arising on:

- 94(a) the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring;
- 94(b) disposals, revaluations, write downs or impairment of non-current assets or any reversal of any write down or impairment;
- 94(c) disposals of assets associated with discontinued operations; or
- 94(d) other exceptional terms reasonably determined by the COFACE Agent in good faith.

“**Excess Cash Flow**” means, for any period of determination, the sum of the following determined on a Consolidated basis, without duplication, for the Borrower and its Subsidiaries in accordance with GAAP:

- 95(a) Adjusted Consolidated EBITDA for such period;

*minus*

- 95(b) (to the extent not already deducted in the calculation of Adjusted Consolidated EBITDA):

- (i) cash taxes and Consolidated Interest Expense paid in cash for such period;
- (ii) all scheduled principal payments made in respect of Financial Indebtedness during such period;
- (iii) the lesser of:
  - (A) all Covenant Capital Expenditures made during the relevant period; and
  - (B) in respect of the calendar years:
    - (1) 2013 through to 2016 (inclusive), the amount set out in column 2 (*Maximum Covenant Capex for Excess Cash Flow Calculation*) of the table in Part B (*Maximum Covenant Capital Expenditures for Excess Cash Flow Calculation*) of Schedule 4 (*Maximum Covenant Capital Expenditures*); or
    - (2) 2017 and onwards, US\$2,500,000 per relevant period,(except in each case to the extent funded directly through the incurrence of Financial Indebtedness or equity contributions or investments);
- (iv) any increase in Working Capital during such period;
- (v) any amount applied to fund any scheduled cash reserve required under the Finance Documents, including the DSA Required Balance and the DSRA Required Balance in such period;
- (vi) voluntary, mandatory and other non-scheduled principal payments with respect to any Loans or other Financial Indebtedness in such period (except for any mandatory payments made pursuant to Clauses 7.3 (*Mandatory Prepayment – Cash Sweep of Spectrum Cash Flow*), 7.4 (*Mandatory Prepayment – Excess Cash Flow*), 7.8 (*Mandatory Prepayment – Cash Sweep following Spectrum Sale*) and 7.9 (*Mandatory Prepayment – Cash Sweep following Equity Issuance*)).

and Debt Issuance) and any payments that constitute or with the passage of time or giving of notice or both would constitute a Default or an Event of Default);

- (vii) to the extent included in Adjusted Consolidated EBITDA, Spectrum Cash Flow and any other monetization of the Group's Spectrum rights;
- (viii) any cash payments in respect of the Restructuring Fee, and the COFACE Additional Insurance Premium;
- (ix) any cash payments during such period in respect of any Exceptional Items;
- (x) Transaction Costs during such period (solely to the extent added back to net income in the calculation of Adjusted Consolidated EBITDA);
- (xi) any non-cash income recognized during such period;
- (xii) any cash utilized during such period in respect of amounts expensed in a prior period;
- (xiii) any non-cash extraordinary losses and any losses on foreign currency transactions; and
- (xiv) the portion of the purchase price and other reasonable acquisition related costs paid during such period to make Permitted Acquisitions and investments, except to the extent financed with proceeds of Financial Indebtedness, Equity Issuances or insurance or casualty payments,

*plus*

95(c) (to the extent not already added in the calculation of Adjusted Consolidated EBITDA and without double counting):

- (i) any decrease in Working Capital during such period;
- (ii) any amount received as a result of decreasing cash reserves required under the Finance Documents, including the DSA Required Balance and the DSRA Required Balance in such period;
- (iii) any cash receipts in respect of Exceptional Items;
- (iv) any cash income whereby cash is received but the recognition of GAAP income is deferred during such period to another period;
- (v) any expense recognized during such period in respect of amounts paid in a prior period; and
- (vi) any cash received during such period in respect of extraordinary gains and any gains on foreign currency transactions.

**"Exchange Act"** has the meaning given to such term in paragraph (i) of the definition of "*Borrower Change of Control*" in Clause 7.2(a) (*Mandatory Prepayment – Exit*).

**"Excluded Purchase Agreement Amount"** means US\$19,500,000 in cash equity raised from the sale of Common Stock pursuant to the First Terrapin Purchase Agreement.

**"Existing Canadian Note"** means the three (3) Month libor plus three point fifty *per cent.* (3.50%) notes issued by Globalstar Canada Satellite Co. in favour of the Borrower.

“**Facilities**” means:

99(a) Facility A; and

99(b) Facility B,

and, “**Facility**” means either of the foregoing as the context requires.

“**Facility A**” has the meaning given to such term in Clause 2.1(a) (*Facility A and Facility B*).

“**Facility A Commitment**” means:

101(a) in relation to an Original Lender, the amount in Dollars set opposite its name under the heading “*Facility A Commitments US\$*” in Part 1 (*Facility A*) of Schedule 1 (*Lenders and Commitments*) and the amount of any other Facility A Commitment transferred to it under this Agreement; and

101(b) in relation to any other Lender, the amount of any other Facility A Commitment transferred to it under this Agreement, to the extent not cancelled, reduced or transferred by it under this Agreement.

“**Facility A Loan**” means a loan made or to be made under Facility A or the principal amount outstanding for the time being of that loan.

“**Facility B**” has the meaning given to such term in Clause 2.1(b) (*Facility A and Facility B*).

“**Facility B Commitment**” means:

104(a) in relation to an Original Lender, the amount in Dollars set opposite its name under the heading “*Facility B Commitments US\$*” in Part 2 (*Facility B*) of Schedule 1 (*Lenders and Commitments*) and the amount of any other Facility B Commitment transferred to it under this Agreement; and

104(b) in relation to any other Lender, the amount of any other Facility B Commitment transferred to it under this Agreement, to the extent not cancelled, reduced or transferred by it under this Agreement.

“**Facility B Loan**” means a loan made or to be made under Facility B or the principal amount outstanding for the time being of that loan.

“**Facility Office**” means the office or offices notified by a Lender to the COFACE Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five (5) Business Days’ written notice) as the office or offices through which it will perform its obligations under this Agreement.

“**FATCA**” means:

106(a) sections 1471 to 1474 of the Code or any associated regulations or other official guidance;

106(b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or

106(c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

“**FATCA Application Date**” means, in relation to a:

- 107(a) “*withholdable payment*” described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014;
- 107(b) “*withholdable payment*” described in section 1473(1)(A)(ii) of the Code (which relates to “*gross proceeds*” from the disposition of property of a type that can produce interest from sources within the U.S.), 1 January 2017; or
- 107(c) “*passthru payment*” described in section 1471(d)(7) of the Code not falling within paragraphs (a) or (b) above, 1 January 2017, or, in each case, such other date from which such payment may become subject to a deduction or withholding required by FATCA as a result of any change in FATCA after the First Effective Date.

“**FATCA Deduction**” means a deduction or withholding from a payment under a Finance Document required by FATCA.

“**FATCA Exempt Party**” means a Party that is entitled to receive payments free from any FATCA Deduction.

“**FCC**” shall mean the Federal Communications Commission.

“**FDIC**” means the Federal Deposit Insurance Corporation.

“**Final Discharge Date**” has the meaning given to such term in the Accounts Agreement.

“**Final Maturity Date**” means 31 December 2022.

“**Final In-Orbit Acceptance**” means the date upon which each of the following has occurred:

- 114(a) the twenty-fourth (24<sup>th</sup>) Satellite has reached its final altitude;
  - 114(b) the testing of the twenty-fourth (24<sup>th</sup>) Satellite has been completed and the Borrower has provided to the COFACE Agent a certificate signed by a Responsible Officer certifying that the Borrower has delivered to its relevant insurer a confirmation that the Satellite Performance Criteria have been successfully met in respect of the twenty-fourth (24<sup>th</sup>) Satellite (and attaching a copy of such confirmation to such certificate); and
  - 114(c) each Satellite has drifted into its final orbital plane position,
- as certified by the Borrower in accordance with Clause 19.9 (*Final In-Orbit Acceptance*).

“**Finance Documents**” means:

- 115(a) this Agreement;
- 115(b) the First Global Deed of Amendment and Restatement;
- 115(c) the Second Global Amendment and Restatement Agreement;
- 115(d) the Accounts Agreement;
- 115(e) the Supplier Direct Agreement;
- 115(f) the LSP Direct Agreement;
- 115(g) each Security Document;

115(h) the Security Amendment and Restatement Agreement;

115(i) each Guarantee Agreement;

115(j) any Transfer Certificate and/or Assignment Agreement;

115(k) each Promissory Note;

115(l) the Thermo Subordination Deed;

115(m) the Subsidiary Guarantor Subordination Deed;

115(n) the First Thermo Group Undertaking Letter;

115(o) the Second Thermo Group Undertaking Letter;

115(p) the Restructuring Support and Consent Agreement (to the extent that the provisions thereof are expressed to survive the termination of such document upon the occurrence of the First Effective Date);

115(q) the Joinder Agreement;

115(r) the Defaults Side-Letter (as such term is defined in the First Global Deed of Amendment and Restatement);

115(s) the Second Terrapin Purchase Agreement;

115(t) the August 2015 Side-Letter (as such term is defined in the Second Global Amendment and Restatement Agreement);

115(u) to the extent not already covered by items (a) to (t) (inclusive) above, each Restructuring Document (as such term is defined in either the First Global Deed of Amendment and Restatement or the Second Global Amendment and Restatement Agreement); and

115(v) any other document designated in writing as a “*Finance Document*” by the COFACE Agent and the Borrower (acting reasonably),

and, “**Finance Document**” means any of the foregoing as the context requires.

“**Finance Parties**” means:

116(a) the COFACE Agent;

116(b) each Mandated Lead Arranger;

116(c) the Security Agent; and

116(d) the Lenders,

and, “**Finance Party**” means any of the foregoing as the context requires.

“**Financial Advisor**” means any financial advisor appointed pursuant to Clause 17.5(b)(iii) (*Financial Advisory Appointment*).

“**Financial Close**” means the date on which each of the conditions precedent referred to in Clause 4.1 (*Initial Conditions Precedent*) and Clause 4.2 (*Further Conditions Precedent*) have been satisfied or waived in accordance with the terms of this Agreement.

“**Financial Conduct Authority**” means the body responsible for regulating the financial services industry in the United Kingdom.

**“Financial Indebtedness”** means, with respect to the Borrower and its Subsidiaries at any date and without duplication, the sum of the following calculated in accordance with GAAP:

- 120(a) all liabilities, obligations and indebtedness for borrowed money including, but not limited to, obligations evidenced by bonds, debentures, notes or other similar instruments of any such person;
- 120(b) all obligations of the Borrower or any of its Subsidiaries to pay the deferred purchase price of property or services (including, without limitation, all obligations under non-competition, earn-out or similar agreements) and any Permitted Vendor Indebtedness, in each case, to the extent classified as debt in accordance with GAAP, except trade payables arising in the ordinary course of trading:
  - (i) not more than ninety (90) days past due; or
  - (ii) being duly contested by the Borrower in good faith;
- 120(c) the Attributable Indebtedness of the Borrower or any of its Subsidiaries with respect to the obligations of the Borrower or such Subsidiary in respect of Capital Leases and Synthetic Leases (regardless of whether accounted for as indebtedness under GAAP);
- 120(d) all Financial Indebtedness of any third party secured by a Lien on any asset owned or being purchased by the Borrower or any of its Subsidiaries (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by the Borrower or any of its Subsidiaries or is limited in recourse;
- 120(e) all Guarantee Obligations of the Borrower or any of its Subsidiaries;
- 120(f) all obligations, contingent or otherwise, of the Borrower or any of its Subsidiaries relative to the face amount of letters of credit, whether or not drawn, including without limitation, any banker’s acceptances issued for the account of the Borrower or any of its Subsidiaries;
- 120(g) all obligations of the Borrower or any of its Subsidiaries to redeem, repurchase exchange, defease or otherwise make payments in respect of Capital Stock of such person; and
- 120(h) all Net Hedging Obligations.

**“First Effective Date”** means 22 August 2013, which was the *“Effective Date”* as such term is defined in the First Global Deed of Amendment and Restatement.

**“First Effective Date Commitment”** means the equity commitment made by Thermo in respect of the Borrower prior to the First Effective Date pursuant to the Restructuring Support and Consent Agreement in an amount equal to US\$25,000,000.

**“First Global Deed of Amendment and Restatement”** means the global amendment and restatement agreement dated 31 July 2013 between, among others, the Parties.

**“First Half Payment Period”** means the period from 1 January to 30 June (inclusive) in any calendar year.

**“First Repayment Date”** means 31 December 2014.

**“First Terrapin Purchase Agreement”** means the common stock purchase agreement dated 28 December 2012 between the Borrower and Terrapin.

**“First Thermo Group Undertaking Letter”** means the undertaking letter dated on or around the First Effective Date entered into by each of the members of the Thermo Group in favour of the COFACE Agent.

**“Fiscal Year”** means the fiscal year of the Borrower and its Subsidiaries ending on 31 December.

**“Foreign Investment Limitation”** means, as of any date of determination, an amount equal to the sum of:

129(a) US\$25,000,000; *less*

129(b) the aggregate amount of Financial Indebtedness permitted pursuant to Clause 22.1(f)(iii) (*Limitations on Financial Indebtedness*) outstanding as of such date of determination; *less*

129(c) the aggregate amount of all investments in Foreign Subsidiaries (valued as of the initial date of such investment without regard to any subsequent changes in value thereof) made after the date of this Agreement and prior to such date of determination pursuant to Clause 22.3(a)(ii)(B) (*Limitations on Loans, Investments and Acquisitions*); *less*

129(d) the aggregate amount of all investments (valued as of the initial date of such investment without regard to any subsequent change in value thereof) in Foreign Subsidiaries (or any entities that would constitute Foreign Subsidiaries if the Borrower or one of its Subsidiaries owned more than fifty *per cent.* (50%) of the outstanding Capital Stock of such entity) made after the date of this Agreement and prior to such date of determination pursuant to Clause 22.3(c) (*Limitations on Loans, Investments and Acquisitions*),

*provided that*, any investment of non-cash consideration constituting stock in the Borrower (howsoever described):

- (i) in the case of a single transaction, that does not exceed US\$10,000,000 in value; and
- (ii) which transactions in aggregate since the date of this Agreement do not exceed US\$50,000,000 in aggregate,

shall be excluded from the determination of the Foreign Investment Limitation.

**“Foreign Subsidiary”** means any Subsidiary that is not a Domestic Subsidiary.

**“Fourth Supplemental Indenture”** means the fourth supplemental indenture dated 20 May 2013 in respect of the 8% New Notes between the Borrower and U.S. Bank National Association.

**“French Authorities”** means the “*Direction Générale du Trésor et de la Politique Economiques (DGTPE)*” of the French Ministry of Finance, any successors thereto, or any other Governmental Authority in or of France involved in the provision, management or regulation of the terms, conditions and issuance of export credits including, among others, such entities to whom authority in respect of the extension or administration of export financing matters have been delegated, such as COFACE.

**“French Security Documents”** has the meaning given to such term at Clause 28.2(a)(i) (*Appointment of the Security Agent (France)*).

**“GAAP”** means generally accepted accounting principles, as recognised by the American Institute of Certified Public Accountants and the Financial Accounting Standards Board, consistently applied and maintained on a consistent basis for the Borrower and its Subsidiaries

throughout the period indicated and consistent with the prior financial practice of the Borrower and its Subsidiaries.

**“Governmental Approvals”** means all authorisations, consents, approvals, permits, licences and exemptions of, registrations and filings with, and reports to, all Governmental Authorities.

**“Governmental Authority”** means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union, the European Central Bank, or the International Telecommunications Union).

**“Group”** means the Borrower and its Subsidiaries from time to time.

**“Group Structure Chart”** means the group structure chart set out in Schedule 23 (*Group Structure Chart*).

**“Guarantee Agreement”** means:

139(a) the guarantee agreement dated 5 June 2009 (as amended and restated pursuant to the First Global Deed of Amendment and Restatement) and currently between the Security Agent and each Subsidiary Guarantor; and

139(b) each guarantee agreement (to be in substantially the same form as the guarantee agreement referred to in paragraph (a) above) to be entered into by a Subsidiary Guarantor in accordance with Clause 21.5 (*Additional Domestic Subsidiaries*) and/or a Licence Subsidiary in accordance with Clause 22.12 (*Nature of Business*) (as the case may be).

**“Guarantee Obligations”** means, with respect to the Borrower and its Subsidiaries, without duplication, any obligation, contingent or otherwise, of any such person pursuant to which such person has directly or indirectly guaranteed any Financial Indebtedness of any other person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of any such person:

140(a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Financial Indebtedness (whether arising by virtue of partnership arrangements, by agreement to keep well, to purchase assets goods, securities or services to take-or-pay, or to maintain financial statement condition or otherwise); or

140(b) entered into for the purpose of assuring in any other manner the obligee of such Financial Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

*provided that*, the term Guarantee Obligation shall not include endorsements for collection or deposit in the ordinary course of trading. The amount of any Guarantee Obligation shall be deemed equal to the lesser of the stated or determinable amount of the primary obligation or the maximum liability of the person giving the Guarantee Obligation.

**“Hazardous Materials”** means any substances or materials:

141(a) which are or become defined as hazardous wastes, hazardous substances, pollutants, contaminants, chemical substances or mixtures or toxic substances under any Environmental Law;



- 141(b) which are toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise harmful to human health or the environment and are or become regulated by any Governmental Authority;
- 141(c) the presence of which require investigation or remediation under any Environmental Law;
- 141(d) the possession, use, storage, discharge, emission or release of which requires a permit or licence under any Environmental Law or other Authorisation;
- 141(e) the presence of which could be deemed to constitute a nuisance or a trespass or threatens to pose a health or safety hazard to persons or neighbouring properties;
- 141(f) which consist of underground or above ground storage tanks, whether empty, filled or partially filled with any substance; or
- 141(g) which contain, without limitation, asbestos, polychlorinated biphenyls, urea formaldehyde foam insulation, petroleum hydrocarbons, petroleum derived substances or waste, crude oil, nuclear fuel, natural gas or synthetic gas.

“**Hedging Agreement**” means any agreement with respect to any Interest Rate Contract, forward rate agreement, commodity swap, forward foreign exchange agreement, currency swap agreement, cross-currency rate swap agreement, currency option agreement or other agreement or arrangement designed to alter the risks of any person arising from fluctuations in interest rates, currency values or commodity prices, all as amended, restated, supplemented or otherwise modified from time to time.

“**Hedging Obligations**” means all existing or future payment and other obligations owing by the Borrower under any Hedging Agreement with any person approved by the COFACE Agent.

“**Holding Account**” has the meaning given to such term in the Accounts Agreement.

“**Holding Account Pledge Agreement**” means the French law “*Convention de Nantissement de Compte Bancaire*” entered into by the Borrower and the Security Agent on or around the First Effective Date.

“**Holding Company**” means, in relation to a person, any other person in respect of which it is a Subsidiary.

“**Hughes**” means Hughes Network Systems LLC a limited liability company organised under the laws of Delaware with its principal place of business at 11717 Exploration Lance, Georgetown, Maryland 20876, USA.

“**Incapacity**” means absence of the legal right to enter into binding contractual relations (other than pursuant to a civil or criminal sanction (including without limitation, personal bankruptcy or analogous proceedings)).

“**Individual In-Orbit Acceptance**” means the date upon which each of the following has occurred with respect to each individual Satellite:

- 149(a) the relevant Satellite has reached its final altitude;
- 149(b) the relevant Satellite is fully operational and properly integrated into the constellation;
- 149(c) the testing of the relevant Satellite has been completed and the Borrower has provided to the COFACE Agent a certificate signed by a Responsible Officer certifying that the Borrower has delivered to its relevant insurer a confirmation that the Satellite

Performance Criteria has been successfully met in respect of the relevant Satellite (and attaching a copy of such confirmation to such certificate); and

149(d) the relevant Satellite has drifted into its final orbital plane position,  
as certified by the Borrower in accordance with Clause 19.10 (*Individual In-Orbit Acceptance*).

“**Initial Equity**” means the equity contributed by Thermo (or any other third party) pursuant to paragraph 11 (*Equity contribution*) of Schedule 2 (*Conditions Precedent*) or issued to Thermo pursuant to paragraph 10 (*Equity/subordinated debt*) of Schedule 2 (*Conditions Precedent*).

“**Initial Minimum Cash Commitment**” means the equity commitment made by Thermo in respect of the Borrower to fund on or before the First Effective Date pursuant to the Restructuring Support and Consent Agreement an amount of up to US\$20,000,000.

“**Insurance and Condemnation Event**” means the receipt by the Borrower or any of its Subsidiaries of any cash insurance proceeds or condemnation award payable by reason of theft, loss, physical destruction, damage or similar event with respect to any of their respective property or assets.

“**Insurances**” means the insurances required by Clause 21.4 (*Insurance*).

“**Insurance Consultant**” means Jardine Lloyd Thompson Limited.

“**Insurance Proceeds Account**” has the meaning given to such term in the Accounts Agreement.

“**Intellectual Property**” has the meaning given to such term at Clause 18.7(a) (*Intellectual Property Matters*).

“**Interest Period**” means:

155(a) in relation to a Loan, each period determined in accordance with Clause 9 (*Interest Periods*); and

155(b) in relation to an Unpaid Sum, each period determined in accordance with Clause 8.3 (*Default Interest*).

“**Interest Rate Cap Agreement**” means each interest rate cap agreement to be entered into by the Borrower and the Original Lenders which shall (without limitation) provide that monies payable to the Borrower under such agreements are paid directly to the Debt Service Account.

“**Interest Rate Contract**” means any interest rate swap agreement, interest rate cap agreement, interest rate floor agreement, interest rate collar agreement, interest rate option or other agreement regarding the hedging of interest rate risk exposure executed in connection with hedging the interest rate exposure of any person and any confirming letter executed pursuant to such agreement, all as amended, restated, supplemented or otherwise modified from time to time.

“**Invoice**” means any invoice or demand for payment issued by the Supplier and/or the Launch Services Provider pursuant to the Satellite Construction Contract and/or Launch Services Contract, as the case may be.

“**Joinder Agreement**” means the joinder agreement dated 5 August 2010 entered into by the Subsidiary Guarantors set out in paragraphs 12 and 13 of Schedule 26 (*Subsidiary Guarantors*) in favour of the Security Agent in connection with the Collateral Agreement and the Stock Pledge Agreement.

**“Key Agreements”** means:

- (a) each Material Contract set out in Schedule 12 (*Material Contracts*) other than those Material Contracts referred to in paragraphs 8, 11 and 12 of Schedule 12 (*Material Contracts*); and
- (b) each other Material Contract entered into after the First Effective Date.

**“Landlord Waiver and Consent Agreements”** means:

- 161(a) any landlord waiver and consent agreement entered into between Four Sierra, LLC as landlord and the Security Agent;
- 161(b) any landlord waiver and consent agreement entered into between Orinda Equity Partners, LLC as landlord and the Security Agent;
- 161(c) any landlord waiver and consent agreement entered into between Sebring Airport Authority as landlord and the Security Agent; and
- 161(d) any other agreement or document which the Security Agent and the Borrower (acting reasonably) from time to time designate as a “*Landlord Waiver and Consent Agreement*” for the purposes of this Agreement,

and, **“Landlord Waiver and Consent Agreement”** means any of the foregoing, as the context requires.

**“Launch”** means the disconnection of the lift-off plug of the SOYUZ launch vehicle, if such event follows the ignition of the first (strap-on boosters) and second (core stage) stage liquid engines of the launch vehicle.

**“Launch Failure”** has the meaning given to such term in the Launch Services Contract.

**“Launch Insurance”** has the meaning given to such term at Clause 21.4(c)(ii) (*Launch Insurance*).

**“Launch Insurance Documentation”** has the meaning given to such term at Clause 21.4(c)(ii) (*Launch Insurance*).

**“Launch Services Contract”** means the launch services contract dated 5 September 2007 (as amended and restated on 9 March 2010 and from time to time and as further amended) and made between the Borrower and the Launch Services Provider for the launching into low earth orbit of the Satellites through four (4) SOYUZ launch vehicles, with an option for four (4) other similar launches.

**“Launch Services Provider”** means Arianespace, a French *société anonyme* registered at the *Registre du Commerce et des Sociétés* of Evry under registration number 318 516 457, whose registered office is at Boulevard de l’Europe, 91006 Evry, France.

**“Lender”** means:

- 168(a) any Original Lender; and
- 168(b) any bank, financial institution, trust, fund or other entity which has become a Party in accordance with Clause 26 (*Changes to the Lenders*),

which in each case has not ceased to be a Party in accordance with the terms of this Agreement.

“**LIBOR**” means, in relation to any Loan:

169(a) the applicable Screen Rate; or

169(b) (if no Screen Rate is available for Dollars for the Interest Period of that Loan) the Reference Bank Rate,

as of 11:00 a.m. (London time) on the Quotation Day for Dollars and for a period comparable to the Interest Period of that Loan *provided that*, if the period from the beginning of the Interest Period or from the date of Utilisation until the end of the Interest Period is:

- (i) a period shorter than one (1) Month, the reference shall be one (1) Month; or
- (ii) a period longer than one (1) Month and which does not correspond to an exact number of Months, the relevant rate shall be determined by using a linear interpolation of the LIBOR according to usual practice in the international monetary market,

and, if such rate is below zero, LIBOR will be deemed to be zero.

“**Licence Subsidiary**” shall mean any single purpose Wholly-Owned Subsidiary of the Borrower or of another Subsidiary of the Borrower, the sole business and operations of which single purpose Subsidiary is to hold one (1) or more Communications Licences, except where it is a mandatory condition of a Communications Licence in the relevant jurisdiction that any such entity is not such a vehicle (*provided that*, this exception shall not apply to any Communications Licence issued by the FCC or the ANFR).

“**Lien**” means, with respect to any asset, any mortgage, leasehold mortgage, lien, pledge, charge, security interest, hypothecation or encumbrance of any kind in respect of such asset. For the purposes of this Agreement, a person shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, Capital Lease or other title retention agreement relating to such asset.

“**Liquidity**” means the sum of Cash and Cash Equivalent Instruments held by any of the Obligor (other than Thermo), but excluding any amounts held in:

173(a) the Debt Service Reserve Account; and

173(b) the Insurance Proceeds Account.

“**Loans**” means:

174(a) a Facility A Loan; and

174(b) a Facility B Loan,

and, “**Loan**” means either of the foregoing as the context requires.

“**Loss Payee**” has the meaning given to such term at Clause 21.4(c)(ii) (*Launch Insurance*).

“**Loss Payee Clause**” means a loss payee clause in substantially the same form as set out in Schedule 28 (*Loss Payee Clause*).

“**LSP Direct Agreement**” means the direct agreement dated 24 June 2009 between the Borrower, the Launch Services Provider and the Security Agent.

**“Majority Lenders”** means:

- 178(a) if there are no Loans then outstanding, a Lender or Lenders whose Commitments aggregate more than seventy five *per cent.* (75%) of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than seventy five *per cent.* (75%) of the Total Commitments immediately prior to the reduction); or
- 178(b) at any other time, a Lender or Lenders whose participations in the Loans then outstanding aggregate more than seventy five *per cent.* (75%) of all the Loans then outstanding.

**“Mandatory Cost”** means any fee or cost payable by banks arising from any regulation imposed by:

- (a) the European Central Bank;
- (b) the Financial Conduct Authority; or
- (c) the Prudential Regulation Authority,

in each case, similar to those customarily considered to be “*mandatory costs*”.

**“Material Adverse Effect”** means with respect to the Borrower or any of its Subsidiaries, a material adverse effect on:

- 184(a) the properties, business, operations, prospects or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole; or
- 184(b) the legality, validity or enforceability of any provision of any Transaction Document; or
- 184(c) the rights and remedies of any Finance Party under any of the Finance Documents; or
- 184(d) the security interests provided under the Security Documents or the value thereof; or
- 184(e) its ability to perform any of its obligations under the Finance Documents,

*provided that*, existing and future first-generation satellite constellation degradation or failure issues and the effects thereof (which, for the avoidance of doubt, shall exclude any Satellite delivered under the Satellite Construction Contract) on the Borrower and its Subsidiaries, taken individually or collectively, shall not constitute a Material Adverse Effect.

**“Material Communications Licence”** shall mean any Communications Licence, the loss, revocation, modification, non-renewal, suspension or termination of which, could be reasonably expected to have a Material Adverse Effect.

**“Material Contract”** means:

- 186(a) any contract or other agreement, written or oral, of the Borrower or any of its Subsidiaries involving monetary liability of or to any such person in an amount in excess of US\$10,000,000 per annum; or
- 186(b) any other contract or agreement, written or oral, of the Borrower or any of its Subsidiaries the failure to comply with which could reasonably be expected to have a Material Adverse Effect,

but excluding in either case any contract or other agreement that the Borrower or such Subsidiary may terminate on less than ninety (90) days notice without material liability.

“**Material Subsidiary**” means:

- 187(a) the Borrower;
- 187(b) each Subsidiary Guarantor;
- 187(c) Globalstar Canada Satellite Co.;
- 187(d) each Licence Subsidiary (including, GCL Licensee LLC);
- 187(e) any Subsidiary of the Borrower which, in the opinion of the COFACE Agent (acting reasonably), is of material operational or strategic importance to the business of the Group;
- 187(f) any Subsidiary of the Borrower which has gross assets (excluding intra group items) representing ten *per cent.* (10%) or more of the gross assets of the Group; and
- 187(g) any Subsidiary of the Borrower which has gross revenues per annum from all sources including intra-company revenues which are allocated to such Subsidiary of US\$10,000,000 or more in aggregate.

For the purpose of paragraphs (f) and (g) above:

- (i) subject to paragraph (ii) below:
  - (A) the contribution of a Subsidiary of the Borrower will be determined from its financial statements which were consolidated into the latest relevant financial statements; and
  - (B) the financial condition of the Group will be determined from the latest relevant financial statements;
- (ii) if a Subsidiary of the Borrower becomes a member of the Group after the date on which the latest relevant financial statements were prepared:
  - (A) the contribution of the Subsidiary will be determined from its latest financial statements; and
  - (B) the financial condition of the Group will be determined from the latest relevant financial statements but adjusted to take into account any subsequent acquisition or disposal of a business or a company (including that Subsidiary);
- (iii) the contribution of a Subsidiary will, if it has Subsidiaries, be determined from its consolidated financial statements;
- (iv) if a Material Subsidiary disposes of all or substantially all of its assets to another member of the Group, it will immediately cease to be a Material Subsidiary and the other member of the Group (if it is not the Borrower or already a Material Subsidiary) will immediately become a Material Subsidiary;
- (v) a Subsidiary of the Borrower (if it is not already a Material Subsidiary) will become a Material Subsidiary on completion of any other intra-Group transfer or reorganisation if it would have been a Material Subsidiary had the intra-Group transfer or reorganisation occurred on the date of the latest relevant financial statements; and

- (vi) except as specifically mentioned in paragraph (iv) above, a member of the Group will remain a Material Subsidiary until the next relevant financial statements show otherwise under paragraph (i) above.

If there is a dispute as to whether or not a member of the Group is a Material Subsidiary, a determination by the COFACE Agent will be, in the absence of manifest error, conclusive.

“**Minimum Contribution Amount**” has the meaning given to such term in Clause 23.2(c) (*Financial Covenants*).

“**Moody’s**” means Moody’s Investors Service, Inc. and any successor thereto.

“**Month**” means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- 189(a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- 189(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- 189(c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

“**Mortgages**” means the collective reference to each mortgage, deed of trust or other real property security document, encumbering all real property now or hereafter owned by the Borrower or any Subsidiary, in each case, in form and substance reasonably satisfactory to the Security Agent and executed by the Borrower or any Subsidiary in favour of the Security Agent (for and on behalf of itself and the other Finance Parties), as any such document may be amended, restated, supplemented or otherwise modified from time to time.

“**Multiemployer Plan**” means a “*multiemployer plan*” as defined in Section 4001(a)(3) of ERISA to which any Obligor or any ERISA Affiliate is making, or is accruing an obligation to make, or has accrued an obligation to make contributions, and each such plan for the six (6) year period immediately following the latest date on which any Obligor or ERISA Affiliate contributed to or had an obligation to contribute to such plan.

“**Net Cash Proceeds**” means, as applicable:

- 192(a) with respect to any Equity Issuance, any Asset Disposition or any Debt Issuance, the gross cash proceeds received by the Borrower or any of its Subsidiaries therefrom *less* all legal, underwriting, placement agents and other commissions, discounts, premiums, fees and expenses incurred in connection therewith; and
- 192(b) with respect to any Insurance and Condemnation Event, the gross cash proceeds received by the Borrower or any of its Subsidiaries *less* the sum of:
  - (vii) all fees and expenses in connection therewith; and
  - (viii) the principal amount of, premium, if any, and interest on any Financial Indebtedness secured by a Lien on the asset (or a portion thereof) subject to such Insurance and Condemnation Event, which Financial Indebtedness is

expressly permitted under this Agreement and required to be repaid in connection therewith.

“**Net Debt**” means, in respect of the Group at any time, the consolidated amount of all Financial Indebtedness, in each case, in cash and including:

- (a) any vendor financings (howsoever described); and
- (b) any Relevant Subordinated Indebtedness,

in each case, with a stated maturity or put date on or prior to the Final Maturity Date (including, without limitation, all Financial Indebtedness arising in respect of the Facilities), but:

- (ii) deducting the aggregate amount of Liquidity at that time; and
- (iii) excluding any Subordinated Indebtedness that does not constitute Relevant Subordinated Indebtedness.

“**Net Hedging Obligations**” means, as of any date, the Termination Value of any such Hedging Agreement on such date.

“**New Lender**” has the meaning given to such term in Clause 26.1 (*Assignments and Transfers by the Lenders*).

“**Obligations**” means, in each case, whether now in existence or hereafter arising:

195(a) the principal of and interest on (including interest accruing after the filing of any bankruptcy or similar petition) the Loans;

195(b) all Hedging Obligations; and

195(c) all other fees (including the Restructuring Fee and the COFACE Additional Insurance Premium) and commissions (including attorneys’ fees), charges, indebtedness, loans, liabilities, financial accommodations, obligations, covenants and duties owing by the Borrower or any of its Subsidiaries to the Finance Parties, in each case under any Finance Documents or otherwise, with respect to any Loan direct or indirect, absolute or contingent, due or to become due, contractual or tortious, liquidated or unliquidated, and whether or not evidenced by any note.

“**Obligors**” means:

196(a) the Borrower;

196(b) Thermo; and

196(c) each Subsidiary Guarantor,

and, “**Obligor**” means any of the foregoing as the context requires.

“**OFAC**” means the US Department of the Treasury’s Office of Foreign Assets Control.

“**Offshore Account Bank**” has the meaning given to such term in the Accounts Agreement.

“**Onshore Account Bank**” has the meaning given to such term in the Accounts Agreement.

“**Operating Lease**” means, as to any person as determined in accordance with GAAP, any lease of property (whether real, personal or mixed) by such person as lessee which is not a Capital Lease.



“**Original Indenture**” means the indenture dated as of 15 April 2008 between the Borrower as issuer and U.S. Bank National Association as trustee.

“**Original Lenders**” has the meaning given to such term in the Recitals.

“**Participating Member State**” means any member state of the European Union that has the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union, other than Slovakia, Slovenia, Malta and Cyprus.

“**Party**” means a party to this Agreement.

“**Payment Date**” has the meaning given to such term in the Accounts Agreement.

“**Payment Period**” means a First Half Payment Period or a Second Half Payment Period, as the case may be.

“**PBGC**” means the Pension Benefit Guaranty Corporation or any successor agency.

“**Pension Plan**” means any Employee Benefit Plan, other than a Multiemployer Plan, which is subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA.

“**Permitted Acquisition**” means any investment by the Borrower, any Subsidiary Guarantor or Globalstar Canada Satellite Co. in the form of acquisition of all or substantially all of the business or a line of business (whether by the acquisition of Capital Stock, assets or any combination thereof) of any other person (a “**Target Company**”) if each such acquisition meets each of the following requirements:

- 209(a) no less than fifteen (15) days prior to the proposed closing date of such acquisition, the Borrower shall have delivered written notice and financial details of such acquisition to the COFACE Agent, which notice shall include the proposed closing date of such acquisition;
- 209(b) the Borrower shall have certified on or before the closing date of such acquisition, in writing and in a form reasonably acceptable to the COFACE Agent (acting on the instructions of the Majority Lenders), that such acquisition has been approved by the board of directors or equivalent governing body of the Target Company;
- 209(c) the Target Company shall be in a substantially similar line of business as the Borrower and its Subsidiaries pursuant to Clause 22.12 (*Nature of Business*) or a parallel business the acquisition of which would be of commercial or strategic importance to such business;
- 209(d) if such proposed transaction is a merger with respect to the Borrower or any Subsidiary Guarantor, the Borrower shall have received the prior written consent of the COFACE Agent to such transaction;
- 209(e) such proposed transaction shall not include or result in any actual or contingent liabilities that could reasonably be expected to be material to the business, financial condition, operations or prospects of the Borrower and its Subsidiaries, taken as a whole;

209(f) if such proposed transaction is in respect of a Target Company which has negative Adjusted Consolidated EBITDA, the prior written consent of the COFACE Agent shall be required unless:

- (i) such proposed transaction:
  - (A) is in respect of a Target Company which is an international gateway operator; and
  - (B) the cash consideration of such transaction does not exceed US\$5,000,000 in value,

*provided that*, the Borrower shall only be permitted to enter into two (2) transactions of the type described in this paragraph (f)(i) in each Fiscal Year; or
- (ii) the relevant Target Company (other than an international gateway operator) has for the twelve (12) Month period prior to the date of the proposed transaction a negative Adjusted Consolidated EBITDA no greater than US\$2,000,000 in aggregate when taking into account all other acquisitions with negative Adjusted Consolidated EBITDA made following the date of this Agreement.

For the purpose of the calculations required to be made in respect of this paragraph (f) only:

- (A) any reference to “*the Borrower and its Subsidiaries*” in the definitions of Consolidated EBITDA, Consolidated Net Income, Equity Issuance, Subordinated Indebtedness, Consolidated Interest Expense and Capital Lease (and any other definition used in the calculation of Adjusted Consolidated EBITDA) shall be construed as being a reference to “*the Target Company and its Subsidiaries*”;
- (B) any reference to “*the Borrower*” in the definitions of Consolidated EBITDA, Consolidated Net Income, Equity Issuance, Subordinated Indebtedness, Consolidated Interest Expense and Capital Lease (and any other definition used in the calculation of Adjusted Consolidated EBITDA) shall be construed as being a reference to “*the Target Company*”; and
- (C) any reference to “*Subsidiary*” in the definitions of Consolidated EBITDA, Consolidated Net Income, Equity Issuance, Subordinated Indebtedness, Consolidated Interest Expense and Capital Lease (and any other definition used in the calculation of Adjusted Consolidated EBITDA) shall be construed as being a reference to a Subsidiary of a Target Company;

209(g) the Borrower shall have delivered to the COFACE Agent:

- (i) no less than fifteen (15) days prior to the proposed closing date of such acquisition, forward looking financial statements taking into account the proposed transaction and demonstrating to the satisfaction of the COFACE Agent, compliance with each of the financial covenants set out in Clause 20 (*Financial Covenants*) on the proposed closing date of such acquisition and on a twelve (12) Month projected basis; and
- (ii) such other documents reasonably requested by the COFACE Agent; and

209(h) no Event of Default shall have occurred and be continuing both before and after giving effect to such acquisition.

**“Permitted Joint Venture Investments”** means any investment by the Borrower, any Subsidiary Guarantor or Globalstar Canada Satellite Co. in joint ventures and partnerships if each such investment meets all of the following requirements:

210(a) no less than fifteen (15) days prior to the proposed closing date (in the case where the consent of the COFACE Agent and the Majority Lenders is required) or after the closing date (in the case where no consent is required) of any such investment of more than US\$10,000,000, the Borrower shall have delivered written notice of such investment to the COFACE Agent, which notice shall include the proposed closing date (or actual closing date, applicable) of such investment;

210(b) such joint venture or partnership shall be in a substantially similar line of business as the Borrower and its Subsidiaries pursuant to Clause 22.12 (*Nature of Business*) or a parallel business which is of commercial or strategic importance to such business;

210(c) the Borrower shall have delivered to the COFACE Agent:

- (i) such documents reasonably requested by the COFACE Agent or any Finance Party (through the COFACE Agent) pursuant to Clause 21.5 (*Additional Domestic Subsidiaries*) to be delivered at the time required pursuant to Clause 21.5 (*Additional Domestic Subsidiaries*);
- (ii) forward looking financial statements taking into account the proposed transaction and demonstrating to the satisfaction of the COFACE Agent, compliance with each of the financial covenants set out in Clause 20 (*Financial Covenants*) on the proposed closing date of such investment and on a twelve (12) Month projected basis;

210(d) no Event of Default shall have occurred and be continuing both before and after giving effect to such investment;

210(e) if such investment is as a general partner, such investment shall be made by a Subsidiary that has no assets other than such investment; and in any case, such investment shall not include or result in any contingent liabilities that could reasonably be expected to be material to the business, financial condition, operations or prospects of the Borrower and its Subsidiaries, taken as a whole; and

210(f) the Borrower shall have obtained the prior written consent of the COFACE Agent and the Majority Lenders prior to the consummation of such investment if the amount (including all cash and non-cash consideration paid by or on behalf of the Borrower and its Subsidiaries in connection with such investment) of such investment (or series of related investments), together with all other investments in joint ventures and partnerships consummated during the term of this Agreement, exceeds US\$30,000,000 in aggregate (excluding any portion of such investment consisting of Capital Stock of the Borrower).

**“Permitted Liens”** means the Liens permitted pursuant to Clause 22.2(a) to (t) (*Limitations on Liens*).

**“Permitted Supplier Indebtedness”** means any Financial Indebtedness of the Borrower or any Subsidiary owing to the Supplier and relating to the Satellite Construction Contract.

**“Permitted Vendor Indebtedness”** means:

- (a) any Permitted Supplier Indebtedness; and
- (b) any Financial Indebtedness of the Borrower or any Subsidiary:
  - (iv) owing to Ericsson pursuant to the purchase agreement between the Borrower and Ericsson dated 1 October 2008, as amended or any other agreement which replaces such agreement;
  - (v) owing to Hughes pursuant to the agreement between the Borrower and Hughes dated 1 May 2008, as amended or any other agreement which replaces such agreement;
  - (vi) owing to a Satellite vendor or Satellite launch vendor or Affiliate thereof (in each case, other than the Supplier) for:
    - (A) the procurement, construction, launch and insurance of all or part of one or more Satellites or Satellite launches for such Satellites; or
    - (B) a ground or in-orbit space intended for future use or associated improvements to the ground portion of the network of the Borrower and its Subsidiaries;
  - (vii) owing to any other supplier or vendor in respect of any Capital Expenditure (*but excluding* the Supplier); or
  - (viii) otherwise approved in writing by the COFACE Agent (acting on the instructions of all the Lenders),

*provided that*, in each case (other than paragraph (b)(v) above and unless stated to the contrary):

- (A) in the case of paragraph (a) above only, such Permitted Supplier Indebtedness:
  - (1) does not exceed €17,530,000 (the “**Relevant Amount**”) and the Borrower must have consented to the payment to the Supplier of the Relevant Amount (or any lesser amount), it being acknowledged that the Borrower has no obligation to pay the Relevant Amount to the Supplier; and
  - (2) is on such terms as may be approved by the COFACE Agent (acting on the instructions of each Lender in their absolute discretion);
- (B) in the case of paragraphs (b)(i) to (iv) (inclusive) only, such Financial Indebtedness does not exceed (either under any individual agreement or in aggregate) US\$25,000,000 (unless approved in writing by the COFACE Agent (acting on the instructions of all the Lenders));
- (C) the issuance of such Financial Indebtedness shall not cause, and could not reasonably be expected to cause, a Default;
- (D) any interest payable in respect of such Financial Indebtedness does not exceed ten *per cent.* (10%) per annum;
- (E) such Financial Indebtedness is not evidenced by any promissory note; and

- (F) such Financial Indebtedness is not secured by any Lien (other than a Permitted Lien) on any asset or property of the Borrower or any Subsidiary thereof.

“**PIK Interest**” means interest paid by the Borrower or any Subsidiary in respect of a debt instrument by the issuance of:

- (a) shares in the Borrower’s Capital Stock issued for the sole purpose of a making a dividend to the shareholders of the Borrower; and/or
- (b) additional debt securities,

in each case:

- (ix) which debt securities will not mature or become payable prior to the maturity date of such instrument and the Final Discharge Date (other than in the case of the 5% Notes and the 8% Old Notes); and
- (x) no cash payment is made by the Borrower or any Subsidiary prior to the Final Discharge Date.

“**Project**” means:

213(a) the supply of twenty five (25) Satellites plus the long lead items for six (6) subsequent Satellites by the Supplier pursuant to the Satellite Construction Contract; and

213(b) the launching of such Satellites by the Launch Services Provider pursuant to the terms of the Launch Services Contract,

to form for the Borrower the second generation satellite constellation.

“**Project Accounts**” has the meaning given to such term in the Accounts Agreement.

“**Promissory Notes**” means a promissory note made by the Borrower in accordance with Clause 31.2(c) (*Evidence of Financial Indebtedness*) in substantially (and in all material respects in) the same form as set out in Schedule 25 (*Form of Promissory Note*) and amendments, supplements and modifications thereto, any substitutes therefor, and any replacements, restatements, renewals or extension thereof, in whole or in part.

“**Property All Risks Insurance**” means the insurance to be procured by the Borrower in accordance with Clause 21.4(c)(i) (*Insurance*).

“**Protected Party**” means a Finance Party which is or will be subject to any liability, or required to make any payment, for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

“**Prudential Regulation Authority**” means the Bank of England body responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms.

“**Purchase Notice**” has the meaning given to such term in the Fourth Supplemental Indenture.

“**Qualifying Certificate**” means a certificate from the Supplier and/or the Launch Services Provider (as the case may be) substantially in the form set out in Schedule 18 (*Qualifying Certificate*) and signed by an Authorised Signatory of such person.

“**Qualifying Lender**” means a Lender which is:

221(a) a United States person (as defined in Section 7701(a)(30) of the Code);

221(b) engaged in a US trade or business with which such interest is “*effectively connected*” within the meaning of the Code;

221(c) entitled in respect of payments of interest receivable by it under this Agreement to the benefit of a double taxation agreement with the United States which makes provision for full exemption from tax imposed by the United States on interest; or

221(d) entitled to the benefit of the “*portfolio interest*” exemption under Section 871(h) or 881(c) of the Code.

“**Quotation Day**” means, in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period unless market practice differs in the London interbank market in which case the Quotation Day will be determined by the COFACE Agent in accordance with market practice in the London interbank market (and if quotations would normally be given by leading banks in the London interbank market on more than one day, the Quotation Day will be the last of those days).

“**Reference Bank Rate**” means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the COFACE Agent at its request by the Reference Banks as the date at which the relevant Reference Bank could borrow funds in the London interbank market in the relevant currency and for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in that currency and for that period.

“**Reference Banks**” means the principal London offices of BNP Paribas, Société Générale, Crédit Industriel et Commercial, Crédit Agricole Corporate and Investment Bank and Natixis or such other banks as may be appointed by the COFACE Agent in consultation with the Borrower.

“**Relevant Contribution**” has the meaning given to such term in Clause 23.2(c) (*Financial Covenants*).

“**Relevant Period**” means each period of six (6) Months or twelve (12) Months (as the case may be) referred to in each of the columns titled “*Column 1 – Relevant Period*” in the tables contained in Clauses 20.1 (*Maximum Covenant Capital Expenditures*), 20.3 (*Adjusted Consolidated EBITDA*), 20.4 (*Debt Service Coverage Ratio*) and 20.5 (*Net Debt to Adjusted Consolidated EBITDA*).

“**Relevant Subordinated Indebtedness**” means any Subordinated Indebtedness the terms of which require the payment of:

- (a) cash interest *but excluding* the payment of any cash interest under the 5% Notes or the 8% Old Notes which may become due to the relevant noteholders under the 5% Notes or the 8% Old Notes (as the case may be) following the maturity of, or the occurrence of a default pursuant to, and in accordance with, the terms of the indenture relating to the relevant Convertible Notes; or
- (b) any fees *but excluding* any fees payable to an administrative agent of, or trustee for, any noteholders.

For the avoidance of doubt, the 8% New Notes shall constitute Relevant Subordinated Indebtedness.

“**Repayment Date**” has the meaning given to such term at Clause 6.1 (*Repayment*).

“**Repayment Schedule**” means the repayment schedule set out at Schedule 29 (*Repayment Schedule*).

**“Repeating Representations”** means each of the representations set out in Clauses 18.1 (*Status*), 18.2 (*Binding Obligations*), 18.3 (*Non-Conflict with other Obligations*), 18.4 (*Power and Authority*), 18.6 (*Authorisations*), 18.10 (*Margin Stock*), 18.11 (*Government Regulation*), 18.13 (*Employee Relations*), 18.14 (*Burdensome Provisions*), 18.18 (*Titles to Properties*), 18.23(a) (*Satellites*), 18.26 (*OFAC*), 18.27 (*Governing Law and Enforcement*), 18.31 (*No Misleading Information*), 18.33 (*No Immunity*) and 18.36(a) and (b) (*Notes and Purchase Agreement*).

**“Replacement Investor”** has the meaning given to such term at Clause 23.19(a) (*Second Terrapin Purchase Agreement*).

**“Replacement Purchase Agreement”** has the meaning given to such term at Clause 23.19(a) (*Second Terrapin Purchase Agreement*).

**“Reservations”** means:

- 232(a) the principle that equitable remedies may be granted or refused at the discretion of a court;
- 232(b) the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;
- 232(c) the time barring of claims under applicable statutes of limitation;
- 232(d) the possibility that an undertaking to assume liability for or indemnify a person against non-payment of stamp duty may be void;
- 232(e) defences of set-off or counterclaim;
- 232(f) a court construing a Lien expressed to be created by way of fixed security as being floating security;
- 232(g) any additional interest imposed pursuant to any relevant agreement may be held to be irrecoverable on the grounds that it is a penalty;
- 232(h) an English court may not give effect to any indemnity for legal costs incurred by an unsuccessful litigant; and
- 232(i) equivalent principles, rights and defences under the laws of any relevant jurisdiction.

**“Responsible Officer”** means the chief executive officer, president, chief financial officer, controller, treasurer or assistant treasurer of an Obligor or any other officer of an Obligor reasonably acceptable to the COFACE Agent. Any document delivered under this Agreement that is signed by a Responsible Officer of an Obligor shall be conclusively presumed to have been authorised by all necessary corporate, partnership and/or other action on the part of such Obligor and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Obligor.

**“Restructuring Fee”** has the meaning given to such term in Clause 11.5 (*Restructuring Fee*).

**“Restructuring Support and Consent Agreement”** means the equity commitment, restructuring, support and consent agreement dated 20 May 2013 between the Borrower, the Subsidiary Guarantors, the Security Agent, the COFACE Agent, the Lenders and Thermo.

**“S&P”** means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

“**Sanctioned Entity**” means:

237(a) an agency of the government of;

237(b) an organisation directly or indirectly controlled by; or

237(c) a person resident in a country,

that is subject to a sanctions programme identified on the list maintained by OFAC and available at <http://www.treas.gov/offices/enforcement/ofac/sanctions/index.html>, or as otherwise published from time to time as such programme may be applicable to such agency, organisation or person.

“**Sanctioned Person**” shall mean a person named on the list of Specially Designated Nationals or Blocked Persons maintained by OFAC available at <http://www.treas.gov/offices/enforcement/ofac/sdn/index.html>, or as otherwise published from time to time.

“**Satellite**” shall mean any single non-geostationary satellite, or group of substantially identical non-geostationary satellites, delivered or to be delivered by the Supplier to the Borrower pursuant to the Satellite Construction Contract and owned by, leased to or for which a contract to purchase has been entered into by, the Borrower or any of its Subsidiaries, whether such satellite is in the process of manufacture, has been delivered for Launch or is in orbit (whether or not in operational service) and including any replacement satellite of the Borrower following a Launch Failure delivered or to be delivered by:

239(a) the Supplier to the Borrower pursuant to the Satellite Construction Contract; or

239(b) a French supplier (other than the Supplier) pursuant to an agreement entered into by the Borrower with such French supplier which is permitted by the Finance Documents.

“**Satellite Construction Contract**” means the satellite construction contract dated 30 November 2006 and made between the Borrower and the Supplier for the construction of forty eight (48) satellites, as amended and supplemented from time to time (and as further amended and restated on or about the date of this Agreement and delivered in satisfaction of the condition precedent set out at paragraph 7 (*Commercial contracts*) of Schedule 2 (*Conditions Precedent*)) for the purpose of, among other things, detailing a new phasing of the contract for the first twenty five (25) satellites and a final phase of twenty three (23) satellites.

“**Satellite Performance Criteria**” means the criteria set out at Schedule 31 (*Satellite Performance Criteria*).

“**SCF Amount**” has the meaning given to such term in Clause 7.3(a) (*Mandatory Prepayment – Cash Sweep of Spectrum Cash Flow*).

“**Scheduled Launch Period**” means the three (3) Month contractual period during which a Satellite is scheduled to be launched in accordance with the Launch Services Contract.

“**Screen Rate**” means the London interbank offered rate administered by the British Bankers’ Association (or any other person which takes over the administration of that rate) for Dollars for the relevant period displayed on pages LIBOR01 or LIBOR02 of the Reuters screen (or any replacement Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Reuters. If such page or service ceases to be available, the COFACE Agent may specify another page or service displaying the relevant rate after consultation with the Borrower and the Lenders.

“**Second Effective Date**” means the “*Effective Date*” as such term is defined in the Second Global Amendment and Restatement Agreement.



“**Second Effective Date Commitment**” means the equity commitment made by Thermo in respect of the Borrower pursuant to the Second Global Amendment and Restatement Agreement in an amount equal to US\$30,000,000.

“**Second Global Amendment and Restatement Agreement**” means the global amendment and restatement agreement dated 7 August 2015 between, among others, the Parties.

“**Second Half Payment Period**” means the period from 1 July to 31 December (inclusive) in any calendar year.

“**Second Half 2017 Payment Period**” means the Second Half Payment Period occurring in the calendar year of 2017.

“**Second Terrapin Purchase Agreement**” means the common stock purchase agreement dated 7 August 2015 between the Borrower and Terrapin.

“**Second Thermo Group Undertaking Letter**” means the undertaking letter dated on or around the Second Effective Date entered into by each of the members of the Thermo Group in favour of the COFACE Agent.

“**Security Amendment and Restatement Agreement**” means the amendment and restatement agreement in respect of the Collateral Agreement and the Stock Pledge Agreement that was to be entered into prior to the First Effective Date between the Borrower, each Domestic Subsidiary and the Security Agent.

“**Security Documents**” means:

252(a) the Collateral Agreement;

252(b) each Mortgage;

252(c) the Borrower Pledge of Bank Accounts;

252(d) the Borrower Additional Pledge of Bank Accounts;

252(e) the Holding Account Pledge Agreement;

252(f) each Account Control Agreement;

252(g) the Stock Pledge Agreement;

252(h) each Landlord Waiver and Consent Agreement;

252(i) each Delegation Agreement;

252(j) all other agreements conferring, or purporting to confer, security in favour of the Finance Parties with respect to the obligations of the Borrower under the Finance Documents entered into after the date of this Agreement as required by the terms of this Agreement;

252(k) all agreements and other documents executed from time to time pursuant to any of the foregoing; and

252(l) any other agreement or document which the Security Agent and the Borrower (acting reasonably) from time to time designate as a “*Security Document*” for the purposes of this Agreement,

and, “**Security Document**” means any of the foregoing as the context requires.

**“Shareholder Distributions”** means:

- 253(a) any dividend paid, made or declared, other than a dividend paid exclusively in Capital Stock or rights to acquire Capital Stock which, in each case, no cash payment is made by the Borrower;
- 253(b) any payment by way of return on or repayment of share capital;
- 253(c) any payment of cash interest or capitalised interest by the Borrower to any member of the Thermo Group under any distribution (whether in cash or in kind), including, without limitation, any distribution of assets or other payment whatsoever in respect of share capital whether directly or indirectly *but excluding*:
  - (i) any distributions or other payments pursuant to any employee stock incentive plan (howsoever described) expressly permitted under the terms of this Agreement;
  - (ii) any PIK Interest relating to:
    - (A) the Thermo Loan Agreement; or
    - (B) any Convertible Note held by Thermo; and
  - (iii) any cash interest relating to any Convertible Note held by Thermo and permitted by the terms of this Agreement;
- 253(d) any redemption, cancellation or repurchase of the Borrower’s shares or any class of its shares other than any conversion on mandatory repurchase or redemption of any of the Convertible Notes in accordance with their terms or in connection with any employee stock incentive plan (howsoever described) expressly permitted under the terms of this Agreement; and
- 253(e) any payments under a subordinated loan (including interest and fees).

**“Solvent”** and **“Solvency”** means, with respect to any person on any date of determination, that on such date:

- (a) the fair value of the assets of such person is greater than the total amount of liabilities, including contingent liabilities, of such person;
- (b) the present fair saleable value of the assets of such person is not less than the amount that will be required to pay the probable liability of such person on its debts as they become absolute and matured;
- (c) such person does not intend to, and does not believe that it will, incur debts or liabilities beyond such person’s ability to pay such debts and liabilities as they mature;
- (d) such person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such person’s assets would constitute an unreasonably small capital; and
- (e) such person is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business.

The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“**Spectrum**” means spectrum in specific frequency bands that are subject to a Communications Licence issued to the Borrower or an Affiliate, and in the case of spectrum licensed by the FCC, this refers to, without limitation, spectrum that is licensed to the Borrower or an Affiliate in the 1610-1618.725 and the 2483.5 – 2500 MHz frequency bands.

“**Spectrum Cash Flow**” means any cash received by a member of the Group from monetizing (howsoever defined) the Group’s Spectrum rights, including, but not limited to, upfront payments, operating lease payments, and any other payments to a member of the Group associated with the commercial use of any Spectrum by any third parties: *less*

256(a) any capital or operating expenses incurred (or reasonably expected to be incurred) by the Borrower in direct connection with such Spectrum Cash Flow; and

256(b) any payments received by a member of the Group under such Spectrum Cash Flow which are to be “*passed through*” to any third party, *provided that* all such deductions (including deducted expenses incurred and “*passed through*” payments) must:

- (i) be directly related to the corresponding monetization of Spectrum rights;
- (ii) be approved in good faith by the COFACE Agent (acting on the instructions of the Majority Lenders) in the exercise of their commercially reasonable judgment; and
- (iii) not have been deducted from the calculation of Excess Cash Flow (without double counting).

“**Spectrum Sale**” means any sale or other disposition of title (legal or equitable) of any of the Group’s Spectrum rights.

“**Spot Rate of Exchange**” means the exchange rate between Euros and Dollars as notified by the COFACE Agent to the Borrower and calculated on the basis of the official fixing rate (as between Euros and Dollars) of the European Central Bank quoted on Reuter’s page ECB37, more or less two (2) basis points, on the date that is two (2) Business Days prior to the relevant Utilisation Date. If the agreed page is replaced or the service ceases to be available, the COFACE Agent may specify another page or service displaying the appropriate rate.

“**Stock Pledge Agreement**” means the stock pledge agreement dated 22 June 2009 (as supplemented by the Joinder Agreement and as amended and restated by the Security Amendment and Restatement Agreement) between the Borrower, each Domestic Subsidiary and the Security Agent.

“**Subordinated Indebtedness**” means any Financial Indebtedness of the Borrower or any Subsidiary:

261(a) subordinated in right and time of payment to the Obligations pursuant to an Acceptable Intercreditor Agreement (including, for the avoidance of doubt, the provisions of any subordinated subsidiary guarantees provided in connection with the 8% New Notes pursuant to the provisions of Clause 22.1(1) (*Limitations on Financial Indebtedness*) (*provided that* the Borrower shall be entitled to pay PIK Interest);

261(b) to be applied by the Borrower or the relevant Subsidiary (as the case may be) towards:

- (i) financing costs directly arising from the construction and Launch of the Satellites or additional satellites;

- (ii) financing payments due by the Borrower to second generation ground segment vendors; and/or
- (iii) payment of the Borrower's working capital and general corporate purposes;

261(c) containing such other terms and conditions, in each case as are reasonably satisfactory to the COFACE Agent; and

261(d) the issuance of such Financial Indebtedness shall not cause, and could not reasonably be expected to cause, a Default.

**"Subsidiary"** means, as to any person, any company of which more than fifty *per cent.* (50%) of the outstanding Capital Stock having ordinary voting power to elect a majority of the board of directors or other managers of such person is at the time owned (directly or indirectly) by, or the management is otherwise controlled by, such person (irrespective of whether, at the time, Capital Stock of any other class or classes of such person shall have or might have voting power by reason of the occurrence of any contingency). Unless otherwise qualified, references to **"Subsidiary"** or **"Subsidiaries"** in this Agreement shall refer to those of the Borrower.

**"Subsidiary Guarantor"** means each direct or indirect Domestic Subsidiary of the Borrower:

263(a) set out in Schedule 26 (*Subsidiary Guarantors*); or

263(b) which becomes a party to a Guarantee Agreement pursuant to Clause 21.5 (*Additional Domestic Subsidiaries*).

**"Subsidiary Guarantor Subordination Deed"** means the subordination deed dated on or around the First Effective Date and made between the Subsidiary Guarantors, the Borrower, the Security Agent and the COFACE Agent.

**"Supplier"** means Thales Alenia Space France, a French *société par actions simplifiée* registered at the *Registre du Commerce et des Sociétés* of Toulouse under registration number 414 725 101, whose registered office is at 26, Avenue Jean François Champollion, 31100 Toulouse, France.

**"Supplier Direct Agreement"** means the direct agreement dated 5 June 2009 between the Borrower, the Supplier and the Security Agent.

**"Synthetic Lease"** means any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an Operating Lease in accordance with GAAP.

**"Target Company"** has the meaning given to such term in the definition of *"Permitted Acquisition"*.

**"Tax"** means any tax, levy, impost, duty, fee, assessment or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

**"Tax Credit"** means a credit against, relief or remission for, or repayment of any Tax.

**"Tax Deduction"** means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

**"Tax Payment"** means either the increase in a payment made by the Borrower to a Finance Party under Clause 13.1 (*Tax Gross-up*) or a payment under Clause 13.2 (*Tax Indemnity*).

**"Terrapin"** means Terrapin Opportunity, L.P.

“**Termination Value**” means, in respect of any one (1) or more Hedging Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Hedging Agreements:

273(a) for any date on or after such Hedging Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s); and

273(b) for any date prior to the date referenced in paragraph (a), the amount(s) determined as the mark-to-market value(s) for such Hedging Agreements, as determined based upon one (1) or more mid-market or other readily available quotations provided by any recognised dealer in such Hedging Agreements (which may include a Lender or an Affiliate of a Lender).

“**Thermo**” means Thermo Funding Company LLC.

“**Thermo Group**” means:

275(a) Globalstar Satellite LP;

275(b) Thermo;

275(c) FL Investment Holdings LLC (formerly known as Globalstar Holdings LLC); and

275(d) Thermo Funding II LLC.

“**Thermo Loan Agreement**” means the loan agreement dated 25 June 2009 between the Borrower as borrower and Thermo as lender, as the same may be amended from time to time, and the subordinated promissory note evidencing such loan.

“**Thermo Subordination Deed**” means the subordination deed dated 22 June 2009 (as amended and restated pursuant to the First Global Deed of Amendment and Restatement) made between Thermo, the Borrower, the Security Agent and the COFACE Agent.

“**Third Parties Act**” has the meaning given to such term in Clause 1.5(a) (*Third Party Rights*).

“**Total Commitments**” means the aggregate of:

279(a) the Total Facility A Commitments; and

279(b) the Total Facility B Commitments.

“**Total Facility A Commitments**” means the aggregate of the Facility A Commitments, being US\$563,299,120 as at the date of this Agreement.

“**Total Facility B Commitments**” means the aggregate of the Facility B Commitments, being US\$23,042,880 as at the date of this Agreement.

“**Transaction Costs**” means all transaction fees, charges and other amounts related to the Facilities or any transaction which, if consummated, would be a Permitted Acquisition or a Permitted Joint Venture Investment (including, without limitation, any financing fees, merger and acquisition fees, legal fees and expenses, due diligence fees or any other fees and expenses in connection therewith).

“**Transaction Documents**” means:

283(a) each Finance Document;

283(b) each Commercial Contract;

283(c) any Acceptable Intercreditor Agreement; and

283(d) each Material Communications Licence,

and, “**Transaction Document**” means any of the foregoing as the context requires.

“**Transfer Certificate**” means a certificate substantially in the form set out in Part A (*Form of Transfer Certificate*) of Schedule 5 (*Form of Transfer Certificate and Assignment Agreement*) or any other form agreed between the COFACE Agent and the Borrower (acting reasonably).

“**Transfer Date**” means, in relation to an assignment or a transfer, the later of:

285(a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and

285(b) the date on which the COFACE Agent executes the relevant Assignment Agreement or Transfer Certificate.

“**UCC**” means the Uniform Commercial Code as in effect in the State of New York, as amended or modified from time to time.

“**Unfunded Pension Liability**” of any Pension Plan means the excess of such Pension Plan’s benefit liabilities under Section 4001(a)(16) of ERISA over the current value of such Pension Plan’s assets, determined in accordance with the assumptions used for funding such Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

“**Unpaid Sum**” means any sum due and payable but unpaid by the Borrower under the Finance Documents.

“**United States**” or “**US**” means the United States of America.

“**US Tax Obligor**” means:

- (a) a borrower which is resident for tax purposes in the United States of America; or
- (b) an Obligor some or all of whose payments under the Finance Documents are from sources within the United States for US federal income tax purposes.

“**Utilisation**” means a utilisation of a Facility.

“**Utilisation Date**” means the date of a Utilisation, being the date on which the relevant Loan is to be made.

“**Utilisation Request**” means a notice substantially in the form set out in Schedule 3 (*Utilisation Request*).

“**VAT**” means:

293(a) any tax imposed in compliance with Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and

293(b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere.

“**Wholly-Owned**” means, with respect to a Subsidiary, that all the shares of the Capital Stock of such Subsidiary are, directly or indirectly, owned or controlled by the Borrower and/or one (1) or more of its Wholly-Owned Subsidiaries (except for directors’ qualifying shares or other shares required by Applicable Law to be owned by a person other than the Borrower).

“**Withholding Forms**” means United States Internal Revenue Service (“**IRS**”) Form *W-8BEN*, *W-8ECI* or *W-9* (or, in each case, any successor form and, in each case, attached to an IRS Form *W-8IMY* if required) or any other IRS form by which a person may claim an exemption from withholding of US federal income tax on interest payments to that person and, in the case of a person claiming an exemption under the “*portfolio interest exemption*”, a statement certifying that such person is not a “*bank*” within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended.

“**Working Capital**” means, on any date, Current Assets *less* Current Liabilities.

## 1.2 Construction

- (a) Unless a contrary indication appears, any reference in this Agreement to:
- (xi) “**annual**” means a period of twelve (12) Months;
  - (xii) the “**COFACE Agent**”, any “**Finance Party**”, any “**Lender**”, any “**Mandated Lead Arranger**”, an “**Obligor**”, any “**Party**” or the “**Security Agent**” shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
  - (xiii) “**assets**” includes present and future properties, revenues and rights of every description;
  - (xiv) “**determines**” or “**determined**” means a determination made in the absolute discretion of the person making the determination;
  - (xv) the “**equivalent**” on any given date in one currency (the “**first currency**”) of an amount denominated in another currency (the “**second currency**”) is a reference to the amount of the first currency which could be purchased with the second currency at the Spot Rate of Exchange for the purchase of the first currency with the second currency;
  - (xvi) a “**Finance Document**” or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated;
  - (xvii) “**guarantee**” means any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;
  - (xviii) “**include**” or “**including**” are to be construed without limitation;
  - (xix) “**indebtedness**” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
  - (xx) a “**person**” includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);
  - (xxi) a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental,

intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;

(xxii) a provision of law is a reference to that provision as amended or re-enacted;

(xxiii) a time of day is a reference to Paris time; and

(xxiv) the “*date of this Agreement*” shall be a reference to the original date of this Agreement, being 5 June 2009.

(b) Section, Clause and Schedule headings are for ease of reference only.

(c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

(d) A Default (other than an Event of Default) is “**continuing**” if it has not been remedied or waived and an Event of Default is “**continuing**” if it has not been waived.

### 1.3 Accounting Terms

All accounting terms not specifically or completely defined in this Agreement shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the audited financial statements required by Clause 19.2 (*Annual Financial Statements*), except as otherwise specifically prescribed in this Agreement.

### 1.4 UCC Terms

Terms defined in the UCC in effect on the date of this Agreement and not otherwise defined in this Agreement shall, unless the context otherwise indicates, have the meanings provided by those definitions. Subject to the foregoing, the term “UCC” refers, as of any date of determination, to the UCC then in effect.

### 1.5 Third Party Rights

(a) Unless expressly provided to the contrary in a Finance Document a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the “**Third Parties Act**”) to enforce or to enjoy the benefit of any term of this Agreement.

(b) Notwithstanding any term of any Finance Document the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

## 2. The Facilities

### 2.1 Facility A and Facility B

Subject to the terms of this Agreement, the First Global Deed of Amendment and Restatement and the Second Global Amendment and Restatement Agreement, the Lenders make available to the Borrower a:

(e) Dollar term loan facility in an aggregate amount equal to the Total Facility A Commitments (“**Facility A**”); and

(f) Dollar term loan facility in an aggregate amount equal to the Total Facility B Commitments (“**Facility B**”).



## 2.2 Finance Parties' Rights and Obligations

- (a) The obligations of each Finance Party (other than the Lenders) under the Finance Documents are several. Failure by a Finance Party (other than a Lender) to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party (other than a Lender) is responsible for the obligations of any other Finance Party (other than a Lender) under the Finance Documents.
- (b) The obligations of each Lender under the Finance Documents are joint and several. Each Party agrees that this Clause 2.2(b) is for the benefit of the Lenders only and the Borrower acknowledges that it has no rights of any kind whatsoever under this Clause 2.2(b).
- (c) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.
- (d) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

## 2.3 Commercial Contracts

Each Party acknowledges that the Finance Parties shall have no responsibility or liability whatsoever regarding any performance or non-performance by any party to a Commercial Contract and that the Finance Parties shall have no obligation to intervene in any dispute in connection with or arising out of such performance or non-performance. Any such dispute shall not affect the Borrower's performance under this Agreement nor entitle the Borrower to any suspension or other claim towards the Finance Parties.

## 3. Purpose

### 3.1 Purpose – Facility A

The Borrower shall apply all amounts borrowed by it under Facility A towards:

#### (e) Payments to the Supplier

payment to the Supplier of the Eligible Amounts in excess of such amounts already paid by the Borrower to the Supplier. Such Eligible Amount shall be payable by way of direct disbursement to the Supplier in accordance with the terms of the Satellite Construction Contract;

#### (f) Reimbursement to the Borrower

reimbursement to the Borrower of the Eligible Amounts already paid directly by the Borrower to the Supplier in excess of the Advance Payment. Such Eligible Amounts shall be payable by way of direct disbursement to the Borrower. Subject to Clause 3.4(b) (*Sub-Limits*), any amounts received by the Borrower by way of reimbursement may only be applied by the Borrower as follows:

- (i) towards payment to the Launch Services Provider of amounts not funded by Facility B in an amount not exceeding US\$216,000,000;
- (ii) towards payment to Hughes in an amount not exceeding US\$87,000,000;
- (iii) towards payment to Ericsson in an amount not exceeding US\$8,000,000; and

(iv) towards payment of the Borrower's working capital and general corporate purposes in an amount not exceeding US\$150,000,000, and, in each case, such additional amounts as COFACE may agree; and

**(g) Payment of the COFACE Insurance Premia**

payment to the COFACE Agent (for the account of COFACE) of an amount equal to one hundred *per cent.* (100%) of the COFACE Insurance Premia with respect to Facility A, being the amount specified by COFACE,

in each case, in accordance with the terms of this Agreement.

**3.2 Purpose – Facility B**

The Borrower shall apply all amounts borrowed by it under Facility B towards:

**(a) Payments to the Launch Services Provider**

payment to the Launch Services Provider of the Eligible Amounts. Such Eligible Amount shall be payable by way of direct disbursement to the Launch Services Provider in accordance with the terms of the Launch Services Contract; and

**(b) Payment of the COFACE Insurance Premia**

payment to the COFACE Agent (for the account of COFACE) of an amount equal to one hundred *per cent.* (100%) of the COFACE Insurance Premia with respect to Facility B, being the amount specified by COFACE,

in each case, in accordance with the terms of this Agreement.

**3.3 Monitoring**

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

**3.4 Sub-Limits**

The aggregate amount that the Borrower may utilise under:

- (a) Clause 3.1(a) (*Payments to the Supplier*) and Clause 3.1(b) (*Reimbursement to the Borrower*) shall not exceed US\$528,026,844;
- (b) Clause 3.1(b) (*Reimbursement to the Borrower*) shall not exceed US\$309,543,626; and
- (c) Clause 3.2(a) (*Payments to the Launch Services Provider*) shall not exceed US\$21,600,000.

**4. Conditions of Utilisation**

**4.1 Initial Conditions Precedent**

The Borrower shall not deliver a Utilisation Request unless the COFACE Agent has received all of the documents and other evidence listed in Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the COFACE Agent. The COFACE Agent shall notify the Borrower and the Lenders promptly upon being so satisfied.

**4.2 Further Conditions Precedent**

The Lenders will only be obliged to comply with Clause 5.6 (*Lenders' Participation*) if on the date of the Utilisation Request and on the proposed Utilisation Date:

- (c) no Default is continuing or would be likely to result from the proposed Loan;
- (d) the Repeating Representations to be made by the Borrower are true in all material respects;
- (e) the credit insurance cover under the COFACE Insurance Policy extended by COFACE in favour of the Lenders in respect of each Facility is in full force and effect and has not been suspended or cancelled, and the COFACE Agent shall, in its sole discretion, be satisfied that all conditions of the COFACE Insurance Policy and of the credit insurance cover with respect to such COFACE Insurance Policy have been satisfied in full and that the credit insurance coverage will apply to such Utilisation;
- (f) each Commercial Contract is in full force and effect and has not been suspended, interrupted, cancelled, terminated, amended or modified in any material respect (otherwise than as authorised by the COFACE Agent) and no arbitration or other legal proceedings have been initiated between the Borrower and the Supplier and/or Launch Services Provider (as the case may be) in respect of a Commercial Contract;
- (g) for any Utilisation Request made for the purpose referred to in Clause 3.1(b) (*Reimbursement to the Borrower*), the COFACE Agent shall have received evidence that the payment to the Supplier of the corresponding Invoices has been made;
- (h) each of the documents, information and other evidence specified in and required to be enclosed with each Utilisation Request and Qualifying Certificate, together with any other documents, information or evidence requested by the COFACE Agent (on behalf of the Lenders) and/or the French Authorities from time to time, shall have been delivered to the COFACE Agent (in form and substance satisfactory to the COFACE Agent);
- (i) the Borrower shall have paid or arranged for payment when due:
  - (i) all fees, costs, expenses, charges and other amounts due and payable by it under this Agreement on the Utilisation Date for such Utilisation; and
  - (ii) any and all other amounts due and payable under this Agreement on such Utilisation Date, and
  - (iii) the Borrower shall have delivered to the COFACE Agent such evidence of payment as the COFACE Agent may reasonably request; and
- (j) in respect of any payment to the Supplier, the Launch Services Provider and/or the Borrower in accordance with Clauses 3.1(a) (*Payments to the Supplier*), 3.1(b) (*Reimbursement to the Borrower*) and 3.2(a) (*Payments to the Launch Services Provider*), the Supplier and/or the Launch Services Provider (as the case may be) has delivered to the COFACE Agent a Qualifying Certificate, which:
  - (i) conforms to the amount and payment timing specified in the relevant Utilisation Request; and
  - (ii) to the extent applicable, specifies whether such Loan is to be applied in payment:
    - (A) of a portion of the Contract Price directly to the Supplier or the Launch Services Provider (as the case may be); or

- (B) by reimbursement to the Borrower to the account directed by the Borrower in the Utilisation Request of any portion of the Contract Price paid by the Borrower to the Supplier or the Launch Services Provider (as the case may be);
- (k) a certificate from a Responsible Officer certifying that each of the eight (8) Satellites referred to in Schedule 16 (*Satellites*) has been launched, is in-service and is fully operational (in form and substance satisfactory to the COFACE Agent); and
- (l) the conditions in Clause 5 (*Utilisation*) have been fulfilled.

The COFACE Agent shall notify the Borrower and the Lenders promptly upon being so satisfied.

#### **4.3 Conditions Precedent to Certain Utilisations**

The Lenders will only be obliged to comply with Clause 5.6 (*Lenders' Participation*) if on the date of the Utilisation Request and on the proposed Utilisation Date:

- (d) no later than one hundred and twenty (120) days prior to the first day of the Scheduled Launch Period, the COFACE Agent shall have received the drafts of the Launch Insurance Documentation, in compliance with the provisions of Clause 21.4 (*Insurance*) and in form and substance satisfactory to the COFACE Agent; and
- (e) no later than ninety (90) days prior to each scheduled Launch date, the Borrower shall have delivered to the COFACE Agent the Launch Insurance Documentation duly executed by each party thereto together with:
  - (i) the Loss Payee Clause;
  - (ii) each certificate in respect of the Launch Insurance Documentation referred to in Clause 21.4(c)(ii) (*Launch Insurance*); and
  - (iii) evidence that all premia due at that time has been paid in full in compliance with Clause 21.4(c)(ii) (*Launch Insurance*) and in form and substance satisfactory to the COFACE Agent.

#### **4.4 Failure to Satisfy Conditions Precedent**

- (a) The Borrower agrees that all the initial conditions precedent referred to in Clause 4.1 (*Initial Conditions Precedent*) must be fulfilled within sixty (60) days of the date of this Agreement.
- (b) Subject to paragraph (c) below, if the Borrower is unable to fulfil any such conditions precedent within such sixty (60) day time period, each Lender's Commitment shall be immediately cancelled and each Lender shall have no further obligations under this Agreement.
- (c) Each Lender's Commitment shall not be cancelled pursuant to paragraph (b) above if each of the initial conditions precedent has been satisfied by the Borrower except for the condition precedent referred to in paragraph 8 (*COFACE Insurance Policy*) of Schedule 2 (*Conditions Precedent*) but only to the extent that the COFACE Insurance Policy has not been issued by COFACE for a reason not attributable to a breach by the Borrower of the terms of the COFACE Insurance Policy.

### **5. Utilisation**

### 5.1 Delivery of a Utilisation Request

- (m) Subject to the terms of the First Global Deed of Amendment and Restatement, the Borrower may utilise a Facility by delivery to the COFACE Agent of a duly completed Utilisation Request not later than 11:00 a.m. (Paris time) ten (10) Business Days prior to the proposed Utilisation Date.
- (n) Each Utilisation Request shall instruct the COFACE Agent to remit the amount utilised on behalf of the Borrower to:
  - (i) the Supplier and/or the Launch Services Provider's account, as the case may be, as part of the payment of the relevant Contract Price; or
  - (ii) in relation to a reimbursement to the Borrower under Facility A, such account as directed by the Borrower in the Utilisation Request.

### 5.2 Borrower's Mandate

- (f) The Borrower irrevocably authorises and mandates the COFACE Agent (on its behalf and for its account):
  - (i) in the case of Facility A:
    - (A) to pay the Supplier with respect to any Eligible Amount under the Satellite Construction Contract, upon presentation of the documents set out in Schedule 11 (*Payment Terms*);
    - (B) to reimburse the Borrower for any payments in respect of Eligible Goods and Services under the Satellite Construction Contract which exceed fifteen *per cent.* (15%) of the Satellite Construction Contract's Contract Price; and
    - (C) to pay to the COFACE Agent the COFACE Insurance Premia;
  - (ii) in the case of Facility B:
    - (A) to pay the Launch Services Provider with respect to any Eligible Amount under the Launch Services Contract, upon presentation of the documents set out in Schedule 11 (*Payment Terms*); and
    - (B) to pay to the COFACE Agent the COFACE Insurance Premia.
- (g) This mandate is irrevocable.
- (h) The payment terms set out in Schedule 11 (*Payment Terms*) may only be amended with the prior written consent of the COFACE Agent (acting on the instructions of all the Lenders).
- (i) The Borrower agrees that any Utilisation made under or pursuant to this Clause 5 shall be deemed to have been made to or for the benefit of the Borrower and the Borrower waives all rights of protest it may have to the contrary.

### 5.3 Examination of Documents

- (d) The COFACE Agent's role in examining the documents set out in Schedule 11 (*Payment Terms*) shall be limited to verifying that such documents appear on their face to be what is indicated in such Schedule 11 (*Payment Terms*) and the COFACE Agent shall bear no other responsibility in connection thereof. Such role shall be construed in accordance

with the terms of Article 14 of the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce 2007 Revision (Publication 600).

- (e) The COFACE Agent and the Lenders shall not be responsible for any delay in making available any Loans resulting from any requirement for the delivery of further information or documents required by the COFACE Agent to confirm the relevant conditions precedent in this Agreement have been met.

#### **5.4 Completion of a Utilisation Request**

- (a) Subject to the terms of the First Global Deed of Amendment and Restatement, each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:
  - (v) the proposed Utilisation Date is a Business Day within the Availability Period applicable to that Facility; and
  - (vi) the currency and amount of the Utilisation comply with Clause 5.5 (*Currency and Amount*).
- (b) Only one (1) Loan may be requested in each Utilisation Request.
- (c) The Borrower may only deliver one (1) Utilisation Request in each Month in respect of each Facility.

#### **5.5 Currency and Amount**

In the case of:

- (a) **Payments to the Supplier**

any Utilisation to be made in accordance with Clause 3.1(a) (*Payments to the Supplier*), the Loan requested in a Utilisation Request must be in Dollars. Each payment to the Supplier by the COFACE Agent shall be made in Dollars;

- (b) **Payments to the Launch Services Provider**

any Utilisation to be made in accordance with Clause 3.2(a) (*Payments to the Launch Services Provider*), the Loan requested in a Utilisation Request must be in Dollars. Each payment to the Launch Services Provider by the COFACE Agent shall be made in Dollars;

- (c) **Reimbursement to the Borrower**

any Utilisation to be made in accordance with Clause 3.1(b) (*Reimbursement to the Borrower*), the Loan requested in a Utilisation Request must be in Dollars. The Borrower shall confirm in each such Utilisation Request that the requested Dollar amount is the Dollar equivalent of the relevant Euro amount applying a Euro to Dollar exchange rate of one (1) Euro for US\$1.34. Each Utilisation made pursuant to Clause 3.1(b) (*Reimbursement to the Borrower*) shall be made in Dollars;

- (d) **Facility A – Payment of the COFACE Insurance Premia**

any Utilisation to be made in accordance with Clause 3.1(c) (*Payment of the COFACE Insurance Premia*), the Loan requested in a Utilisation Request must be, subject to Clause 12.3(d) (*Borrower's Payment Obligations*), US\$35,272,276. Any payment to COFACE of the COFACE Insurance Premia shall be made in Dollars;

(e) **Facility B – Payment of the COFACE Insurance Premia:**

any Utilisation to be made in accordance with Clause 3.2(b) (*Payment of the COFACE Insurance Premia*), the Loan requested in a Utilisation Request must be, subject to Clause 12.3(d) (*Borrower's Payment Obligations*), US\$1,442,880. Any payment to COFACE of the COFACE Insurance Premia shall be made in Dollars;

(f) **Facility A – Minimum Amount**

Facility A, the amount of the proposed Loan must be an amount which is not more than the Available Facility and which is a minimum of US\$1,000,000 or, if less, the Available Facility; and

(g) **Facility B – Minimum Amount**

Facility B, the amount of the proposed Loan must be an amount which is not more than the Available Facility and which is a minimum of US\$1,000,000 or, if less, the Available Facility.

## 5.6 Lenders' Participation

- (a) If the conditions set out in this Agreement, the First Global Deed of Amendment and Restatement and the Second Global Amendment and Restatement Agreement have been met, each Lender shall make its participation in each Loan available by the Utilisation Date through its Facility Office.
- (b) The amount of each Lender's participation in each Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Loan.
- (c) Subject to the terms of the First Global Deed of Amendment and Restatement and the Second Global Amendment and Restatement Agreement, the COFACE Agent shall notify each Lender of the amount of each Loan and the amount of its participation in that Loan by 11:00 a.m. (Paris time) on a Business Day which is seven (7) Business Days prior to the proposed Utilisation Date for such Utilisation.

## 5.7 Cancellation of Commitment

Subject to the terms of the First Global Deed of Amendment and Restatement and the Second Global Amendment and Restatement Agreement, the Total Commitments which, at that time, are unutilised shall be immediately cancelled at the end of the Availability Period.

# 6. Repayment

## 6.1 Repayment

- (j) Subject to paragraph (b) below, the Borrower shall repay the Loans made to it in full by making the repayments as set out in the Repayment Schedule on the dates (each a "**Repayment Date**") and in the amounts set out opposite each Repayment Date in the Repayment Schedule (each a "**Principal Repayment Amount**").
- (k) If the Principal Repayment Amount scheduled to be repaid by the Borrower on a Repayment Date is greater than the principal amount of the Loans outstanding on that Repayment Date (the "**Outstanding Amount**") then the relevant Principal Repayment Amount will be reduced to the Outstanding Amount and the Borrower shall repay the relevant Outstanding Amount on the relevant Repayment Date.

## 6.2 Reborrowing

The Borrower may not reborrow any part of a Facility which is repaid.

## 7. Prepayment and Cancellation

### 7.1 Illegality

If in any applicable jurisdiction it becomes unlawful for any Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in any Loan or it becomes unlawful for any Affiliate of a Lender for that Lender to do so:

- (f) that Lender shall promptly notify the COFACE Agent upon becoming aware of that event;
- (g) upon the COFACE Agent notifying the Borrower, the Commitment of that Lender will be immediately cancelled; and
- (h) the Borrower shall repay that Lender's participation in the Loans made to the Borrower on the last day of the Interest Period for each Loan occurring after the COFACE Agent has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the COFACE Agent (being no earlier than the last day of any applicable grace period permitted by law).

### 7.2 Mandatory Prepayment - Exit

- (d) For the purposes of this Clause 7.2:

“**Acting in Concert**” means acting together pursuant to an agreement or understanding (formal or informal).

“**Borrower Change of Control**” means:

- (iii) the Thermo Group shall at any time and for any reason fail to own and control (without being subject to a voting trust, voting agreement, shareholders agreement or any other agreement limiting or affecting the voting of such stock other than any agreement entered into among the members of Thermo Group and their Affiliates which agreement is not otherwise inconsistent with this Agreement), free and clear of any Lien, at least fifty one *per cent.* (51%) of both the economic and voting interests in the Borrower's Capital Stock (assuming that all convertible instruments, warrants or options then outstanding have been exercised); or
- (iv) any “*person*” (other than the Thermo Group) together with its Affiliates owns or acquires (together with all stock that such person or Affiliate has the right to acquire whether such right is exercisable immediately or only after the passage of time), directly or indirectly, twenty five *per cent.* (25%) or more of the economic or voting interests in the Borrower's Capital Stock (assuming that all convertible instruments, warrants or options then outstanding have been exercised); or
- (v) any “*person*” or “*group*” (as such terms are used in Sections 13(d) and 14(d) of the US Securities Exchange Act of 1934 (the “**Exchange Act**”)), Acting in Concert or otherwise (other than Thermo Group), is or shall become the “*beneficial owner*” (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act, except that a person shall be deemed to have beneficial ownership



of all stock that such person has the right to acquire whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of thirty three *per cent.* (33%) or more of the economic or voting interests in the Borrower's Capital Stock (assuming that all convertible instruments, warrants or options then outstanding have been exercised); or

(vi) the board of directors of the Borrower shall cease to consist of a majority of Continuing Directors.

**"Change of Control"** means either a Borrower Change of Control or a Thermo Change of Control.

**"Continuing Directors"** means the directors of the Borrower and/or Thermo Group (as the case may be) on the date of this Agreement and each other director if such director's nomination for election to the board of directors of the Borrower and/or Thermo Group (as the case may be) is recommended by a majority of the then Continuing Directors.

**"Thermo Change of Control"** means:

- (i) James Monroe III (or, in the event of his death or Incapacity, his executors, trustees, heirs or legal representatives) shall at any time and for any reason fail to own and control (without being subject to a voting trust, voting agreement, shareholders agreement or any other agreement limiting or affecting the voting of such stock), free and clear of any Lien, at least fifty one *per cent.* (51%) of both the economic and voting interests in any member of the Thermo Group's Capital Stock (assuming that all convertible instruments, warrants or options then outstanding have been exercised); or
  - (ii) any "*person*" or "*group*" (as such terms are used in the Exchange Act, Acting in Concert or otherwise, other than James Monroe III (or, in the event of his death or Incapacity, his executors, trustees, heirs or legal representatives), is or shall become the "*beneficial owner*" (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act, except that a person shall be deemed to have beneficial ownership of all stock that such person has the right to acquire whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of twenty five *per cent.* (25%) or more of the economic or voting interests in any member of the Thermo Group's Capital Stock (assuming that all convertible instruments, warrants or options then outstanding have been exercised); or
  - (iii) the board of directors (or its equivalent) of any member of the Thermo Group shall cease to consist of a majority of Continuing Directors; or
  - (iv) James Monroe III (or, in the event of his death or Incapacity, his executors, trustees, heirs or legal representatives) shall cease to have the power to elect or remove a majority of the board of directors (or its equivalent) of any member of the Thermo Group; or
  - (v) any "*change of control*" or similar event shall occur under any document with respect to any equity or debt instrument issued or incurred by the Thermo Group.
- (e) The Borrower must promptly notify the COFACE Agent if it becomes aware that the circumstances referred to in paragraph (c) below have occurred or are likely to occur.
- (f) Upon the occurrence of a Change of Control, the Total Commitments shall be cancelled and all outstanding Loans, together with accrued interest and all other amounts accrued

under the Finance Documents (including the COFACE Additional Insurance Premium and the Restructuring Fee), shall become immediately due and payable.

### 7.3 Mandatory Prepayment – Cash Sweep of Spectrum Cash Flow

- (h) The Borrower shall prepay the Restructuring Fee, the COFACE Additional Premium and/or the Loans (in the order set out in Clause 7.13 (*Application of Mandatory Prepayments*)) in an amount equal to seventy five *per cent.* (75%) of any Spectrum Cash Flow received by the Group at any time (the “**SCF Amount**”), *provided that* if the Excess Cash Flow for the Payment Period during which the Spectrum Cash Flow is realised is negative, the amount to be prepaid by the Borrower shall be the greater of:
- (i) an amount equal to the Available Cash; and
  - (ii) the SCF Amount *minus* the Applicable Negative Excess Cash Flow,
- unless the Available Cash referred to in paragraph (a)(i) above is greater than the SCF Amount, in which case, the amount to be prepaid by the Borrower shall be the SCF Amount.
- (i) The prepayment referred to in paragraph (a) above shall be made within:
- (i) forty-five (45) days following the end of a First Half Payment Period, if the Spectrum Cash Flow is realised by a member of the Group during such First Half Payment Period; or
  - (ii) seventy-five (75) days following the end of a Second Half Payment Period if the Spectrum Cash Flow is realised by a member of the Group during such Second Half Payment Period.
- (j) Any mandatory prepayment arising as a result of any Spectrum Sale shall be made in accordance with Clause 7.8 (*Mandatory Prepayment – Cash Sweep following Spectrum Sale*).

### 7.4 Mandatory Prepayment – Excess Cash Flow

From (and including) 31 December 2013 and no later than:

- (d) forty-five (45) days after the end of any First Half Payment Period; and
- (e) seventy-five (75) days after the end of any Second Half Payment Period,

the Borrower shall, in each case, apply fifty *per cent.* (50%) of all Excess Cash Flow calculated as of the last day of such Payment Period in mandatory prepayment of the Restructuring Fee, the COFACE Additional Premium and/or the Loans (as the case may be).

### 7.5 Mandatory Prepayment - Insurance and Condemnation Events

- (a) Subject to Clause 7.5(b) below, the Borrower shall prepay the Restructuring Fee, the COFACE Additional Premium and/or the Loans (in the order set out in Clause 7.13 (*Application of Mandatory Prepayments*)) in an amount equal to one hundred *per cent.* (100%) of the aggregate Net Cash Proceeds from any Insurance and Condemnation Event and other extraordinary recoveries by the Borrower or any of its Subsidiaries.
- (b) Such prepayments shall be made within three (3) Business Days after receipt of the Net Cash Proceeds from any Insurance and Condemnation Event by the Borrower or any of its Subsidiaries, *provided that* so long as no Event of Default has occurred and is

continuing (and so long as no action is being taken under Clause 24 (*Remedies Upon an Event of Default*)), no prepayment shall be required:

- (i) in connection with such Insurance and Condemnation Event yielding in aggregate less than US\$500,000 in Net Cash Proceeds; or
- (ii) with respect to any such Net Cash Proceeds which are committed by the Borrower to be reinvested in replacement assets of French suppliers or the procurement or Launch of a Satellite or Satellites acquired or planned to be acquired pursuant to the then current Agreed Business Plan of the Borrower (as evidenced by a contractual agreement for the purchase or acquisition of assets) within six (6) Months after receipt of such Net Cash Proceeds and the proceeds arising out of the relevant Insurance are placed into the Insurance Proceeds Account (such account to be secured in favour of the Security Agent (for and on behalf of itself and the other Finance Parties)) and, *provided that* no action is being taken under Clause 24 (*Remedies Upon an Event of Default*), will be applied by the COFACE Agent in payment to a supplier of such replacement asset or replacement Satellite, any long lead items, launch services, insurances or other costs directly arising in relation to such purchase or Launch in accordance with the terms and conditions agreed between the Borrower and the Supplier. Any excess in Net Cash Proceeds after taking into account such payments and costs shall be transferred to the Collection Account in accordance with the Accounts Agreement.

## **7.6 Mandatory Prepayments – Asset Dispositions**

- (a) The Borrower shall prepay the Restructuring Fee, the COFACE Additional Premium and/or the Loans (in the order set out in Clause 7.13 (*Application of Mandatory Prepayments*)) in an amount equal to one hundred *per cent.* (100%) of the aggregate Net Cash Proceeds from any Asset Disposition by the Borrower or any of its Subsidiaries.
- (b) Such prepayment shall be made within three (3) days after the date of receipt of the Net Cash Proceeds of any such transaction by the Borrower or any of its Subsidiaries, *provided that*, so long as no Default has occurred and is continuing, no prepayment shall be required pursuant to this Clause 7.6:
  - (i) in connection with such Asset Dispositions yielding less than US\$50,000 per disposal in Net Cash Proceeds (*provided that* any such disposal shall be deemed to include the Net Cash Proceeds from any related disposal or series of disposals), and in any event subject to an annual aggregate of US\$200,000 and a total aggregate of US\$1,000,000; or
  - (ii) with respect to any such Net Cash Proceeds which are:
    - (A) reinvested within six (6) Months after receipt of such Net Cash Proceeds by such person in replacement assets (useful to the Borrower and its Subsidiaries in the conduct of business in accordance with Clause 22.12 (*Nature of Business*)); or
    - (B) committed (as evidenced by a contractual agreement for the purchase or acquisition of assets with a vendor of such assets) within six (6) Months after receipt of such Net Cash Proceeds by such person to be reinvested in the procurement or Launch of a Satellite or Satellites acquired or to be acquired pursuant to the then current Agreed Business Plan of the Borrower,

*provided further that* the Borrower shall procure that all such Net Cash Proceeds referred to in this paragraph (b)(ii) shall, immediately upon receipt thereof by the Borrower, be paid into the Holding Account.

- (c) The Borrower irrevocably authorises the COFACE Agent to instruct the Offshore Account Bank to apply amounts credited to the Holding Account (to the extent not applied in accordance with sub-paragraphs (A) and (B) above) in prepayment of the Restructuring Fee, the COFACE Additional Premium and/or the Loans.
- (d) Prior to any application of the Net Cash Proceeds in accordance with paragraphs (b)(ii)(A) and (B) above, the Borrower shall deliver to the COFACE Agent a certificate satisfactory in all respects to the COFACE Agent and signed by a Responsible Officer providing details of the intended use of such Net Cash Proceeds.
- (e) Any application of the Net Cash Proceeds in accordance with paragraphs (b)(ii)(A) and (B) above shall be made in a manner consistent with the then current Agreed Business Plan.
- (f) Solely for the purposes of this Clause 7.6, the term Asset Disposition shall exclude any Spectrum Sale and any disposal of inventory in the ordinary course of trading (but shall include any disposal of obsolete, damaged, worn-out or surplus assets).

#### **7.7 Mandatory Prepayment – COFACE Insurance Policy**

If the credit insurance cover under the COFACE Insurance Policy is not in full force and effect for a reason not attributable to the Borrower, the COFACE Agent shall, by not less than thirty (30) days' notice to the Borrower, cancel the Total Commitments and declare all outstanding Loans, together with accrued interest, and all other amounts accrued under the Finance Documents (including the Restructuring Fee and the COFACE Additional Insurance Premium) immediately due and payable, whereupon the Total Commitments will be cancelled and all such outstanding amounts will become immediately due and payable.

#### **7.8 Mandatory Prepayment – Cash Sweep following Spectrum Sale**

- (a) The Borrower shall prepay the Restructuring Fee, the COFACE Additional Premium and/or the Loans (in the order set out in Clause 7.13 (*Application of Mandatory Prepayments*)) in an amount equal to one hundred *per cent.* (100%) of the aggregate Net Cash Proceeds from any Spectrum Sale.
- (b) Such prepayment shall be made within three (3) Business Days after receipt of the Net Cash Proceeds from any Spectrum Sale by the Borrower or such other member of the Group.
- (c) Any Liens held by the COFACE Agent in respect of any Spectrum which is the subject of a Spectrum Sale shall only be released upon the COFACE Agent being satisfied that:
  - (iii) all Net Cash Proceeds in respect of such Spectrum Sale have been applied in accordance with Clause 7.13 (*Application of Mandatory Prepayments*);
  - (iv) no amount being prepaid is, or shall be, the subject of any clawback or restitution claim; and
  - (v) no Default is continuing (unless otherwise agreed by the COFACE Agent).

#### **7.9 Mandatory Prepayment – Cash Sweep following Equity Issuance and Debt Issuance**

- (a) Any Net Cash Proceeds raised by the Borrower pursuant to any Equity Issuance or any Debt Issuance occurring on or after the First Effective Date (*but excluding* any Net Cash Proceeds raised pursuant to any Equity Commitments and the Excluded Purchase Agreement Amount) which exceed, in aggregate, an amount of US\$145,000,000 shall be prepaid by the Borrower in accordance with the provisions of Clause 7.13 (*Application of Mandatory Prepayments*) in the following amounts in respect of any Net Cash Proceeds raised pursuant to any relevant:
  - (i) Equity Issuance (including any Equity Linked Securities), in an amount equal to fifty *per cent.* (50%) of such Net Cash Proceeds; and
  - (ii) Debt Issuance, in an amount equal to seventy five *per cent.* (75%) of such Net Cash Proceeds.
- (b) Any prepayment made in relation to this Clause 7.9 shall be made:
  - (vi) in respect of any relevant Equity Issuance, within three (3) Business Days of the completion of such Equity Issuance; or
  - (vii) in respect of any relevant Debt Issuance, simultaneously with the funding of such Debt Issuance.

#### **7.10 Voluntary Cancellation**

The Borrower may, if it:

- (a) gives the COFACE Agent not less than twenty (20) Business Days' (or such shorter period as the Majority Lenders may agree) prior notice; and
- (b) delivers to the COFACE Agent a certificate signed by a Responsible Officer demonstrating that the Borrower has sufficient funds to finance the Project to the satisfaction of the COFACE Agent after any such cancellation,

cancel the whole or any part (being a minimum amount of US\$1,000,000) of the Available Facility. Any cancellation under this Clause 7.10 shall reduce the Commitments of the Lenders in inverse order of maturity.

#### **7.11 Voluntary Prepayment of the Loans**

- (a) The Borrower may, if it gives the COFACE Agent not less than twenty (20) Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, prepay the whole or any part of the Loans (but, if in part, being an amount that reduces the amount of the Loans by a minimum amount of US\$1,000,000). The Borrower may make a prepayment in accordance with this Clause 7.11 on a Repayment Date.
- (b) If such a prepayment is made on a day other than the last day of an Interest Period, the Borrower shall make that prepayment together with any Break Costs in accordance with Clause 10.4 (*Break Costs*), without premium or penalty.
- (c) The Loans may only be prepaid after the last day of the Availability Period (or, if earlier, the day on which the Available Facility is zero (0)).
- (d) Any prepayment under this Clause 7.11 shall be applied:
  - (i) ***first, pro rata*** against the obligation of the Borrower to pay:
    - (A) the Restructuring Fee (pursuant to the terms of the First Global Deed of Amendment and Restatement); and

(B) the COFACE Additional Insurance Premium; and

(ii) **second:**

(A) *pro rata* among the Facilities and within each Facility; and

(B) in inverse order of maturity across the remaining scheduled repayments under each Facility.

#### **7.12 Right of Repayment and Cancellation in relation to a Single Lender**

(a) If:

(i) any sum payable to any Lender by the Borrower is required to be increased under paragraph (c) of Clause 13.1 (*Tax Gross-up*); or

(ii) any Lender claims indemnification from the Borrower under Clause 13.2 (*Tax Indemnity*) or Clause 14.1 (*Increased Costs*),

the Borrower may, whilst the circumstance giving rise to the requirement for indemnification continues, give the COFACE Agent notice of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Loans.

(b) On receipt of a notice of cancellation referred to in paragraph (a) above, the Commitment of that Lender shall immediately be reduced to zero (0).

(c) On the last day of each Interest Period which ends after the Borrower has given notice of cancellation under paragraph (a) above (or, if earlier, the date specified by the Borrower in that notice), the Borrower shall repay that Lender's participation in that Loan.

#### **7.13 Application of Mandatory Prepayments**

Other than in respect of any prepayment under Clause 7.1 (*Illegality*), all other mandatory prepayments under this Clause 7 (*Prepayment and Cancellation*) shall be applied:

(a) **first**, *pro rata* against the obligation of the Borrower to pay:

(i) the Restructuring Fee (pursuant to the terms of the First Global Deed of Amendment and Restatement); and

(ii) the COFACE Additional Insurance Premium; and

(b) **second:**

(iii) *pro rata* among the Facilities and within each Facility; and

(iv) in inverse order of maturity across the remaining scheduled repayments under each Facility.

#### **7.14 Restrictions**

(a) Any notice of cancellation or prepayment given by the Borrower under this Clause 7 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

- (b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.
- (c) The Borrower may not reborrow any part of a Facility which is prepaid.
- (d) The Borrower shall not repay or prepay all or any part of the Loans or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.
- (e) No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.
- (f) If the COFACE Agent receives a notice under this Clause 7 it shall promptly forward a copy of that notice to either the Borrower or the affected Lender, as appropriate.
- (g) The Borrower shall promptly notify the COFACE Agent (but in any event no later than three (3) Business Days) of any payment pursuant to this Clause 7, and the COFACE Agent shall promptly notify the Lenders (but in any event no later than five (5) Business Days) of the same.

## **8. Interest**

### **8.1 Calculation of Interest**

The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the:

- (g) Applicable Margin; and
- (h) LIBOR.

### **8.2 Payment of Interest**

The Borrower shall pay accrued interest on each Loan on the last day of each Interest Period.

### **8.3 Default Interest**

- (f) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is two *per cent.* (2%) higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the COFACE Agent (acting reasonably). Any interest accruing under this Clause 8.3 shall be immediately payable by the Borrower on demand by the COFACE Agent.
- (g) If any overdue amount consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:
  - (viii) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and
  - (ix) the rate of interest applying to the overdue amount during that first Interest Period shall be two *per cent.* (2%) higher than the rate which would have applied if the overdue amount had not become due.

- (h) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

#### **8.4 Notification of Rates of Interest**

The COFACE Agent shall within two (2) Business Days after a Quotation Day notify the Lenders and the Borrower of the determination of a rate of interest under this Agreement.

### **9. Interest Periods**

#### **9.1 Interest Periods**

- (k) The Interest Period for which any Loan is outstanding shall be divided into successive Interest Periods each of which shall start on the last day of the preceding such Interest Period.
- (l) The initial Interest Period for each Loan:
  - (v) shall start on (and include) the Utilisation Date of such Loan and end on (but excluding) the last day of such Interest Period. Each subsequent Interest Period in respect of such Loan shall start on (and include) the last day of the previous Interest Period and end on (but exclude) the last day of the relevant Interest Period *provided that*, the Interest Period occurring prior to the First Repayment Date shall start (and include) on the last day of the previous Interest Period and end on (but excluding) the First Repayment Date; and
  - (vi) after the first Utilisation shall start on (and include) the Utilisation Date of the relevant Loan and end on (but excluding) the last day of the current Interest Period for the first Utilisation.

#### **9.2 Duration**

- (i) The duration of each Interest Period shall, save as otherwise provided in this Agreement, be six (6) Months or such other period as the COFACE Agent may agree, *provided that* any Interest Period that would otherwise extend beyond a Repayment Date relating to any Loan shall be of such duration that it shall end on that Repayment Date.
- (j) Notwithstanding anything to the contrary in this Agreement, if the Interest Period falling immediately prior to the First Repayment Date would be shorter than ten (10) days (a “**Relevant Interest Period**”), then the Interest Period falling immediately prior to the Relevant Interest Period shall be extended so that it shall end on the First Repayment Date.
- (k) Each Interest Period commencing after the First Repayment Date shall end on the following Repayment Date.
- (l) An Interest Period for a Loan shall not extend beyond the Final Maturity Date.

#### **9.3 Non-Business Days**

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

#### **9.4 Consolidation of Loans**



If two (2) or more Interest Periods:

- (g) relate to Loans; and
- (h) end on the same date,

those Loans will be consolidated into, and treated as, a single Loan on the last day of the Interest Period.

## **10. Changes to the Calculation of Interest**

### **10.1 Absence of Quotations**

Subject to Clause 10.2 (*Market Disruption*), if LIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by 11:00 a.m. (London time) on the Quotation Day, the applicable LIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

### **10.2 Market Disruption**

- (c) If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each Lender's share of that Loan for the Interest Period shall be the percentage rate per annum which is the sum of:
  - (iii) the Applicable Margin; and
  - (iv) the rate notified to the COFACE Agent by that Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in that Loan from whatever source it may reasonably select.
- (d) In this Agreement "**Market Disruption Event**" means:
  - (i) at or about noon on the Quotation Day for the relevant Interest Period the Screen Rate is not available and none or only one (1) of the Reference Banks supplies a rate to the COFACE Agent to determine LIBOR for Dollars for the relevant Interest Period; or
  - (ii) before close of business in London on the Quotation Day for the relevant Interest Period, the COFACE Agent receives notifications from a Lender or Lenders (whose participations in a Loan exceed thirty *per cent.* (30%) of that Loan) that the cost to it or them of obtaining matching deposits in the London interbank market would be in excess of LIBOR.

### **10.3 Alternative Basis of Interest or Funding**

- (i) If a Market Disruption Event occurs and the COFACE Agent or the Borrower so requires, the COFACE Agent and the Borrower shall enter into negotiations (for a period of not more than thirty (30) days) with a view to agreeing a substitute basis for determining the rate of interest.
- (j) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and the Borrower, be binding on all Parties.

### **10.4 Break Costs**

- (a) The Borrower shall, within three (3) Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by the Borrower on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.
- (b) Each Lender shall, as soon as reasonably practicable after a demand by the COFACE Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

## 11. Fees

### 11.1 Commitment Fee

- (e) The Borrower shall pay to the COFACE Agent (for the account of each Lender) a fee computed at the rate of one point fifteen *per cent.* (1.15%) per annum on that Lender's daily undrawn Available Commitment under:
  - (iii) Facility A for the Availability Period applicable to Facility A; and
  - (iv) Facility B for the Availability Period applicable to Facility B.
- (f) The accrued commitment fee is payable:
  - (x) on the last day of each successive period of six (6) Months which ends during the Availability Period;
  - (xi) on the last day of the Availability Period; and
  - (xii) if cancelled in full, on the cancelled amount of the relevant Lender's Commitment at the time the cancellation is effective.

### 11.2 Up-front Fee

- (k) The Borrower shall pay to the COFACE Agent (for the account of each Mandated Lead Arranger) an arrangement fee in an amount equal to two point eight *per cent.* (2.8%) of the aggregate principal amount of the Total Commitments as at the date of this Agreement (the "**Up-front Fee**").
- (l) The Up-front Fee shall be due on the date of this Agreement and payable on the earlier of:
  - (i) sixty (60) days from the date of this Agreement; and
  - (ii) Financial Close.

### 11.3 COFACE Agent Fees

- (c) Subject to paragraph (b) below, the Borrower shall pay to the COFACE Agent (for its own account) an annual agency fee of US\$50,000 (the "**COFACE Agent Fee**"), which must be paid annually in advance in accordance with paragraphs (b) and (c) below.
- (d) Notwithstanding paragraph (a) above, the COFACE Agent Fee for 2013 payable on the First Effective Date shall be an amount equal to US\$35,000.
- (e) Each subsequent payment is payable on each anniversary of the First Effective Date for as long as any Commitment is in force or amount is outstanding under the Finance Documents.

#### 11.4 Security Agent Fees

- (d) The Borrower shall pay to the Security Agent (for its own account) an annual agency fee of US\$50,000 (the “**Security Agent Fee**”), which must be paid annually in advance in accordance with paragraphs (b) and (c) below.
- (e) Notwithstanding paragraph (a) above, the Security Agent Fee for:
  - (iii) 2013 payable on the First Effective Date shall be an amount equal to US\$20,000; and
  - (iv) 2015, payable in accordance with paragraph (c) below, shall be an amount equal to US\$100,000.
- (f) Each subsequent payment is payable on each anniversary of the First Effective Date for as long as any Commitment is in force or amount is outstanding under the Finance Documents.

#### 11.5 Restructuring Fee

- (a) Pursuant to clause 4.1 (*Restructuring Fee*) of the First Global Deed of Amendment and Restatement, the Borrower is required to pay to the COFACE Agent (for the account of each Lender *pro rata* to the proportion of each Lender’s Commitment) a restructuring fee in an amount equal to two point five *per cent.* (2.5%) of the Total Commitments as at the First Effective Date, being US\$14,658,550 (the “**Restructuring Fee**”) which amount shall become due on the First Effective Date and shall be payable in accordance with paragraph (b) below.
- (b) Pursuant to clause 4.2 (*Restructuring Fee Payment*) of the First Global Deed of Amendment and Restatement, the Borrower has agreed to pay the Restructuring Fee on the following dates:
  - (xiii) an amount equal to forty *per cent.* (40%) of the Restructuring Fee (being US\$5,863,420) on or prior to the First Effective Date as a condition precedent to the occurrence thereof; and
  - (xiv) an amount equal to sixty *per cent.* (60%) of the Restructuring Fee (being US\$8,795,130) on 31 December 2017 (or such earlier date as all principal, interest and other amounts outstanding under this Agreement have been repaid in full).
- (c) For the avoidance of doubt, the Restructuring Fee is payable in accordance with the First Global Deed of Amendment and Restatement and this Clause 11.5 does not create a separate obligation to pay such fee pursuant to this Agreement.

#### 11.6 Non-Refundable

Each of the fees set out in this Clause 11 (*Fees*) once paid are non-refundable and non-creditable against other fees payable in connection with the Project.

### 12. COFACE Insurance Premia and COFACE Additional Insurance Premium

#### 12.1 Payment by the Borrower

- (a) The Borrower shall bear the cost of the COFACE Insurance Premia and the COFACE Additional Insurance Premium payable in respect of, or in connection with, the COFACE

Insurance Policy and shall pay all such amounts to the COFACE Agent (for the account of COFACE).

- (b) The COFACE Insurance Premium is due and payable in full to the COFACE Agent (for the account of COFACE) on the Utilisation Date for the first Utilisation and such amounts have been paid by the Borrower.
- (c) The COFACE Additional Insurance Premium is due to the COFACE Agent (for the account of COFACE) on the First Effective Date and shall be paid by the Borrower as follows:
  - (iii) US\$8,000,000 shall be paid on the First Effective Date; and
  - (iv) US\$12,000,000 shall be paid on 31 December 2017,(or, if earlier, in each case, the date on which the COFACE Additional Insurance Premium has been paid in full pursuant to any prepayments applied against such COFACE Additional Insurance Premium under the terms of this Agreement).

## **12.2 Financing with Proceeds of Loans**

- (a) Subject to all the other terms and conditions of this Agreement, the COFACE Insurance Premium shall be financed from the first Utilisation under the Facilities.
- (b) Loans made under a Facility on account of the COFACE Insurance Premium shall be included in the principal amount of a Facility and repaid to the COFACE Agent in accordance with the relevant provisions in this Agreement and the Borrower shall pay interest on such amount at the rates determined under, and in accordance with, Clause 8 (*Interest*) and repay such amount together with all other principal as stated in Clause 6.1 (*Repayment*).
- (c) For the avoidance of doubt, the COFACE Additional Insurance Premium shall not be financed by the proceeds of either Facility.

## **12.3 Borrower's Payment Obligations**

- (a) The Borrower acknowledges that the obligation to pay one hundred *per cent.* (100%) of the COFACE Insurance Premium and the COFACE Additional Insurance Premium as and when they arise is absolute and unconditional.
- (b) If the COFACE Insurance Premium due and payable is not financed or paid out of any Loans under this Agreement or if the undrawn amount under a Facility is not sufficient to finance one hundred *per cent.* (100%) of the COFACE Insurance Premium due to COFACE under the COFACE Insurance Policy, the Borrower shall pay directly to the COFACE Agent the amount of any such COFACE Insurance Premium not so financed or paid.
- (c) Subject to Clause 12.3(d) below, as of the date of this Agreement the premia due to COFACE in respect of the COFACE Insurance Premium shall be calculated at a rate estimated to be six point sixty eight *per cent.* (6.68%), and in an estimated amount being the aggregate of:
  - (xv) US\$35,272,276 in respect of Facility A; and
  - (xvi) US\$1,442,880 in respect of Facility B.
- (d) The COFACE Agent will only be notified of the actual amount of the COFACE Insurance Premium on the date of final issuance of each COFACE Insurance Policy.

- (e) Following receipt of each COFACE Insurance Policy, the COFACE Agent shall promptly notify the Borrower of the actual amount of the COFACE Insurance Premia. If the actual amount of the COFACE Insurance Premia is greater than the estimated amount set out in paragraph (c) above, the Borrower shall be obliged to make payment of the actual amount of the COFACE Insurance Premia. Accordingly, the estimated amount provided in Clauses 3.1(c) (*Payment of the COFACE Insurance Premia*) and 3.2(b) (*Payment of the COFACE Insurance Premia*) shall be automatically increased or reduced by the amounts required to ensure the payment of the premiums after adjustment by COFACE, which would result in an increase or reduction by a corresponding amount in the Total Commitments subject to available Commitments).
- (f) [Intentionally omitted]
- (g) Notwithstanding the above, a minimum premium being, as of the date of this Agreement, in an amount equal to the Dollar equivalent of €1,515 shall be paid to COFACE by the Borrower in respect of each COFACE Insurance Policy upon the execution of the relevant COFACE Insurance Policy. Such amounts shall remain the property of COFACE and are accordingly payable by the Borrower to COFACE in any event.
- (h) Subject to paragraph (i) below, the Borrower shall not be entitled to claim any credit or reimbursement of the COFACE Insurance Premia or the COFACE Additional Insurance Premium, including in the event of a cancellation, an acceleration or a prepayment of any Loan under this Agreement.
- (i) Notwithstanding paragraph (h) above and subject to paragraph (j) below:
  - (i) with respect to any partial cancellation of any undisbursed amount of a Facility; and/or
  - (ii) immediately following the end of the Availability Period, where an Available Commitment remains outstanding,
 the Borrower shall be entitled to submit a request to the COFACE Agent for reimbursement of any proportionate amount of the COFACE Insurance Premia, in an amount up to one hundred *per cent.* (100%) of the total amount of the COFACE Insurance Premia, which relates to such cancelled amount of any undisbursed portion of a Facility and/or outstanding Available Commitment referred to in paragraphs (i)(i) and (ii) above, as the case may be, in each case such amount to be subject to the approval of the COFACE Agent. For the avoidance of doubt, this paragraph (i) does not apply to the COFACE Additional Insurance Premium.
- (j) No reimbursement of the COFACE Insurance Premia pursuant to paragraph (i) above shall be made by the COFACE Agent if:
  - (iii) a Default shall have occurred and be continuing; and
  - (iv) the COFACE Agent has not received funds from COFACE in an amount equal to the COFACE Insurance Premia to be reimbursed.
- (k) Notwithstanding anything to the contrary in this Agreement, the Parties acknowledge that the Borrower has paid the COFACE Insurance Premia on or around Financial Close. This paragraph (k) does not apply to the COFACE Additional Insurance Premium.

### 13. Tax gross-up and Indemnities

### 13.1 Tax Gross-up

- (d) The Borrower shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- (e) The Borrower shall, promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the COFACE Agent accordingly. Similarly, a Lender shall notify the COFACE Agent on becoming so aware in respect of a payment payable to that Lender. If the COFACE Agent receives such notification from a Lender it shall notify the Borrower.
- (f) If a Tax Deduction is required by law to be made by the Borrower, the amount of the payment due from the Borrower shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (g) If the Borrower is required to make a Tax Deduction, it shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (h) Within thirty (30) days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Borrower making that Tax Deduction shall deliver to the COFACE Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.
- (i) A payment shall not be increased under paragraph (c) above by reason of a Tax Deduction on account of Tax, if on the date on which the payment falls due:
  - (i) the payment could have been made to the relevant Lender without a Tax Deduction if the Lender had been a Qualifying Lender, but on that date that Lender is not, or has ceased to be, a Qualifying Lender other than as a result of any change after the date it became a Lender under this Agreement:
    - (C) in (or in the interpretation, administration, or application of) any law or double taxation agreement, or any published practice or published concession of any relevant authority; or
    - (D) in the circumstance of the Borrower; or
  - (ii) the Borrower is able to demonstrate that the payment could have been made to the Lender without the Tax Deduction had that Lender complied with its obligations under paragraph (g) below.
- (j) Each Lender agrees to use reasonable efforts (consistent with legal and regulatory restrictions and subject to overall policy considerations of such Lender) to file any Withholding Forms as requested by the Borrower that may be necessary to establish an exemption from withholding of US federal income taxes.

### 13.2 Tax Indemnity

- (l) The Borrower shall (within three (3) Business Days of demand by the COFACE Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.

- (m) Paragraph (a) above shall not apply with respect to any Tax assessed on a Finance Party:
- (i) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or
  - (ii) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,
- if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party or to the extent a loss, liability or cost:
- (A) is compensated for by an increased payment under Clause 13.1 (*Tax Gross-up*);
  - (B) would have been compensated for by an increased payment under Clause 13.1 (*Tax Gross-up*) but was not so compensated solely because one of the exclusions in paragraph (f) of Clause 13.1 (*Tax Gross-up*) applied; or
  - (C) relates to a FATCA Deduction required to be made by a Party.
- (n) A Protected Party making, or intending to make a claim under paragraph (a) above shall promptly notify the COFACE Agent of the event which will give, or has given, rise to the claim, following which the COFACE Agent shall notify the Borrower.
- (o) A Protected Party shall, on receiving a payment from the Borrower under this Clause 13.2, notify the COFACE Agent.

### 13.3 Tax Credit

If the Borrower makes a Tax Payment and the relevant Finance Party determines that:

- (d) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and
- (e) that Finance Party has obtained and utilised that Tax Credit,

the Finance Party shall pay an amount to the Borrower which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Borrower *provided that*,

- (iii) any Finance Party may determine, in its sole discretion consistent with the policies of such Finance Party, whether to seek a Tax Credit;
- (iv) if such Tax Credit is subsequently disallowed or reduced, the Borrower shall indemnify the Finance Party for such amount; and
- (v) nothing in this Clause 13.3 shall require a Finance Party to disclose any confidential information to the Borrower (including, without limitation, its tax returns or its calculations).

### 13.4 Stamp Taxes

The Borrower shall pay and, within three (3) Business Days of demand, indemnify each Finance Party against any cost, loss or liability that Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

### **13.5 Value Added Tax**

- (a) All amounts expressed to be payable under a Finance Document by any Party to a Finance Party which (in whole or in part) constitute the consideration for any supply for VAT purposes are deemed to be exclusive of any VAT which is chargeable on that supply, and accordingly, subject to paragraph (b) below, if VAT is or becomes chargeable on any supply made by any Finance Party to any Party under a Finance Document and such Finance Party is required to account to the relevant tax authority for the VAT, that Party must pay to such Finance Party (in addition to and at the same time as paying the consideration for such supply) an amount equal to the amount of the VAT (and such Finance Party must promptly provide an appropriate VAT invoice to that Party).
- (b) Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any cost or expense, that Party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.
- (c) In relation to any supply made by a Finance Party to any Party under a Finance Document, if reasonably requested by such Finance Party, that Party must promptly provide such Finance Party with details of that Party's VAT registration and such other information as is reasonably requested in connection with such Finance Party's VAT reporting requirements in relation to such supply.

### **13.6 Lender Status Confirmation**

Each Lender which becomes a Party to this Agreement after the date of this Agreement shall indicate, in the Transfer Certificate or Assignment Agreement which it executes on becoming a Party, and for the benefit of the COFACE Agent and without liability to any Obligor, which of the following categories it falls in:

- (a) not a Qualifying Lender; or
- (b) a Qualifying Lender.

If a New Lender fails to indicate its status in accordance with this Clause 13.6 then such New Lender shall be treated for the purposes of this Agreement (including by each Obligor) as if it is not a Qualifying Lender until such time as it notifies the COFACE Agent which category applies (and the COFACE Agent, upon receipt of such notification, shall inform the Borrower). For the avoidance of doubt, a Transfer Certificate or Assignment Agreement shall not be invalidated by any failure of a Lender to comply with this Clause 13.6.

### **13.7 FATCA Information**

- (a) Subject to paragraph (c) below, each Party shall, within ten (10) Business Days of a reasonable request by another Party:
  - (vi) confirm to that other Party whether it is:
    - (A) a FATCA Exempt Party; or
    - (B) not a FATCA Exempt Party; and



- (vii) supply to that other Party such forms, documentation and other information relating to its status under FATCA (including other information required under the US Treasury Regulations or other official guidance including intergovernmental agreements) as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA.
- (b) If a Party confirms to another Party pursuant to Clause 13.7(a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.
- (c) Paragraph (a) above shall not oblige any Finance Party to do anything which would or might in its reasonable opinion constitute a breach of:
  - (iii) any law or regulation;
  - (iv) any fiduciary duty; or
  - (v) any duty of confidentiality.
- (d) If a Party fails to confirm its status or to supply forms, documentation or other information requested in accordance with paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then if that Party failed to confirm whether it is (and/or remains) a FATCA Exempt Party such Party shall be treated for the purposes of the Finance Documents as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.
- (e) If the Borrower is a US Tax Obligor, or where the COFACE Agent reasonably believes that its obligations under FATCA require it, each Lender shall, within ten Business Days of:
  - (v) where the Borrower is a US Tax Obligor and the relevant Lender is an Original Lender, the date of this Agreement;
  - (vi) where the Borrower is a US Tax Obligor and the relevant Lender is a New Lender, the relevant Transfer Date; or
  - (vii) where the Borrower is not a US Tax Obligor, the date of a request from the COFACE Agent,
 supply to the COFACE Agent:
  - (A) a withholding certificate on Form W-8 or Form W-9 (or any successor form) (as applicable); or
  - (B) any withholding statement and other documentation, authorisations and waivers as the COFACE Agent may require to certify or establish the status of such Lender under FATCA.

The COFACE Agent shall provide any withholding certificate, withholding statement, documentation, authorisations and waivers it receives from a Lender pursuant to this paragraph (e) to the Borrower and shall be entitled to rely on any such withholding certificate, withholding statement, documentation, authorisations and waivers provided without further verification. The COFACE Agent shall not be liable for any action taken by it under or in connection with this paragraph (e).

- (f) Each Lender agrees that if any withholding certificate, withholding statement, documentation, authorisations and waivers provided to the COFACE Agent pursuant to paragraph (e) above is or becomes materially inaccurate or incomplete, it shall promptly update such withholding certificate, withholding statement, documentation, authorisations and waivers or promptly notify the COFACE Agent in writing of its legal inability to do so. The COFACE Agent shall provide any such updated withholding certificate, withholding statement, documentation, authorisations and waivers to the Borrower. The COFACE Agent shall not be liable for any action taken by it under or in connection with this paragraph (f).

### 13.8 FATCA Deduction

- (a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.
- (b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction) notify the Party to whom it is making the payment and, in addition, shall notify the Borrower, the COFACE Agent and the other Finance Parties.

## 14. Increased Costs

### 14.1 Increased Costs

- (p) Subject to Clause 14.3 (*Exceptions*) the Borrower shall, within five (5) Business Days of a demand by the COFACE Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of:
- (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation;
  - (ii) compliance with any law or regulation made after the date of this Agreement; or
  - (iii) the implementation or application of or compliance with (including any change in the interpretation, administration or application of) the Bank for International Settlements' recommendations on banking laws and regulations published by the Bank for International Settlements on 16 December 2010 in the form of the consultative documents entitled "*A global regulatory framework for more resilient banks and banking systems*" and "*International Framework for Liquidity Risk Measurement, Standards and Monitoring*" (collectively, commonly referred to as "*Basel III*") or any other law or regulation which implements Basel III (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates) ("**Basel III**").
- (q) In this Agreement "**Increased Costs**" means:
- (i) a reduction in the rate of return from a Facility or on a Finance Party's (or its Affiliate's) overall capital;
  - (ii) an additional or increased cost; or

(iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

- (r) For the purposes of this Clause 14 (*Increased Costs*), any regulation imposed by the European Central Bank, the Financial Conduct Authority or the Prudential Regulation Authority in effect as of the First Effective Date with respect to fees and costs payable by banks similar to those customarily considered to be “*Mandatory Costs*” shall be deemed to be an Applicable Law made after the First Effective Date.

## 14.2 Increased Cost Claims

- (f) Subject to paragraphs (c) below, a Finance Party intending to make a claim pursuant to Clause 14.1 (*Increased Costs*) shall notify the COFACE Agent of the event giving rise to the claim, following which the COFACE Agent shall promptly notify the Borrower.
- (g) Each Finance Party shall, as soon as practicable after a demand by the COFACE Agent, provide a certificate confirming the amount of its Increased Costs.
- (h) A Finance Party intending to make a claim in relation to Mandatory Costs as contemplated by Clause 14.1(c) (*Increased Costs*) shall notify (with a copy to the COFACE Agent) the Borrower of its claim in respect of such Mandatory Costs.

## 14.3 Exceptions

Clause 14.1 (*Increased Costs*) does not apply to the extent any Increased Cost is:

- (a) attributable to a Tax Deduction required by law to be made by the Borrower;
- (b) compensated for by Clause 13.2 (*Tax Indemnity*) (or would have been compensated for under Clause 13.2 (*Tax Indemnity*) but was not so compensated solely because any of the exclusions in paragraph (b) of Clause 13.2 (*Tax Indemnity*) applied);
- (c) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation; or
- (d) attributable to a FATCA Deduction required to be made by a Party.

## 15. Other Indemnities

### 15.1 Currency Indemnity

- (i) If any sum due from an Obligor under the Finance Documents (a “**Sum**”), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the “**First Currency**”) in which that Sum is payable into another currency (the “**Second Currency**”) for the purpose of:

(viii) making or filing a claim or proof against an Obligor;

(ix) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Borrower shall as an independent obligation, within three (3) Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss

or liability arising out of or as a result of the conversion including any discrepancy between:

- (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency; and
- (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

- (j) The Borrower waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

## **15.2 Other Indemnities**

The Borrower shall, within five (5) Business Days of demand, indemnify each Finance Party (and its Affiliates) against any cost, loss or liability incurred by that Finance Party (or Affiliate) as a result of:

- (e) the occurrence of any Event of Default;
- (f) a failure by the Borrower to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 30 (*Sharing among the Finance Parties*);
- (g) funding, or making arrangements to fund, its participation in a Loan requested by the Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Lender alone);
- (h) a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower; or
- (i) the breach by the Borrower or any member of the Group of any applicable Environmental Laws or Environmental Permits. Any Affiliate of a Finance Party may rely on this Clause 15.2(e).

## **15.3 Indemnity to the COFACE Agent**

The Borrower shall promptly indemnify the COFACE Agent against any cost, loss or liability incurred by the COFACE Agent (acting reasonably) as a result of:

- (d) investigating any event which it reasonably believes is a Default; or
- (e) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

## **15.4 Indemnity to the Security Agent**

- (c) The Borrower shall promptly indemnify the Security Agent against any cost, loss or liability incurred by the Security Agent as a result of:
  - (vii) the protection or enforcement of a Lien expressed to be created under a Security Document; or
  - (viii) the exercise of any of the rights, powers, discretions and remedies vested in it by the Finance Documents or by law.

- (d) The Security Agent may, in priority to any payment to other Finance Parties, indemnify itself out of the assets subject to a Lien expressed to be created under the Security Documents in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this Clause 15.4.

## **16. Mitigation by the Lenders**

### **16.1 Mitigation**

- (j) Each Finance Party shall, in consultation with the Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 7.1 (*Illegality*), Clause 13 (*Tax gross-up and Indemnities*) or Clause 14 (*Increased Costs*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (k) Paragraph (a) above does not in any way limit the obligations of the Borrower under the Finance Documents.

### **16.2 Limitation of Liability**

- (f) The Borrower shall promptly indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 16.1 (*Mitigation*).
- (g) A Finance Party is not obliged to take any steps under Clause 16.1 (*Mitigation*) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

## **17. Costs and Expenses**

### **17.1 Transaction Expenses**

The Borrower shall promptly on demand pay the COFACE Agent, the Security Agent and each Mandated Lead Arranger the amount of all costs and expenses (including legal fees) reasonably incurred by any of them in connection with the negotiation, preparation, printing, execution and syndication of:

- (h) this Agreement and any other documents referred to in this Agreement; and
- (i) any other Finance Documents executed after the date of this Agreement.

### **17.2 Amendment Costs**

If:

- (e) the Borrower requests an amendment, waiver or consent; or
- (f) an amendment is required pursuant to Clause 31.10 (*Change of Currency*),

the Borrower shall, within three (3) Business Days of demand, reimburse the COFACE Agent and the Security Agent for the amount of all costs and expenses (including legal fees) incurred by the COFACE Agent and the Security Agent in responding to, evaluating, negotiating or complying with that request or requirement.

### **17.3 Enforcement Costs**

The Borrower shall, within three (3) Business Days of demand, pay to each Finance Party the amount of all costs and expenses (including legal fees) incurred by that Finance Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document.

#### **17.4 Security Agent Expenses**

The Borrower shall, within three (3) Business Days of demand, pay to the Security Agent the amount of all costs and expenses (including legal fees) incurred by it in connection with the release of any Lien created pursuant to any Security Document.

#### **17.5 Financial Advisory Appointment**

The Borrower shall, within three (3) Business Days of demand, pay to the COFACE Agent all fees and expenses payable in connection with the appointment by the COFACE Agent of FTL Consulting, Inc., (or such other financial advisor acceptable to the COFACE Agent (acting on the instructions of the Majority Lenders)):

- (a) on and from the First Effective Date (for so long as shall be required in order to complete any reports required in connection with the financial year ending 2013), at agreed hourly rates, for the purposes of monitoring the Group's business and results of operations; and
- (b) at any time following 31 December 2013 at agreed hourly rates if:
  - (iii) an Event of Default as set out in Clauses 23.1 (*Non-Payment*), 23.2 (*Financial Covenants*), 23.5 (*Cross Default*), 23.6 (*Insolvency*), 23.7 (*Insolvency Proceedings*) or 23.8 (*Creditor's Process*) has occurred;
  - (iv) the Finance Parties receive any request from the Borrower to adjust, or a Lender or COFACE requires any adjustment of, the financial covenants as set out in Clause 20 (*Financial Covenants*);
  - (v) a new business plan is provided to replace the Agreed Business Plan; or
  - (vi) the Borrower (acting reasonably) agrees to any request for such appointment from the COFACE Agent.

### **18. Representations**

Subject to the disclosures made by the Borrower set out in Schedule 24 (*Disclosures*), the Borrower makes the representations and warranties set out in this Clause 18 (*Representations*) to each Finance Party on the First Effective Date.

#### **18.1 Status**

- (g) It is a corporation, duly incorporated and validly existing (and to the extent applicable, in good standing) under the law of its jurisdiction of incorporation.
- (h) It and each of its Subsidiaries has the power to own its assets and carry on its business as it is being conducted.

#### **18.2 Binding Obligations**

Subject to the Reservations:

- (g) the obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable obligations; and

- (h) (without limiting the generality of paragraph (a) above), each Security Document to which it is a party creates the security interests which that Security Document purports to create and those security interests are valid and effective.

### **18.3 Non-Conflict with other Obligations**

The entry into and performance by it of, and the transactions contemplated by, the Transaction Documents and the granting of the security interests contemplated by the Security Documents do not and will not conflict with:

- (c) any Applicable Law;
- (d) the constitutional documents of any member of the Group; or
- (e) any agreement or instrument binding upon it or any member of the Group or any of its, or any member of the Group's, assets or constitute a default or termination event (however described) under any such agreement or instrument, where such conflict would have or is reasonably likely to have a Material Adverse Effect.

### **18.4 Power and Authority**

- (c) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Transaction Documents to which it is or will be a party and the transactions contemplated by those Transaction Documents.
- (d) No limit on its powers will be exceeded as a result of the borrowing, grant of security or giving of guarantees or indemnities contemplated by the Transaction Documents to which it is a party.

### **18.5 No Proceedings Pending or Threatened**

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which is not frivolous, vexatious or otherwise an abuse of court process, and which, if adversely determined, could reasonably have a Material Adverse Effect (to the best of its knowledge and belief) have been started against it or any of its Subsidiaries.

### **18.6 Authorisations**

- (a) Each of the Borrower and its Subsidiaries has all material Authorisations required:
  - (x) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and
  - (xi) to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation, have been obtained or effected and are in full force and effect.
- (b) Each of the Borrower and its Subsidiaries:
  - (i) has all Authorisations required for it to conduct its business as currently conducted, each of which is in full force and effect, is final and not subject to review on appeal and is not the subject of any pending or, to the best of its knowledge, threatened attack by direct or collateral proceeding;
  - (ii) is in compliance with each Authorisation applicable to it and in compliance with all other Applicable Laws relating to it or any of its respective properties; and

- (iii) has filed in a timely manner all material reports, documents and other materials required to be filed by it under all Applicable Laws with any Governmental Authority and has retained all material records and documents required to be retained by it under Applicable Law,

except in each case where the failure to have done so, comply or file could not reasonably be expected to have a Material Adverse Effect.

#### **18.7 Intellectual Property Matters**

- (a) Each of the Borrower and its Subsidiaries owns or possesses rights to use all material franchises, licences, copyrights, copyright applications, patents, patent rights or licences, patent applications, trademarks, trademark rights, service marks, service mark rights, trade names, trade name rights, copyrights and other rights with respect to the foregoing which are reasonably necessary to conduct its business as currently conducted (the “**Intellectual Property**”).
- (b) No event has occurred which permits, or after notice or lapse of time or both would permit, the revocation or termination of any such material rights, and, to the Borrower’s knowledge, neither the Borrower nor any Subsidiary thereof is liable to any person for infringement under Applicable Law with respect to any such rights as a result of its business operations except as could not reasonably be expected to have a Material Adverse Effect.

#### **18.8 Environmental Matters**

- (a) The properties owned, leased or operated by the Borrower and its Subsidiaries now or in the past do not contain, and to their knowledge have not previously contained, any Hazardous Materials in amounts or concentrations which:
  - (i) constitute or constituted an unremediated violation of applicable Environmental Laws and Environmental Permits; or
  - (ii) could give rise to a material liability under applicable Environmental Laws and Environmental Permits.
- (b) To the knowledge of the Borrower and its Subsidiaries, the Borrower, each of its Subsidiaries and such properties and all operations conducted in connection therewith are in compliance, and, at all such times when such properties have been owned or operated by the Borrower or any of its Subsidiaries have been in compliance, with all applicable Environmental Laws and Environmental Permits, and there is no contamination at, under or about such properties or such operations which could interfere with the continued operation of such properties or materially impair the fair saleable value thereof.
- (c) Neither the Borrower nor any Subsidiary thereof has received any notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters, Hazardous Materials, or compliance with Environmental Laws or Environmental Permits, nor does the Borrower or any Subsidiary thereof have knowledge or reason to believe that any such notice will be received or is being threatened.
- (d) To the knowledge of the Borrower and its Subsidiaries, Hazardous Materials have not been transported or disposed of to or from the properties owned, leased or operated by the Borrower and its Subsidiaries in violation of, or in a manner or to a location which could give rise to material liability under, Environmental Laws or Environmental



Permits, nor have any Hazardous Materials been generated, treated, stored or disposed of at, on or under any of such properties in violation of, or in a manner that could give rise to material liability under, any applicable Environmental Laws.

- (e) No judicial proceedings or governmental or administrative action is pending or, to the knowledge of the Borrower, threatened under any Environmental Law or Environmental Permits to which the Borrower or any Subsidiary thereof is or will be named as a potentially responsible party, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Borrower, any Subsidiary or properties owned, leased or operated by the Borrower or any Subsidiary, now or in the past, that could reasonably be expected to have a Material Adverse Effect.
- (f) There has been no release, nor to the best of the Borrower's knowledge, threat of release, of Hazardous Materials at or from properties owned, leased or operated by the Borrower or any Subsidiary, now or in the past, in violation of or in amounts or in a manner that could give rise to liability under Environmental Laws or Environmental Permits that could reasonably be expected to have a Material Adverse Effect.
- (g) There are no facts, circumstances or conditions relating to the past or present business or operations of the Borrower or any Subsidiary, including the disposal of any wastes, Hazardous Material or other materials, or to the past or present ownership or use of any real property by the Borrower or any Subsidiary, that could reasonably be expected to give rise to an Environmental Claim against or to liability (other than in an immaterial respect) of any Borrower or any Subsidiary under any Environmental Laws or Environmental Permits.

## 18.9 ERISA

- (a) As of the date of this Agreement, neither an Obligor nor any ERISA Affiliate maintains or contributes to, or has any obligation under, any Employee Benefit Plans other than those identified in Schedule 9 (*ERISA Plans*).
- (b) Each Employee Benefit Plan is in compliance in form and operation with its terms and with ERISA and the Code (including Code provisions compliance with which is necessary for any intended favourable tax treatment) and all other Applicable Laws, except where any failure to comply would not, individually or in the aggregate, reasonably be expected to result in any material liability of any Obligor or ERISA Affiliate.
- (c) Each Employee Benefit Plan that is intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service to be so qualified, and each trust related to such plan has been determined by the Internal Revenue Service to be exempt under Section 501(a) of the Code, taking into account all applicable tax law changes, and nothing has occurred since the date of each such determination that would reasonably be expected to adversely affect such determination (or, in the case of an Employee Benefit Plan with no determination, nothing has occurred that would materially adversely affect the issuance of a favourable determination by the Internal Revenue Service or otherwise materially adversely affect such qualification).
- (d) No liability has been incurred by any Obligor or any ERISA Affiliate which remains unsatisfied for any taxes or penalties with respect to any Employee Benefit Plan or any Multiemployer Plan except for a liability that would not, individually or in the aggregate, reasonably be expected to result in a material liability of such Obligor or ERISA Affiliate.

- (e) Except where the failure of any of the following representations to be correct in all material respects would not, individually or in the aggregate, reasonably be expected to result in a material liability of any Obligor or any ERISA Affiliate, no Obligor or any ERISA Affiliate has:
  - (iv) engaged in a non-exempt prohibited transaction described in Section 406 of ERISA or Section 4975 of the Code;
  - (v) incurred any liability to the PBGC which remains outstanding, or reasonably expects to incur any such liability other than the payment of premiums and there are no premium payments which are within the applicable time limits prescribed by Applicable Law, due and unpaid;
  - (vi) failed to make a required contribution or payment to a Multiemployer Plan within the applicable time limits prescribed by Applicable Law; or
  - (vii) failed to make a required instalment or other required payment under Section 412 of the Code or Section 302 of ERISA.
- (f) No ERISA Termination Event, which individually or in the aggregate would reasonably be expected to result in a material liability of any Obligor or ERISA Affiliate has occurred or is reasonably expected to occur.
- (g) Except where the failure of any of the following representations to be correct in all material respects would not, individually or in the aggregate, reasonably be expected to result in a material liability of any Obligor or any ERISA Affiliate, no proceeding, claim (other than a benefits claim in the ordinary course), lawsuit and/or investigation is existing or, to the best knowledge of the Borrower after due inquiry, threatened concerning or involving any:
  - (i) employee welfare benefit plan (as defined in Section 3(1) of ERISA) currently maintained or contributed to any Obligor or any ERISA Affiliate;
  - (ii) Pension Plan; or
  - (iii) Multiemployer Plan.
- (h) There exists no Unfunded Pension Liability with respect to any Pension Plan, except for any such Unfunded Pension Liability that individually or together with any other positive Unfunded Pension Liabilities with respect to any Pension Plans, is not reasonably expected to result in a material liability of any Obligor or ERISA Affiliate.
- (i) If each Obligor and each ERISA Affiliate were to withdraw in a complete withdrawal from all Multiemployer Plans as of the date this assurance is given or deemed given, the aggregate withdrawal liability that would be incurred would not reasonably be expected to result in a material liability of any Obligor or ERISA Affiliate.
- (j) No Pension Plan which is subject to Section 412 of the Code or Section 302 of ERISA has applied for or received an extension of any amortization period, within the meaning of Section 412 of the Code or Section 302 or 304 of ERISA. No Obligor or ERISA Affiliate has ceased operations at a facility so as to become subject to the provisions of Section 4062(e) of ERISA, withdrawn as a substantial employer so as to become subject to the provisions of Section 4063 of ERISA or ceased making contributions to any Pension Plan subject to Section 4064(a) of ERISA to which it made contributions. No Lien imposed under the Code or ERISA on the assets of any Obligor or any ERISA

Affiliate exists or is likely to arise on account of any Pension Plan. No Obligor or ERISA Affiliate has any liability under Section 4069 or 4212(c) of ERISA.

#### **18.10 Margin Stock**

- (a) Neither the Borrower nor any Subsidiary of it is engaged principally or as one of its activities in the business of extending credit for the purpose of “*purchasing*” or “*carrying*” any “*margin stock*” (as each such term is defined or used, directly or indirectly, in Regulation U of the Board of Governors of the Federal Reserve System).
- (b) No part of the proceeds of the Loans will be used for purchasing or carrying margin stock or for any purpose which violates, or which would be inconsistent with, the provisions of Regulation T, U or X of such Board of Governors.

#### **18.11 Government Regulation**

Neither the Borrower nor any Subsidiary is an “*investment company*” or a company “*controlled*” by an “*investment company*” (as each such term is defined or used in the Investment Company Act of 1940, as amended) and neither the Borrower nor any Subsidiary is, or after giving effect to any Utilisation will be, subject to regulation under the Interstate Commerce Act, as amended, or any other Applicable Law which limits its ability to incur or consummate the transactions contemplated under this Agreement.

#### **18.12 Material Contracts**

- (a) Schedule 12 (*Material Contracts*) contains a complete and accurate list of all Material Contracts of the Borrower and its Subsidiaries in effect as of the First Effective Date.
- (b) Other than as set out in Schedule 12 (*Material Contracts*), each such Material Contract is, and after giving effect to the consummation of the transactions contemplated by the Finance Documents will be, in full force and effect in accordance with the terms thereof.
- (c) The Borrower and its Subsidiaries have delivered to the COFACE Agent a true and complete copy of each Material Contract required to be listed on Schedule 12 (*Material Contracts*) (including all amendments with respect thereto).
- (d) Neither the Borrower nor any Subsidiary (nor, to the knowledge of the Borrower, any other party thereto) is in breach of or in default under any Material Contract in any material respect.

#### **18.13 Employee Relations**

- (a) Each of the Borrower and its Subsidiaries has a work force in place adequate to conduct its business as currently conducted and is not, as of the date of this Agreement, party to any collective bargaining agreement nor has any labour union been recognised as the representative of its employees except as set out in Schedule 13 (*Labour and Collective Bargaining Agreements*).
- (b) The Borrower knows of no pending, threatened or contemplated strikes, work stoppage or other collective labour disputes involving its employees or those of its Subsidiaries that could reasonably be expected to have a Material Adverse Effect.

#### **18.14 Burdensome Provisions**

No Subsidiary is party to any agreement or instrument or otherwise subject to any restriction or encumbrance that restricts or limits its ability to make dividend payments or other distributions in respect of its Capital Stock to the Borrower or any Subsidiary or to transfer any of its assets

or properties to the Borrower or any other Subsidiary in each case other than existing under or by reason of the Finance Documents or Applicable Law.

#### **18.15 Financial Statements**

- (a) The audited and unaudited financial statements most recently delivered pursuant to Clause 19 (*Information Undertakings*) are complete and correct and fairly present in all material respects on a Consolidated basis the assets, liabilities and financial position of the Borrower and its Subsidiaries as at such dates, and the results of the operations and changes of financial position for the periods that ended (other than the absence of footnotes and customary year-end adjustments for unaudited financial statements).
- (b) All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP.
- (c) Such financial statements show all material indebtedness and other material liabilities, direct or contingent, of the Borrower and its Subsidiaries as of the dates thereof, including material liabilities for taxes, material commitments, and Financial Indebtedness, in each case, to the extent required to be disclosed under GAAP.

#### **18.16 No Material Adverse Change**

Since 10 May 2013, there has been no material adverse change in the properties, business, operations, prospects or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole and no event has occurred or condition arisen that could reasonably be expected to have a Material Adverse Effect.

#### **18.17 Solvency**

As of the First Effective Date and after giving effect to each Loan, each Obligor (other than Globalstar Leasing LLC) will be Solvent.

#### **18.18 Titles to Properties**

Each of the Borrower and its Subsidiaries has such title to the real property owned or leased by it as necessary to the conduct of its business as currently conducted and valid and legal title to all of its personal property and assets, including, but not limited to, those reflected on the most recently delivered Consolidated balance sheets of the Borrower and its Subsidiaries delivered pursuant to Clause 19 (*Information Undertakings*), except those which have been disposed of by the Borrower or its Subsidiaries subsequent to the dates of such balance sheets which dispositions have been in the ordinary course of trading or as otherwise expressly permitted under this Agreement.

#### **18.19 Insurance**

The properties of the Borrower and its Subsidiaries are insured with financially sound and reputable insurance companies which are not Affiliates of the Borrower, in such amounts, with such deductibles and covering such risks as required by this Agreement.

#### **18.20 Liens**

From Financial Close:

- (a) none of the properties and assets of the Borrower or any Subsidiary thereof is subject to any Lien, except Permitted Liens; and

- (b) neither the Borrower nor any Subsidiary thereof has signed any financing statement or any security agreement authorising any secured party thereunder to file any financing statements, except to perfect Permitted Liens.

#### **18.21 Financial Indebtedness and Guarantee Obligations**

- (a) Schedule 14 (*Financial Indebtedness and Guarantee Obligations*) is a complete and correct listing of all Financial Indebtedness of the Borrower and its Subsidiaries as of the First Effective Date in excess of US\$1,000,000.
- (b) As of the First Effective Date, the amount of all Financial Indebtedness of the Borrower and its Subsidiaries (and not set out in Schedule 14 (*Financial Indebtedness and Guarantee Obligations*)) is no greater than US\$1,000,000.
- (c) The Borrower and its Subsidiaries have performed and are in compliance with all of the material terms of such Financial Indebtedness and all instruments and agreements relating thereto, and no default or event of default, or event or condition which with notice or lapse of time or both would constitute such a default or event of default on the part of the Borrower or any of its Subsidiaries exists with respect to any such Financial Indebtedness.

#### **18.22 Communication Licences**

- (a) Schedule 15 (*Communication Licences*) accurately and completely lists, as of the First Effective Date, for the Borrower and each of its Subsidiaries, all Material Communications Licences (and the expiration dates thereof) granted or assigned to the Borrower or any Subsidiary, including, without limitation for:
  - (i) each Satellite owned by the Borrower or any of its Subsidiaries, all space station licences or authorisations, including placement on the FCC's "*Permitted Space Station List*" for operation of Satellites with C-band links issued or granted by the FCC or the ANFR to the Borrower or any of its Subsidiaries; and
  - (ii) for each Earth Station of the Borrower and its Subsidiaries.
- (b) The Communications Licences set out in Schedule 15 (*Communication Licences*) include all material authorisations, licences and permits issued by the FCC, the ANFR or any other Governmental Authority that are required or necessary for the operation and the conduct of the business of the Borrower and its Subsidiaries, as conducted as of the First Effective Date.
- (c) Each Communications Licence is expected to be renewed and the Borrower knows of no reason why such Communications Licence would not be renewed.
- (d) The Borrower and its Subsidiaries have filed all material applications with the FCC or the ANFR necessary for the Launch and operation of the Borrower's second-generation satellite constellation and the Borrower is not aware of any reason why such applications should not be granted.
- (e) Each Communications Licence set out in Schedule 15 (*Communication Licences*) is issued in the name of the Subsidiary indicated on such schedule.
- (f) Each Material Communications Licence is in full force and effect.
- (g) The Borrower has no knowledge of any condition imposed by the FCC, the ANFR or any other Governmental Authority as part of any Communications Licence which is neither set forth on the face thereof as issued by the FCC, the ANFR or any other

Governmental Authority nor contained in the rules and regulations of the FCC, the ANFR or any other Governmental Authority applicable generally to telecommunications activities of the type, nature, class or location of the activities in question.

- (h) Each applicable location of the Borrower or any of its Subsidiaries has been and is being operated in all material respects in accordance with the terms and conditions of the Communications Licence applicable to it and Applicable Law, including but not limited to the Communications Act and the rules and regulations issues thereunder.
- (i) No proceedings are pending or, to the Borrower's knowledge are, threatened which may result in the loss, revocation, modification, non-renewal, suspension or termination of any Communications Licence, the issuance of any cease and desist order or the imposition of any fines, forfeitures or other administrative actions by the FCC, the ANFR or any other Governmental Authority with respect to any operations of the Borrower and its Subsidiaries, which in any case could reasonably be expected to have a Material Adverse Effect.

#### **18.23 Satellites**

- (a) All Satellites are owned by the Borrower or a Subsidiary that is an Obligor.
- (b) Schedule 16 (*Satellites*) accurately and completely lists as of the First Effective Date, the flight model number of each of the Satellites owned by the Borrower and its Subsidiaries, and for each Satellite whether it is operational in-orbit or spare in-orbit.

#### **18.24 [Intentionally Omitted]**

#### **18.25 Pari Passu Ranking**

Each Obligor's payment obligations under the Finance Documents rank at least *pari passu* with the claims of all its unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

#### **18.26 OFAC**

- (a) None of the Borrower, any member of the Thermo Group, any Subsidiary of the Borrower or any Affiliate of the Borrower:
  - (i) is a Sanctioned Person;
  - (ii) has more than ten *per cent.* (10%) of its assets in Sanctioned Entities; or
  - (iii) derives more than ten *per cent.* (10%) of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Entities.
- (b) The proceeds of any Loan will not be used and have not been used to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity.

#### **18.27 Governing Law and Enforcement**

- (a) Subject to the Reservations, the choice of governing law of the Finance Documents will be recognised and enforced in its jurisdiction of incorporation.
- (b) Subject to the Reservations, any judgment obtained in relation to a Finance Document in the jurisdiction of the governing law of that Finance Document will be recognised and enforced in its jurisdiction of incorporation.

### **18.28 No Filing or Stamp Taxes**

Under:

- (a) the laws of the Borrower's or any of its Subsidiaries' jurisdiction of incorporation; and
- (b) the federal laws of the United States,

it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents other than:

- (i) delivery of proper financing statements (Form UCC-1 or such other financing statements or similar notices as shall be required by Applicable Law) fully executed for filing under the UCC or other appropriate filing offices of each jurisdiction as may be necessary to perfect a Lien purported to be created by a Security Document; and
- (ii) any recording with the United States Patent and Trademark Office and/or Copyright Office to perfect the Liens on intellectual property created by the Collateral Agreement,

which registrations, filings and fees will be made and paid promptly after the date of the relevant Finance Document.

### **18.29 Deduction of Tax**

It is not required to make any deduction for or on account of Tax from any payment it may make under any Finance Document.

### **18.30 No Default**

- (a) No Event of Default and, on the First Effective Date, no Default is continuing or is reasonably likely to result from the making of any Loan or the entry into, the performance of, or any transaction contemplated by, any Transaction Document.
- (b) No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under the Transaction Documents, which has not been waived by the relevant parties hereto.
- (c) No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries) assets are subject which has or is reasonably likely to have a Material Adverse Effect.

### **18.31 No Misleading Information**

- (a) All factual information provided in writing by it to the Lenders was true, complete and accurate in all material respects to the best of its knowledge and belief as at the date it was provided or as at the date (if any) at which it is stated.

- (b) All financial projections provided by it have been prepared on the basis of recent historical information and on the basis of reasonable assumptions (in the case of projections made by third parties, to the best of its knowledge and belief).
- (c) To the best of its knowledge and belief, no material information has been given or withheld by it that results in any information provided to the Lenders by it being incomplete, untrue or misleading in any material respect.

### **18.32 Group Structure Chart**

The Group Structure Chart set out at Schedule 23 (*Group Structure Chart*) is true, complete and accurate in all material respects.

### **18.33 No Immunity**

None of the members of the Group or any of their assets is entitled to immunity from suit, execution, attachment or other legal process.

### **18.34 Tax Returns and Payments**

- (a) Each of the Borrower and its Subsidiaries has timely filed with the appropriate taxing authority, all returns, statements, forms and reports for taxes (the “**Returns**”) required to be filed by or with respect to the income, properties or operations of the Borrower and/or any of its Subsidiaries.
- (b) The Returns accurately reflect in all material respects all liability for taxes of the Borrower and its Subsidiaries as a whole for the periods covered thereby.
- (c) The Borrower and each of its Subsidiaries have paid all taxes payable by them other than those contested in good faith and adequately disclosed and for which adequate reserves have been established in accordance with generally accepted accounting principles.
- (d) There is no action, suit, proceeding, investigation, audit, or claim now pending or, to the best knowledge of the Borrower or any of its Subsidiaries, threatened by any authority regarding any taxes relating to the Borrower or any of its Subsidiaries which, if adversely determined, could reasonably be expected to have a Material Adverse Effect.
- (e) Neither the Borrower nor any of its Subsidiaries has entered into an agreement or waiver or been requested to enter into an agreement or waiver extending any statute of limitations relating to the payment or collection of taxes of the Borrower or any of its Subsidiaries, or is aware of any circumstances that would cause the taxable years or other taxable periods of the Borrower or any of its Subsidiaries not to be subject to the normally applicable statute of limitations.

### **18.35 Commercial Contracts**

As of the First Effective Date, the Borrower has not exercised the “*Optional Launches*” (as such term is defined in the Launch Services Contract) pursuant to the Launch Services Contract.

### **18.36 Notes and First Terrapin Purchase Agreement**

- (a) All obligations owed to the holders of the 8% Old Notes or the 5% Notes:
  - (i) are, subject to the Reservations, the legal, valid, binding and enforceable obligations of the Borrower; and



- (ii) are and shall remain fully subordinated to the repayment in full of the indebtedness under this Agreement on the terms set out in the relevant documentation (irrespective of whether the maturity date of the relevant notes has occurred and irrespective of whether the Final Maturity Date is amended from time to time) and such obligations have not been terminated or otherwise cancelled by the relevant holders of such notes.
- (b) The obligations of the Borrower and Terrapin under the First Terrapin Purchase Agreement:
  - (i) are, subject to the Reservations, the legal, valid, binding and enforceable obligations of the Borrower, and, to the best of the Borrower's knowledge, Terrapin; and
  - (ii) have not been repudiated, terminated or otherwise cancelled by the Borrower or Terrapin and there is no breach thereunder by either party thereto.
- (c) The Borrower represents that, to the best of its knowledge, the amount of notes held by each of the Borrower, Thermo, any Subsidiary Guarantor and James Monroe III in respect of the 8% Old Notes and the 5% Notes has not changed since the date of the First Global Deed of Amendment and Restatement, and that no such party has entered into any written agreement, side letter, undertaking or understanding relating to such person's ownership of or control of any voting or economic rights associated with the 8% Old Notes or the 5% Notes since the date of the First Global Deed of Amendment and Restatement.

### 18.37 Repetition

The Repeating Representations are made by the Borrower by reference to the facts and circumstances then existing on:

- (a) the date of each Utilisation Request;
- (b) each Utilisation Date; and
- (c) the first day of each Interest Period.

## 19. Information Undertakings

The undertakings in this Clause 19 (*Information Undertakings*) remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force. The Borrower will furnish, or cause to be furnished, to the COFACE Agent the information required by this Clause 19 (*Information Undertakings*) in sufficient copies for all the Lenders.

### 19.1 Quarterly Financial Statements

- (i) As soon as practicable and in any event within forty five (45) days after the end of each of the first three (3) fiscal quarters of each Fiscal Year (and in the case of paragraph (v) only, after the end of each fiscal quarter of each Fiscal Year) (or, if the date of any required public filing is earlier, no later than the date that is the fifth Business Day immediately following the date of any required public filing thereof after giving effect to any extensions granted with respect to such date):
  - (i) Form 10-Q;

- (ii) an unaudited Consolidated balance sheet of the Borrower and its Subsidiaries as of the close of such fiscal quarter;
- (iii) the notes (if any) relating to any of the financial statements delivered under this Clause 19.1;
- (iv) unaudited Consolidated statements of income, retained earnings and cash flows;
- (v) a report with respect to the Borrower's key performance indicators in substantially the same form as Schedule 19 (*Key Performance Indicators*); and
- (vi) a report containing management's discussion and analysis of such financial statements for the fiscal quarter then ended and that portion of the Fiscal Year then ended,

all in reasonable detail setting forth in comparative form the corresponding figures as of the end of and for the corresponding period in the preceding Fiscal Year and prepared by the Borrower in accordance with GAAP and, if applicable, containing disclosure of the effect on the financial position or results of operations of any change in the application of accounting principles and practices during the period, and certified by the chief financial officer of the Borrower to present fairly in all material respects the financial condition of the Borrower and its Subsidiaries on a Consolidated basis as of their respective dates and the results of operations of the Borrower and its Subsidiaries for the respective periods then ended, subject to normal year end adjustments.

- (j) Upon request by the COFACE Agent and at the cost of the Borrower, the Borrower shall procure that the Group's management shall meet in person or by telephone (as the Lenders shall require) with the Lenders on a quarterly basis in order to discuss key strategic, operational, Capital Expenditure, market pricing, customer, distributor and regulatory issues.

## **19.2 Annual Financial Statements**

- (f) As soon as practicable and in any event within ninety (90) days after the end of each Fiscal Year (or, if the date of any required public filing is earlier, the date that is no later than the fifth Business Day immediately following the date of any required public filing thereof after giving effect to any extensions granted with respect to such date):

- (iii) Form 10-K;
- (iv) an audited Consolidated balance sheet of the Borrower and its Subsidiaries as of the close of such Fiscal Year;
- (v) the notes (if any) relating to any of the financial statements delivered under this Clause 19.2;
- (vi) audited Consolidated statements of income, retained earnings and cash flows; and
- (vii) a report containing management's discussion and analysis of such financial statements for the Fiscal Year then ended,

all in reasonable detail setting forth in comparative form the corresponding figures as of the end of and for the preceding Fiscal Year and prepared in accordance with GAAP and, if applicable, containing disclosure of the effect on the financial position or results of operations of any change in the application of accounting principles and practices during the year.

- (g) Such annual financial statements shall be audited by the independent certified public accounting firm separately notified to the COFACE Agent prior to the date of this Agreement or such other firm notified to the COFACE Agent (and acceptable to the COFACE Agent), and accompanied by a report thereon by such certified public accountants that is not qualified with respect to scope limitations imposed by the Borrower or any of its Subsidiaries or with respect to accounting principles followed by the Borrower or any of its Subsidiaries not in accordance with GAAP.

### 19.3 Annual Business Plan and Financial Projections

- (e) As soon as practicable and in any event no later than 31 March in any calendar year, a draft updated business plan of the Borrower and its Subsidiaries for the ensuing four (4) fiscal quarters (“**Draft Business Plan**”), such Draft Business Plan to be in substantially the same form as the Agreed Business Plan delivered to the COFACE Agent on or prior to the First Effective Date and prepared, to the extent applicable, in accordance with GAAP and to include, on a quarterly basis, the following:
  - (viii) information relating to the amounts outstanding under the Convertible Notes;
  - (ix) an operating and capital budget in respect of the next three (3) succeeding Fiscal Years;
  - (x) a projected income statement;
  - (xi) a statement of cash flows on a three (3) year projected basis (including, calculations (in reasonable detail) demonstrating compliance with each of the financial covenants set out in Clause 20 (*Financial Covenants*)) and balance sheet; and
  - (xii) a report setting forth management’s operating and financial assumptions underlying such projections.
- (f) The COFACE Agent shall no later than twenty (20) Business Days after receipt of the Draft Business Plan provide to the Borrower:
  - (iii) any comments and/or proposed amendments to the Draft Business Plan; or
  - (iv) a confirmation that the Draft Business Plan is the Agreed Business Plan.
- (g) Subject to paragraph (e) below, in the case of paragraph (b)(i) above, the Borrower shall, in good faith, consider any such comments and/or proposed amendments to the Draft Business Plan and, within five (5) Business Days, confirm to the COFACE Agent whether or not the comments and/or amendments proposed by the COFACE Agent have been accepted by the Borrower. If such comments and/or proposed amendments are:
  - (vii) agreed by the Borrower, the Draft Business Plan shall constitute the then current Agreed Business Plan; and
  - (viii) not agreed by the Borrower, then the Borrower, the Lenders and, to the extent applicable, any Financial Advisor, shall consult, for a period not exceeding five (5) Business Days (the “**Consultation Period**”), in good faith in order to agree the Draft Business Plan.
- (h) Subject to paragraph (e) below, in the case of paragraph (c)(ii) above, following the end of the Consultation Period the Draft Business Plan agreed to by the Borrower shall constitute the then current Agreed Business Plan.

- (i) Any:
    - (iv) projections contained in the Draft Business Plan and referred to in the definition of “*Adjusted Consolidated EBITDA*”;
    - (v) level of Permitted Vendor Indebtedness and cash paying Subordinated Indebtedness referred to in Clause 20.5 (*Net Debt to Adjusted Consolidated EBITDA*) and contained in the Draft Business Plan;
    - (vi) material known contingent liability related to any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes referred to in Clause 23.13(b) (*Litigation*) contemplated by the Draft Business Plan; and
    - (vii) change in a Draft Business Plan to the amount of Financial Indebtedness that may be incurred by the Borrower in connection with cash paying Subordinated Indebtedness above the amounts set out in the Agreed Business Plan delivered on or prior to the First Effective Date,
- must be satisfactory in all respects to the COFACE Agent. Notwithstanding the foregoing, if following the end of the Consultation Period the Borrower and the COFACE Agent are unable to agree on any of the items in the Draft Business Plan referred to in this paragraph (e) then the matter shall be referred to a Financial Advisor in accordance with paragraph (f).
- (j) If a dispute exists pursuant to paragraph (e) above then the outstanding issue will be resolved by the Financial Advisor which shall:
    - (viii) act as an expert and not as an arbitrator; and
    - (ix) be required to determine the matter referred to them within fifteen (15) Business Days of the referral having been made.
  - (k) Upon the decision of a Financial Advisor, the Draft Business Plan shall be updated by the Borrower to reflect such determination, and the revised Draft Business Plan shall constitute the Agreed Business Plan.
  - (l) Following the Draft Business Plan becoming the Agreed Business Plan, the Borrower shall deliver promptly to the COFACE Agent the Agreed Business Plan accompanied by a certificate from a Responsible Officer of the Borrower to the effect that, to the best of such officer’s knowledge, such projections are estimates made in good faith (based on reasonable assumptions) of the financial condition and operations of the Borrower and its Subsidiaries for such four (4) fiscal quarter period and in relation to the operating and capital budget, in respect of the next three (3) succeeding Fiscal Years.

#### **19.4 Compliance Certificate**

At each time:

- (a) financial statements are delivered pursuant to Clause 19.1 (*Quarterly Financial Statements*) or Clause 19.2 (*Annual Financial Statements*);
- (b) the information and other documentation is delivered pursuant to Clause 19.3 (*Annual Business Plan and Financial Projections*); and
- (c) at such other times as the COFACE Agent shall reasonably request,

a Compliance Certificate signed by a Responsible Officer and accompanied by a report from the auditors of the Borrower in substantially the form set out in Schedule 32 (*Form of Auditors Report*) or such other form as shall be acceptable to the COFACE Agent, confirming compliance by the Borrower with each of the financial covenants set out in Clause 20 (*Financial Covenants*) together with, for the fiscal period covered by such financial statements or information (as the case may be):

- (iv) an Adjusted Consolidated EBITDA Reconciliation;
- (v) a reconciliation of the Excess Cash Flow;
- (vi) details of all Spectrum Cash Flow and Spectrum Sales;
- (vii) details of all relevant amounts for the purposes of the calculation of the cash sweeps set out in Clauses 7.3 (*Mandatory Prepayment – Cash Sweep of Spectrum Cash Flow*), 7.4 (*Mandatory Prepayment – Excess Cash Flow*) 7.8 (*Mandatory Prepayment – Cash Sweep Following Spectrum Sale*) and 7.9 (*Mandatory Prepayment – Cash Sweep Following Equity Issuance and Debt Issuance*); and
- (viii) details of the shareholders of record of the Borrower.

## 19.5 Other Reports

- (c) Upon request by the COFACE Agent, copies of all relevant public documents required by its independent public accountants in connection with their auditing function, including, without limitation, any management report and any management responses thereto.
- (d) As soon as practicable and in any event no later than 31 March in any calendar year, and at any time upon the reasonable request of the COFACE Agent, a Satellite health report prepared by the Borrower and certified by a Responsible Officer setting forth the operational status of each Satellite (other than Satellites yet to be launched) based on reasonable assumptions of the Borrower made in good faith and including such information with respect to the projected solar array life based on the total Satellite power requirements, projected battery life based on total Satellite power requirements, projected Satellite life, information concerning the availability of spare Satellites and such other information pertinent to the operation of such Satellite as the COFACE Agent may reasonably request, it being understood that to the extent that any such Satellite health report contains any forward looking statements, estimates or projections, such statements, estimates or projections are subject to significant uncertainties and contingencies, many of which are beyond the Borrower's control, and no assurance can be given that such forward looking statements, estimates or projections will be realised, *provided that* nothing in this paragraph (b) shall require the Borrower to delivery any information to any Lender to the extent delivery of such information is restricted by applicable law or regulation.
- (e) No less than quarterly, a Satellite health report prepared by the Borrower and certified by a Responsible Officer including the following:
  - (ix) details of the operational status of each Satellite (other than Satellites yet to be launched) based on reasonable assumptions of the Borrower made in good faith and in substantially the same form contained in Schedule 30 (*Form of Quarterly Health Report*); and

- (x) a letter providing details of any material or unusual events that have occurred with respect to the Satellites since the delivery to the COFACE Agent of the last quarterly report.
- (f) No later than the last day of each Month, a report prepared by the Borrower and certified by a Responsible Officer with respect to the business of the Group including (but not limited to) details of the following matters:
- (i) network service levels;
  - (ii) the status of all material processes and negotiations with the FCC and/or ANFR (as the case may be) relating to terrestrial Authorisations;
  - (iii) any Asset Dispositions (*but excluding* any Spectrum Sale and any disposal of inventory in the ordinary course of trading (but including any disposal of obsolete, damaged, worn-out or surplus assets)) from the previous month;
  - (iv) any Spectrum Sale;
  - (v) any Equity Issuances, any Debt Issuances or any issuances of Subordinated Indebtedness;
  - (vi) any update on the status of any negotiations with the Supplier in connection with any material dispute between the Borrower and the Supplier;
  - (vii) any planned new gateway or Earth Station developments;
  - (viii) further material expansion into the Latin American market;
  - (ix) updates with respect to any material new products;
  - (x) compliance with the Agreed Business Plan (as updated on an annual basis in accordance with Clause 19.3 (*Annual Business Plan and Financial Projections*));
  - (xi) any Material Contract that the Borrower has entered into (together with a copy thereof);
  - (xii) progress reports in respect of the Hughes and Ericsson ground station upgrades; and
  - (xiii) any other matters or events which are likely to have a material effect (positive or negative) on the Group's operations, prospects and results of operations *provided that* a failure to report on a matter pursuant to this paragraph (d)(xii) shall not constitute an Event of Default if such failure does not have, or could not reasonably be expected to have, a Material Adverse Effect.
- (g) Such other information regarding the operations, business affairs and financial condition of the Borrower or any of its Subsidiaries as the COFACE Agent or any Lender may reasonably request, including, to the extent not already provided, delivery by the Borrower of certified copies of all agreements, instruments, filings and other documents necessary, or otherwise reasonably requested by the COFACE Agent, in order to effect the Equity Commitments in accordance with the provisions of the First Global Deed of Amendment and Restatement or the Second Global Amendment and Restatement Agreement, as applicable.

## 19.6 Notice of Litigation and Other Matters

Promptly (but in no event later than ten (10) Business Days after any Responsible Officer of the Borrower obtains knowledge thereof) written notice of:

- (c) all documents dispatched by the Borrower to all of its stockholders (or any class thereof) or its creditors generally at the same time as they are dispatched;
- (d) the commencement of all proceedings and investigations by or before any Governmental Authority and all actions and proceedings in any court or before any arbitrator against or involving the Borrower or any Subsidiary thereof or any of their respective properties, assets or businesses that if adversely determined could reasonably be expected to result in a Material Adverse Effect;
- (e) any notice of any violation received by the Borrower or any Subsidiary thereof from any Governmental Authority including, without limitation:
  - (xiv) any notice of violation of any Environmental Law and the details of any environmental claim, litigation, arbitration or administrative proceedings which are current, threatened or pending against any member of the Group; and
  - (xv) any other notice of violation which in each case could reasonably be expected to have a Material Adverse Effect;
- (f) any labour controversy that has resulted in a strike or other work action against the Borrower or any Subsidiary thereof which in each case could reasonably be expected to have a Material Adverse Effect;
- (g) any attachment, judgment, lien, levy or order exceeding US\$1,000,000 that has been assessed against the Borrower or any Subsidiary thereof;
- (h) any claim for *force majeure* (howsoever described) by a party under a Commercial Contract;
- (i) details of:
  - (iv) any delay which has a duration exceeding three (3) Months, to the construction and scheduled delivery dates of the Satellites under the Satellite Construction Contract (as delivered pursuant to Schedule 2 (*Conditions Precedent*));
  - (v) any event which could reasonably be expected to result in the last Launch occurring later than the fourth fiscal quarter of 2010; and
  - (vi) suspension, interruption, cancellation or termination of a Commercial Contract;
- (j) any amendments or modifications to a Commercial Contract, together with a copy of such amendment;
- (k) any Default or Event of Default;
- (l) any event which constitutes or which with the passage of time or giving of notice or both would constitute a default or event of default under any Material Contract to which the Borrower or any of its Subsidiaries is a party or by which the Borrower or any Subsidiary thereof or any of their respective properties may be bound which could reasonably be expected to have a Material Adverse Effect;
- (m) any unfavourable determination letter from the US Internal Revenue Service regarding the qualification of an Employee Benefit Plan under Section 401(a) of the Code (along with a copy thereof);

- (n) a copy of each Internal Revenue Service Form 5500 (including the Schedule B or such other schedule as contains actuarial information) filed in respect of a Pension Plan with Unfunded Pension Liabilities;
- (o) any Obligor or ERISA Affiliate obtaining knowledge or a reason to know that any ERISA Termination Event has occurred or is reasonably expected to occur, a certificate of any Responsible Officer of the Borrower describing such ERISA Termination Event and the action, if any, proposed to be taken with respect to such ERISA Termination Event and a copy of any notice filed with the PBGC or the Internal Revenue Service pertaining to such ERISA Termination Event and any notices received by such Obligor or ERISA Affiliate from the PBGC, any other governmental agency or any Multiemployer Plan sponsor with respect thereto; provided that in the case of ERISA Termination Events under paragraph (c) of the definition thereof, in no event shall notice be given later than the occurrence of the ERISA Termination Event;
- (p) any Obligor or ERISA Affiliate obtaining knowledge or a reason to know of:
  - (iii) a material increase in Unfunded Pension Liabilities (taking into account only Pension Plans with positive Unfunded Pension Liabilities) since the date the representations hereunder are given or deemed given, or from any prior notice, as applicable;
  - (iv) the existence of potential withdrawal liability under Section 4201 of ERISA, if each Obligor and ERISA Affiliate were to withdraw completely from any and all Multiemployer Plans;
  - (v) the adoption of, or the commencement of contributions to, any Pension Plan or Multiemployer Plan by any Obligor or ERISA Affiliate, or
  - (vi) the adoption or amendment of any Pension Plan which results in a material increase in contribution obligations of any Obligor or any ERISA Affiliate, a detailed written description thereof from any Responsible Officer of the Borrower;
- (q) if, at any time after the date of this Agreement, any Obligor or any ERISA Affiliate maintains, or contributes to (or incurs an obligation to contribute to), an Employee Benefit Plan or Multiemployer Plan which is not set forth in Schedule 9 (*ERISA Plans*), then the Borrower shall deliver to the COFACE Agent an updated Schedule 9 as soon as practicable, and in any event within ten (10) days after such Obligor or ERISA Affiliate maintains or contributes (or incurs an obligation to contribute) thereto; and
- (r) if, after the date of the First Global Deed of Amendment and Restatement, and other than with respect to any PIK Interest paid in compliance with the terms of this Agreement, James Monroe III, Thermo, the Borrower, any Subsidiary Guarantor or any of such parties' respective Affiliates (directly, indirectly or beneficially):
  - (i) acquires ownership or control of any of the 8% New Notes, the 8% Old Notes or the 5% Notes; or
  - (ii) becomes a party to any written agreement, side-letter, undertaking or understanding relating to such person's ownership of or control of any voting or economic rights associated with the 8% New Notes, the 8% Old Notes or the 5% Notes.

## 19.7 Notices Concerning Communications Licences



Promptly (but in no event later than ten (10) Business Days after any Responsible Officer of the Borrower obtains knowledge thereof) written notice of:

- (h) (i) any citation, notice of violation or order to show cause issued by the FCC, the ANFR or any Governmental Authority with respect to any Material Communications Licence; (ii) if applicable, a copy of any notice or application by the Borrower requesting authority to or notifying the FCC, or the ANFR of its intent to cease telecommunications operations for any period in excess of ten (10) days; or (iii) notice of any other action, proceeding or other dispute, which, if adversely determined, could reasonably be expected to result in the loss or revocation of any Material Communications Licence; and
- (i) any lapse, loss, modification, suspension, termination or relinquishment of any Material Communications Licence, permit or other authorisation from the FCC, the ANFR or other Governmental Authority held by the Borrower or any Subsidiary thereof or any failure of the FCC, the ANFR or other Governmental Authority to renew or extend any such Material Communications Licence, permit or other authorisation for the usual period thereof and of any complaint against the Borrower or any of its Subsidiaries or other matter filed with or communicated to the FCC, the ANFR or other Governmental Authority.

#### **19.8 Convertible Notes**

The Borrower shall:

- (k) provide to the COFACE Agent upon its request information relating to the amounts outstanding under any Convertible Notes issued by the Borrower; and
- (l) promptly on request, supply to the COFACE Agent such further information regarding the Convertible Notes as any Finance Party through the COFACE Agent may reasonably request.

#### **19.9 Final In-Orbit Acceptance**

The Borrower shall:

- (c) provide to the COFACE Agent a certificate signed by a Responsible Officer confirming that Final In-Orbit Acceptance has occurred (such certificate to be in form and substance satisfactory to the COFACE Agent) within five (5) Business Days following Final In-Orbit Acceptance; and
- (d) promptly on request, supply to the COFACE Agent such further information regarding Final In-Orbit Acceptance as any Finance Party through the COFACE Agent may reasonably request.

#### **19.10 Individual In-Orbit Acceptance**

The Borrower shall provide to the COFACE Agent a certificate signed by a Responsible Officer confirming that, in respect of the relevant Satellite:

- (a) the testing of such Satellite has been completed and the Satellite Performance Criteria has been successfully met in respect of the relevant Satellite, promptly after the completion of such tests; and
- (b) Individual In-Orbit Acceptance has occurred not later than five (5) days after achieving Individual In-Orbit Acceptance.

#### **19.11 Equity Cure Contribution**

The Borrower shall promptly inform the COFACE Agent when an Equity Cure Contribution is to be made (including the details of any Equity Issuance or Subordinated Indebtedness being applied for such purpose).

#### 19.12 Use of Websites

- (c) The Borrower may satisfy its obligation under this Agreement to deliver any information in relation to those Lenders (the “**Website Lenders**”) who accept this method of communication by posting this information onto an electronic website designated by the Borrower and the COFACE Agent (the “**Designated Website**”) if:
- (vii) the COFACE Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;
  - (viii) both the Borrower and the COFACE Agent are aware of the address of and any relevant password specifications for the Designated Website; and
  - (ix) the information is in a format previously agreed between the Borrower and the COFACE Agent.

If any Lender (a “**Paper Form Lender**”) does not agree to the delivery of information electronically then the COFACE Agent shall notify the Borrower accordingly and the Borrower shall supply the information to the COFACE Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event the Borrower shall supply the COFACE Agent with at least one (1) copy in paper form of any information required to be provided by it.

- (d) The COFACE Agent shall supply each Website Lender with the address of and any relevant password specifications for the Designated Website following designation of that website by the Borrower and the COFACE Agent.
- (e) The Borrower shall promptly upon becoming aware of its occurrence notify the COFACE Agent if:
- (i) the Designated Website cannot be accessed due to technical failure;
  - (ii) the password specifications for the Designated Website change;
  - (iii) any new information which is required to be provided under this Agreement is posted onto the Designated Website;
  - (iv) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended; or
  - (v) the Borrower becomes aware that the Designated Website or any information posted onto the Designated Website is or has been infected by any electronic virus or similar software.

If the Borrower notifies the COFACE Agent under paragraph (c)(i) or paragraph (c)(v) above, all information to be provided by the Borrower under this Agreement after the date of that notice shall be supplied in paper form unless and until the COFACE Agent and each Website Lender is satisfied that the circumstances giving rise to the notification are no longer continuing.

- (f) Any Website Lender may request, through the COFACE Agent, one (1) paper copy of any information required to be provided under this Agreement which is posted onto the

Designated Website. The Borrower shall comply with any such request within ten (10) Business Days.

### 19.13 “Know your Customer” Checks

- (a) If:
- (i) the introduction of or any change in (or in the interpretation, administration or application of) any Applicable Law made after the date of this Agreement;
  - (ii) any change in the status of any Obligor after the date of this Agreement; or
  - (iii) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,
- obliges the COFACE Agent or any Lender (or, in the case of paragraph (iii) above, any prospective new Lender) to comply with “*know your customer*” or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrower shall procure that each Obligor shall promptly upon the request of the COFACE Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the COFACE Agent (for itself or on behalf of any Lender) or any Lender (for itself or, in the case of the event described in paragraph (iii) above, on behalf of any prospective new Lender) in order for the COFACE Agent, such Lender or, in the case of the event described in paragraph (iii) above, any prospective new Lender to carry out and be satisfied it has complied with all necessary “*know your customer*” or other similar checks under all Applicable Laws pursuant to the transactions contemplated in the Finance Documents.
- (b) Each Lender shall promptly upon the request of the COFACE Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the COFACE Agent (for itself) in order for the COFACE Agent to carry out and be satisfied it has complied with all necessary “*know your customer*” or other similar checks under all Applicable Laws pursuant to the transactions contemplated in the Finance Documents.

## 20. Financial Covenants

### 20.1 Maximum Covenant Capital Expenditures

- (h) Subject to paragraph (b) below, the Borrower (and its Subsidiaries on a Consolidated basis) will not permit the aggregate amount of all Covenant Capital Expenditures in any Relevant Period to exceed the amount set out in column 4 entitled “*Maximum Capex Covenant D*” in the table contained in Part A (*Maximum Covenant Capital Expenditures*) of Schedule 4 (*Maximum Covenant Capital Expenditures*).
- (i) If, in any Relevant Period, the Covenant Capital Expenditures referred to in paragraph (a) above are less than the permitted Covenant Capital Expenditures in that Relevant Period, any excess of the permitted amount over the actual amount may be added to the maximum amount of permitted Covenant Capital Expenditures for the next (and subsequent) Relevant Periods *provided that* the Borrower (and its Subsidiaries on a Consolidated basis) shall not, in any one year, rollover an amount in excess of the amount set out in column 6 entitled “*Capex Available for Rollover F*” in the table contained in Part A (*Maximum Covenant Capital Expenditures*) of Schedule 4 (*Maximum Covenant Capital Expenditures*) or, for successive rollovers until 2017, shall not rollover a

cumulative amount in excess of the amount set out in column 7 entitled “*Cumulative Rollover C+F*” in the table set out in Part A (*Maximum Covenant Capital Expenditures*) of Schedule 4 (*Maximum Covenant Capital Expenditure*).

- (j) Notwithstanding anything in this Agreement to the contrary, up to US\$15,516,236 in Capital Stock of the Borrower that has been or will be issued to Hughes during the Fiscal Year of 2015 shall be excluded from any calculation of Covenant Capital Expenditures for the purpose of calculating compliance with this Clause 20.1 (*Maximum Covenant Capital Expenditures*).

## **20.2 Minimum Liquidity**

- (m) The Borrower shall at all times maintain a minimum Liquidity of US\$4,000,000.
- (n) At the end of each Month, the Borrower shall provide to the COFACE Agent a report detailing the daily Liquidity amounts for such Month, which daily Liquidity amounts shall be not less than the minimum Liquidity set out in paragraph (a) above.
- (o) For the avoidance of doubt, if the Borrower fails to comply with paragraph (a) above it shall deliver a notice to the COFACE Agent in accordance with Clause 19.6(i) (*Notice of Litigation and Other Matters*).

## **20.3 Adjusted Consolidated EBITDA**

The Borrower shall ensure that the Adjusted Consolidated EBITDA in respect of any Relevant Period (including (without double-counting) in the calculation of Adjusted Consolidated EBITDA any Equity Cure Contribution made during such period and not including in such calculation any Equity Cure Contribution that was counted towards a calculation of any covenant for any prior Relevant Period) shall not be less than the amount set out in column 2 (*Column 2 – Amount*) below opposite that Relevant Period.

Column 1 – Relevant Period	Column 2 – Amount
Relevant Period commencing on 1 July 2013 and expiring 31 December 2013	US\$5,498,709
Relevant Period commencing on 1 January 2014 and expiring 30 June 2014	US\$9,915,905
Relevant Period commencing on 1 July 2014 and expiring 31 December 2014	US\$14,062,424
Relevant Period commencing on 1 January 2015 and expiring 30 June 2015	US\$16,957,844
Relevant Period commencing on 1 July 2015 and expiring 31 December 2015	US\$23,468,546
Relevant Period commencing on 1 January 2016 and expiring 30 June 2016	US\$24,502,077
Relevant Period commencing on 1 July 2016 and expiring 31 December 2016	US\$32,426,136
Relevant Period commencing on 1 January 2017 and expiring 30 June 2017	US\$32,213,650
Relevant Period commencing on 1 July 2017 and expiring 31 December 2017	US\$40,646,025
Relevant Period commencing on 1 January 2018 and expiring 30 June 2018	US\$39,374,425
Relevant Period commencing on 1 July 2018 and expiring 31 December 2018	US\$47,694,042
Relevant Period commencing on 1 January 2019 and expiring 30 June 2019	US\$45,509,317
Relevant Period commencing on 1 July 2019 and expiring 31 December 2019	US\$53,829,858
Relevant Period commencing on 1 January 2020 and expiring 30 June 2020	US\$50,789,693
Relevant Period commencing on 1 July 2020 and expiring 31 December 2020	US\$59,114,411
Relevant Period commencing on 1 January 2021 and expiring 30 June 2021	US\$54,976,659
Relevant Period commencing on 1 July 2021 and expiring 31 December 2021	US\$62,840,452
Relevant Period commencing on 1 January 2022 and expiring 30 June 2022	US\$58,018,907
Relevant Period commencing on 1 July 2022 and expiring 31 December 2022	US\$65,708,169

## 20.4 Debt Service Coverage Ratio

The Borrower shall ensure that the Debt Service Coverage Ratio in respect of any Relevant Period (including (without double-counting) any Equity Cure Contribution made in accordance with Clause 23.2(c) (*Financial Covenants*) *provided that* any Equity Cure Contribution shall only be counted in the calculation of Liquidity for such purpose) specified in column 1 (*Column 1 – Relevant Period*) below shall not be less than the ratio set out in column 2 (*Column 2 – Ratio*) below opposite that Relevant Period.

Column 1 - Relevant Period	Column 2 - Ratio
Relevant Period commencing on 1 July 2013 and expiring 31 December 2013	1.00:1
Relevant Period commencing on 1 July 2013 and expiring 30 June 2014	1.00:1
Relevant Period commencing on 1 January 2014 and expiring 31 December 2014	1.00:1
Relevant Period commencing on 1 July 2014 and expiring 30 June 2015	1.00:1
Relevant Period commencing on 1 January 2015 and expiring 31 December 2015	1.00:1
Relevant Period commencing on 1 July 2015 and expiring 30 June 2016	1.00:1
Relevant Period commencing on 1 January 2016 and expiring 31 December 2016	1.00:1
Relevant Period commencing on 1 July 2016 and expiring 30 June 2017	1.00:1
Relevant Period commencing on 1 January 2017 and expiring 31 December 2017	1.00:1
Relevant Period commencing on 1 July 2017 and expiring 30 June 2018	1.00:1
Relevant Period commencing on 1 January 2018 and expiring 31 December 2018	1.00:1
Relevant Period commencing on 1 July 2018 and expiring 30 June 2019	1.00:1
Relevant Period commencing on 1 January 2019 and expiring 31 December 2019	1.00:1
Relevant Period commencing on 1 July 2019 and expiring 30 June 2020	1.00:1
Relevant Period commencing on 1 January 2020 and expiring 31 December 2020	1.00:1
Relevant Period commencing on 1 July 2020 and expiring 30 June 2021	1.00:1
Relevant Period commencing on 1 January 2021 and expiring 31 December 2021	1.00:1
Relevant Period commencing on 1 July 2021 and expiring 30 June 2022	1.00:1
Relevant Period commencing on 1 January 2022 and expiring 31 December 2022	1.00:1

## 20.5 Net Debt to Adjusted Consolidated EBITDA

The Borrower shall ensure that the ratio of Net Debt to Adjusted Consolidated EBITDA in respect of any Relevant Period (including (without double-counting) any Equity Cure Contribution made in accordance with Clause 23.2(c) (*Financial Covenants*) *provided that* any Equity Cure Contribution shall only be counted in the calculation of Liquidity for such purpose) specified in column 1 (*Column 1 – Relevant Period*) below shall not be greater than the ratio set out in column 2 (*Column 2 – Ratio*) below opposite that Relevant Period.



Column 1 - Relevant Period	Column 2 - Ratio
Relevant Period commencing on 1 January 2013 and expiring 31 December 2013	62.00:1
Relevant Period commencing on 1 July 2013 and expiring 30 June 2014	42.00:1
Relevant Period commencing on 1 January 2014 and expiring 31 December 2014	27.00:1
Relevant Period commencing on 1 July 2014 and expiring 30 June 2015	20.50:1
Relevant Period commencing on 1 January 2015 and expiring 31 December 2015	15.75:1
Relevant Period commencing on 1 July 2015 and expiring 30 June 2016	13.00:1
Relevant Period commencing on 1 January 2016 and expiring 31 December 2016	10.50:1
Relevant Period commencing on 1 July 2016 and expiring 30 June 2017	9.00:1
Relevant Period commencing on 1 January 2017 and expiring 31 December 2017	7.25:1
Relevant Period commencing on 1 July 2017 and expiring 30 June 2018	6.00:1
Relevant Period commencing on 1 January 2018 and expiring 31 December 2018	5.00:1
Relevant Period commencing on 1 July 2018 and expiring 30 June 2019	4.25:1
Relevant Period commencing on 1 January 2019 and expiring 31 December 2019	3.50:1
Relevant Period commencing on 1 July 2019 and expiring 30 June 2020	3.00:1
Relevant Period commencing on 1 January 2020 and expiring 31 December 2020	2.50:1
Relevant Period commencing on 1 July 2020 and expiring 30 June 2021	2.50:1
Relevant Period commencing on 1 January 2021 and expiring 31 December 2021	2.50:1
Relevant Period commencing on 1 July 2021 and expiring 30 June 2022	2.50:1
Relevant Period commencing on 1 January 2022 and expiring 31 December 2022	2.50:1

## 20.6 Interest Coverage Ratio

The Borrower shall ensure that the ratio of Adjusted Consolidated EBITDA to Consolidated Interest Expense in respect of any Relevant Period (including within Adjusted Consolidated EBITDA (without double counting) any Equity Cure Contribution made in accordance with Clause 23.2 (*Financial Covenants*) during such period and not including any Equity Cure Contribution that was counted towards a calculation of any covenant for any prior Relevant Period) specified in column 1 (*Column 1 – Relevant Period*) below shall not be less than the ratio set out in column 2 (*Column 2 – Ratio*) below opposite that Relevant Period.

Column 1 - Relevant Period	Column 2 - Ratio
Relevant Period commencing on 1 July 2013 and expiring 31 December 2013	0.45:1
Relevant Period commencing on 1 July 2013 and expiring 30 June 2014	0.60:1
Relevant Period commencing on 1 January 2014 and expiring 31 December 2014	0.95:1
Relevant Period commencing on 1 July 2014 and expiring 30 June 2015	1.25:1
Relevant Period commencing on 1 January 2015 and expiring 31 December 2015	1.50:1
Relevant Period commencing on 1 July 2015 and expiring 30 June 2016	1.75:1
Relevant Period commencing on 1 January 2016 and expiring 31 December 2016	2.00:1
Relevant Period commencing on 1 July 2016 and expiring 30 June 2017	2.45:1
Relevant Period commencing on 1 January 2017 and expiring 31 December 2017	2.75:1
Relevant Period commencing on 1 July 2017 and expiring 30 June 2018	3.00:1
Relevant Period commencing on 1 January 2018 and expiring 31 December 2018	3.50:1
Relevant Period commencing on 1 July 2018 and expiring 30 June 2019	3.75:1
Relevant Period commencing on 1 January 2019 and expiring 31 December 2019	4.00:1
Relevant Period commencing on 1 July 2019 and expiring 30 June 2020	4.50:1
Relevant Period commencing on 1 January 2020 and expiring 31 December 2020	5.00:1
Relevant Period commencing on 1 July 2020 and expiring 30 June 2021	5.00:1
Relevant Period commencing on 1 January 2021 and expiring 31 December 2021	5.00:1
Relevant Period commencing on 1 July 2021 and expiring 30 June 2022	5.00:1
Relevant Period commencing on 1 January 2022 and expiring 31 December 2022	5.00:1

## 20.7 Financial Testing

The financial covenants set out in this Clause 20 shall be tested by reference to the most recent set of financial statements delivered for the Relevant Period pursuant to Clause 19 (*Information Undertakings*).

## **21. Positive Undertakings**

The undertakings in this Clause 21 (*Positive Undertakings*) remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force. The Borrower shall, and shall cause each of its Subsidiaries, to comply with the undertakings contained in this Clause 21.

### **21.1 Compliance with Laws**

- (p) Observe and remain in compliance in all material respects with all Applicable Laws and maintain in full force and effect all Authorisations, in each case applicable to the conduct of its business except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.
- (q) Without limiting the foregoing, the Borrower shall, and shall cause each of its Subsidiaries to, comply in all material respects with all terms and conditions of all Communications Licences and all federal, state and local laws, all rules, regulations and administrative orders of the FCC, state and local commissions or authorities, the ANFR or any other Governmental Authority that are applicable to the Borrower and its Subsidiaries or the telecommunications operations thereof; *provided that* the Borrower or any Subsidiary may dispute in good faith the applicability or requirements of any such matter so long as such dispute could not reasonably be expected to have a Material Adverse Effect.

### **21.2 Environmental Laws**

In addition to and without limiting the generality of Clause 21.1 (*Compliance with Laws*):

- (d) comply with, and use reasonable endeavours to ensure such compliance by all tenants and sub-tenants with all applicable Environmental Laws and obtain, comply with and maintain, and use reasonable endeavours to ensure that all tenants and subtenants, obtain, comply with and maintain, any and all Environmental Permits;
- (e) conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws, and promptly comply with all lawful orders and directives of any Governmental Authority regarding Environmental Laws; and
- (f) defend, indemnify and hold harmless the Finance Parties, and their respective parents, Subsidiaries, Affiliates, employees, agents, officers and directors, from and against any claims, demands, penalties, fines, liabilities, settlements, judgments, damages, costs and expenses of whatever kind or nature known or unknown, contingent or otherwise, arising out of, or in any way relating to the presence of Hazardous Materials, or the violation of, non-compliance with or liability under any Environmental Laws by the Borrower or any such Subsidiary, or any orders, requirements or demands of Governmental Authorities related thereto, including, without limitation, reasonable attorneys' and consultants' fees, investigation and laboratory fees, response costs, court costs and litigation expenses, except to the extent that any of the foregoing directly result from the gross negligence or wilful misconduct of the party seeking indemnification therefor, as determined by a court of competent jurisdiction by final non-appealable judgment.

### 21.3 Compliance with ERISA

In addition to and without limiting the generality of Clause 21.1 (*Compliance with Laws*) except where the failure to comply could not, individually or in aggregate, reasonably be expected to have a Material Adverse Effect:

- (h) comply with all material applicable provisions of ERISA and the Code (including Code provisions compliance with which is necessary for any intended favourable tax treatment) and the regulations and published interpretations respectively thereunder with respect to all Employee Benefit Plans;
- (i) not take any action or fail to take action the result of which could be a liability to the PBGC or to a Multiemployer Plan *provided that* this does not require funding of the pension liabilities at a time or in an amount other than as required by Applicable Law;
- (j) not participate in any prohibited transaction that could result in any civil penalty under ERISA or tax under the Code;
- (k) operate each Employee Benefit Plan in such a manner that will not incur any tax liability under Section 4980B of the Code or any liability to any qualified beneficiary as defined in Section 4980B of the Code; and
- (l) furnish to the COFACE Agent upon the COFACE Agent's request such additional information about any Employee Benefit Plan as may be reasonably requested by the COFACE Agent.

### 21.4 Insurance

- (s) Maintain insurance with insurance companies and/or underwriters rated by S&P or AM Best's Rating Agency at no lower than A- against such risks and in such amounts as are:
  - (i) maintained in accordance with prudent business practice and corporate governance; and
  - (ii) as may be required by Applicable Law with amounts and scope of coverage not less than those maintained by the Borrower and its Subsidiaries as of the date of this Agreement.
- (t) On the date of this Agreement and from time to time thereafter the Borrower shall deliver to the COFACE Agent upon its request information in reasonable detail as to the insurance then in effect, stating the names of the insurance companies, the amounts and rates of the insurance, the dates of the expiration thereof and the properties and risks covered thereby, *provided that*, with respect to paragraph (a) (i) only, neither the Borrower nor any of its Subsidiaries shall be required to obtain any insurance against the risk of loss of any in-orbit Satellites or against business interruption risks in addition to or with a broader scope of coverage than is currently maintained by the Borrower and its Subsidiaries as at the date of this Agreement.
- (u) In addition to, and without limiting the foregoing, the Borrower will, and will cause each of its Subsidiaries to, maintain insurance with respect to the Satellites as follows:
  - (i) **Property All Risks Insurance**  
The Borrower will procure or will cause the Supplier to procure at its own expense and maintain in full force and effect, at all times prior to the Launch of any Satellite purchased by the Borrower or any of its Subsidiaries pursuant

to the terms of the Satellite Construction Contract, Property All Risks Insurance upon such terms and conditions satisfactory to the COFACE Agent and as are reasonably commercially available and customary in the industry which shall cover any loss of, or damage to, the Satellites and the Satellite and Launch specific ground components, including all components thereof, at all times during the manufacture, testing, storage and transportation of the Satellites and the Satellite and Launch specific ground components up to the time of Launch of the Satellites and until delivery to the Borrower of the Satellite and Launch specific ground components.

In no event shall the Borrower or the Supplier be required to maintain or procure Property All Risks Insurance to insure risks that may be required to be insured by, or that covers the same risk or period of coverage provided by the Supplier as the Launch Insurance (as defined below). The Borrower shall cause the Supplier to name COFACE, the COFACE Agent and the Lenders as additional insured but only to the extent of those persons' interests in such Satellites; and

(ii) **Launch Insurance**

The Borrower will obtain, maintain and keep in full force and effect with respect to each Satellite that is to be launched, space risk insurance against loss of or damage to the Satellite (including any loss or damage which may occur to a Satellite during the period from Launch until Individual In-Orbit Acceptance) such space risk insurance (hereinafter in this Clause 21.4 “**Launch Insurance**”). Launch Insurance shall be bound no later than three (3) Months prior to the then scheduled Launch date of such Satellite.

The Launch Insurance shall include in-orbit cover providing for:

- (x) in the case of the first successful Launch of six (6) Satellites, a six (6) Month stabilisation and performance test period for such six (6) Satellites; and
- (y) in the case of each Launch following the first successful Launch, a three (3) Month stabilisation and performance test period for each Satellite remaining to be launched for the first twenty-four (24) Satellites.

Such Launch Insurance shall be in accordance with terms commercially available and reasonably acceptable to the COFACE Agent (acting on the instructions of the Majority Lenders) following consultation with the Insurance Consultant. The Borrower shall not be obliged to obtain, maintain or keep in force space risk insurance on any Satellite after termination for that Satellite under the relevant Launch Insurance policy. The Launch Insurance for each Satellite shall:

- (A) commence from the time that is the earlier of (i) the time designated by the Launch Services Provider during the launch sequence when the command to ignite is intentionally sent to one of the motors of the Launch Vehicle (as such term is defined in the Launch Services Contract) for the purpose of Launch following a planned countdown; and (ii) the time that the cover with respect to the relevant Satellite being launched expires under the insurance procured by the Supplier;

- (B) be denominated in Dollars for an amount not less than US\$190,900,000 until the date of the first successful Launch, and thereafter, to be an amount equal to the higher of (i) the replacement cost of a Satellite (including, the purchase price, Launch and Insurances) and (ii) US\$146,585,500;
- (C) name the applicable Obligor purchasing the Satellite as the named insured and the Security Agent for and on behalf of the Lenders as additional insured and first loss payee in accordance with the Loss Payee Clause up to the amount specified in Clause 21.4(c)(ii)(B) and provide that payments due thereunder shall be payable directly to the Security Agent as first loss payee ("**Loss Payee**") who, prior to an Event of Default, shall transfer to the Collection Account, for and on behalf of the Lenders, who shall receive in full such payments to be applied in accordance with Clause 11 (*Insurance Proceeds Account*) of the Accounts Agreement, including any accrued unpaid interest; provided that claims if any shall be adjusted with the named insured and paid to the Loss Payee; and
- (D) provide that it will not be cancelled or reduced (other than a reduction from the payment of a claim) or amended without notice to the COFACE Agent. All such notices shall be sent by facsimile and e-mail to the COFACE Agent by the insurers at the same time such notices are sent to the Borrower and shall be effective as stated in such notices provided that, fifteen (15) days' advance written notice shall be given in the event of notice of cancellation for non-payment of premium.

The Borrower shall submit evidence of cover satisfactory to the COFACE Agent (acting in consultation with the Insurance Consultant), being either the broker's issued policy documentation cover note, binder or policy documents issued by the relevant Insurer (the "**Launch Insurance Documentation**") to the COFACE Agent at least ninety (90) days prior to the first scheduled Launch date or, upon written request from the Borrower and subject to the approval of the COFACE Agent, such later mutually agreed date based on prevailing market conditions.

The Borrower shall obtain from its insurer providing the Launch Insurance waivers of any subrogation rights against the Supplier (or its sub-contractors) and shall provide evidence of such waivers to the COFACE Agent sixty (60) days prior to the Launch of any Satellite and shall provide the COFACE Agent with a certificate of such insurance coverage (including the percentage of risks given to such insurer) at the COFACE Agent's request.

(iii) **Third Party Liability Insurance**

The Borrower shall:

- (A) cause the Supplier to subscribe before Launch and/or maintain in full force and effect a third party liability insurance for liabilities arising from bodily injury and loss or damage to third party property ("**Third Party Liability Insurance**");

- (B) cause the Launch Services Provider to subscribe for and maintain Third Party Liability Insurance coverage for liabilities arising from bodily injury and loss or damage to third party property caused by Satellites after Launch in an amount on an annual basis of not less than an aggregate amount equal to:
  - (aa) €60,980,000 in respect of a Launch from the Kourou launch site;
  - (bb) US\$100,000,000 in respect of the risks covered under article 15.2.1(ii) of the Launch Services Contract, for Launches from the Baïkonur launch site.

in each case, per occurrence, naming COFACE, the COFACE Agent and the Lenders as additional insured thereunder. In accordance with the Satellite Construction Contract, the Borrower shall use its best efforts to cause the Launch Services Provider to name the Supplier (and its sub-contractors) as additional insureds under the Launch Services Provider's Third Party Liability Insurance; and

- (C) cause the Launch Services Provider to submit a copy of the Third Party Liability Insurance documentation to the COFACE Agent as soon as practicable and in any event no less than thirty (30) days prior to the scheduled Launch date for any Launch. Such insurance shall be in full force at the Launch date (as of Intentional Ignition (as such term is defined in the Launch Services Contract)) and shall be maintained for a period equal to the lesser of:
  - (aa) twelve (12) Months; or
  - (bb) so long as all or any part of the Launch Vehicle (as such term is defined in the Launch Services Contract), the Satellite(s) and/or their components remain in orbit.
- (v) Each insurance policy shall comply with the Lenders' requirements set out in Clause 21.4(e) below and shall be on reasonable terms and conditions and with acceptable exclusions and a reasonable level of deductible acceptable to the COFACE Agent (acting on the instructions of the Majority Lenders).

(w) **General Insurance Provisions and Requirements**

The Borrower shall:

- (iii) provide, or as appropriate, request the Supplier and/or the Launch Services Provider to deliver to the COFACE Agent, promptly after issuance of each relevant Insurance, certificate(s) of internationally recognised insurance broker(s) usually involved in space risk insurance and approved by the Lenders, confirming that:
  - (A) the Property All Risks Insurance, the Launch Insurance and the Third Party Liability Insurance, as appropriate, are in full force and effect on the date they are respectively required to be entered into force,
  - (B) the names and percentages of the relevant insurance companies;
  - (C) the sums insured and expiration dates of such Insurances;



- (D) the premia for the Property All Risks Insurance, Launch Insurance and the Third Party Liability Insurances shall be payable by the Borrower, the Supplier and the Launch Services Provider, as applicable, in accordance with the terms of credit agreed for each such Insurance; and
  - (E) all premia due at the date of such certificate have been paid in full.
- (iv) use reasonable efforts (having regard to the terms which are reasonably commercially available in the insurance market) to obtain agreement to incorporate in the Insurances the following provisions or provisions substantially similar in content:
- (A) the insurers, either directly or via the insurance broker, and the broker shall also advise the COFACE Agent (by facsimile and by e-mail) of any loss or of any default in the payment of any premium and of any event other act or omission on the part of the Borrower, the Supplier and/or the Launch Services Provider, as applicable, of which the broker or the insurers have knowledge and which might result in the invalidation, the lapse or the cancellation in whole or in part of such Insurance;
  - (B) the COFACE Agent and/or the Lenders shall have the right (without any obligation) to pay the insurance premia if the relevant party fails to or delays in making any such payment within the time periods specified in the relevant insurance policies. If any payment of the premia is effected by the COFACE Agent and/or the Lenders, the Borrower shall on demand reimburse the COFACE Agent and/or the Lenders the amount of any premia so paid and all related costs and expenses;
  - (C) if the Borrower, the Supplier and/or the Launch Services Provider (as applicable) fails or delays in filing any notice of proof of loss, the COFACE Agent shall have the right to join the Borrower, the Supplier and/or the Launch Services Provider (as applicable) in submitting a notice of proof of any loss within the time periods specified in the applicable insurance policies;
  - (D) the insurers waive:
    - (aa) all rights of set-off and counterclaim against COFACE, the COFACE Agent and the Lenders in connection with their rights to make payments under such insurance; and
    - (bb) all rights of subrogation to the rights of the COFACE Agent and the Lenders against the Borrower;
  - (E) the insurance be primary and not excess to or contributory to any insurance or self-insurance maintained by the Lenders;
  - (F) the Insurances shall not be permitted to lapse or to be cancelled, without written notice being given by facsimile and e-mail to the COFACE Agent at the same time such notices are sent to the Borrower and shall be effective as stated in such notices *provided that*, fifteen (15) days' advance written notice shall be given by the Borrower in the event of notice of cancellation for non-payment of premium; and

- (G) the insurers will undertake, not to make any material modification or amendment to the terms of such insurance policies without the prior written consent of the COFACE Agent (acting on the instructions of all the Lenders). For the purpose of this paragraph (G), material modification means a modification such that the insurance as modified would not meet any longer the terms and conditions set out in this Agreement.

## 21.5 Additional Domestic Subsidiaries

Notify the COFACE Agent of the creation or acquisition of any Domestic Subsidiary and promptly thereafter (and in any event within sixty (60) days), cause such person to:

- (j) become a Subsidiary Guarantor by delivering to the COFACE Agent a duly executed Guarantee Agreement or such other document as the COFACE Agent shall deem appropriate for such purpose;
- (k) pledge a security interest in all Collateral owned by such Subsidiary (*provided that* if such Collateral consists of Capital Stock of a Foreign Subsidiary, such security interest will be limited to sixty-five *per cent.* (65%) of such Capital Stock (subject to the provisions of clause 3.6 (*Foreign Subsidiaries Security*) of the Stock Pledge Agreement)) by delivering to the COFACE Agent a duly executed supplement to each Security Document or such other document as the COFACE Agent shall deem appropriate for such purpose and comply with the terms of each Security Document;
- (l) deliver to the COFACE Agent such documents and certificates referred to in Schedule 2 (*Conditions Precedent*) as may be reasonably requested by the COFACE Agent;
- (m) deliver to the COFACE Agent such original Capital Stock or other certificates and stock or other transfer powers evidencing the Capital Stock of such person;
- (n) deliver to the COFACE Agent such updated schedules to the Finance Documents as requested by the COFACE Agent with respect to such person; and
- (o) deliver to the COFACE Agent such other documents as may be reasonably requested by the COFACE Agent (including, any “*know your customer*” information), all in form, content and scope reasonably satisfactory to the COFACE Agent.

## 21.6 Additional Foreign Subsidiaries

Notify the COFACE Agent at the time that any person becomes a Foreign Subsidiary of the Borrower or any Subsidiary, and promptly thereafter (and in any event within sixty (60) days after notification):

- (m) with respect to any Subsidiary that is directly owned by an Obligor, cause the Borrower or the applicable Subsidiary to deliver to the COFACE Agent a Security Document pledging sixty five *per cent.* (65%) of the total outstanding Capital Stock of such new Foreign Subsidiary (subject to the provisions of clause 3.6 (*Foreign Subsidiaries Security*) of the Stock Pledge Agreement) and a consent thereto executed by such new Foreign Subsidiary (including, without limitation, if applicable, original stock certificates (or the equivalent thereof pursuant to the Applicable Laws and practices of any relevant foreign jurisdiction) evidencing that the Capital Stock of such new Foreign Subsidiary, together with an appropriate undated stock power for each certificate duly executed in blank by the registered owner thereof);

- (n) cause such person to deliver to the COFACE Agent such documents and certificates referred to in Schedule 2 (*Conditions Precedent*) as may be reasonably requested by the COFACE Agent;
- (o) cause the Borrower to deliver to the COFACE Agent such updated schedules to the Finance Documents as requested by the COFACE Agent with regard to such person; and
- (p) cause such person to deliver to the COFACE Agent such other documents as may be reasonably requested by the COFACE Agent, all in form, content and scope reasonably satisfactory to the COFACE Agent.

#### **21.7 Additional Communications Licences**

Notify the COFACE Agent within thirty (30) days after the acquisition of any Material Communications Licence and cause any Communications Licence issued by the FCC or the ANFR that is acquired by the Borrower or any Subsidiary thereof after the date of this Agreement to be held by a Licence Subsidiary.

#### **21.8 Owned Real Property**

As soon as practical, and in any event within thirty (30) days following Financial Close (as such date may be extended by the COFACE Agent in its reasonable discretion), or at such later time as may be provided below, with respect to all owned real property (to the extent located in the United States) of the Borrower or any of the other Subsidiaries as of the date of this Agreement:

##### **(c) Mortgages**

the COFACE Agent shall have received a duly authorised, executed and delivered Mortgage in form and substance reasonably satisfactory to the COFACE Agent;

##### **(d) Title Insurance**

the COFACE Agent shall have received upon its written request therefor a marked-up commitment for a policy of title insurance, insuring the Finance Parties' first priority Liens and showing no Liens (other than those Liens set out in items 7 and 8 of Schedule 17 (*Existing Liens*)), prior to the Finance Parties' Liens other than for *ad valorem* taxes not yet due and payable, with title insurance companies acceptable to the COFACE Agent on the property subject to a Mortgage with the final title insurance policy, being delivered within sixty (60) days after the date of this Agreement, as such date may be extended by the COFACE Agent in its reasonable discretion. Further, the Borrower agrees to provide or obtain any customary affidavits and indemnities as may be required or necessary to obtain title insurance satisfactory to the COFACE Agent;

##### **(e) Title Exceptions**

the COFACE Agent shall have received upon its written request therefor copies of all recorded documents creating exceptions to the title policy referred to in Clause 21.8(a) (*Mortgages*);

##### **(f) Matters Relating to Flood Hazard Properties**

the COFACE Agent shall have received upon its written request therefor a certification from the U.S. National Research Centre, or any successor agency thereto, regarding each parcel of real property subject to a Mortgage; and

##### **(g) Other Real Property Information**

the COFACE Agent shall have received such other certificates, documents and information as are reasonably requested by the COFACE Agent, including, without limitation, engineering and structural reports, permanent certificates of occupancy and evidence of zoning compliance, each in form and substance satisfactory to the COFACE Agent.

#### **21.9 Leased Real Property**

The Borrower shall use reasonable efforts to cause within thirty (30) days following the written request therefor by the COFACE Agent (as such date may be extended by the COFACE Agent in its reasonable discretion), with respect to all leased real property (to the extent located in the United States) of the Borrower or any of its Subsidiaries as of the date of this Agreement, the COFACE Agent to have received a duly authorized, executed and delivered collateral assignment of lease and related landlord agreement, in each case, in form and substance satisfactory thereto.

#### **21.10 After Acquired Real Property Collateral**

Notify the COFACE Agent, within ten (10) Business Days after the acquisition of any owned or leased real property by any Obligor that is not subject to the existing Security Documents, and within ninety (90) days following request by the COFACE Agent, deliver or, in the case of leased real property, use reasonable efforts to deliver, the corresponding documents, instruments and information required to be delivered pursuant to:

- (g) Clause 21.8 (*Owned Real Property*) if such real property is owned; or
- (h) Clause 21.9 (*Leased Real Property*) if such real property is leased.

#### **21.11 Hedging Agreements**

Not later than ninety (90) days after the end of any fiscal quarter during which more than twenty five *per cent.* (25%) of revenues is originally denominated in a single currency other than Dollars or Canadian Dollars, execute foreign currency exchange or swap Hedging Agreements with the Original Lenders for such currency on terms and conditions reasonably acceptable to the COFACE Agent.

#### **21.12 Taxation**

- (d) Each Obligor shall (and the Borrower shall ensure that each member of the Group will) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:
  - (i) such payment is being contested in good faith;
  - (ii) adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements delivered to the COFACE Agent under Clause 19 (*Information Undertakings*); and
  - (iii) such payment can be lawfully withheld and failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect.
- (e) No Obligor may change its residence for Tax purposes.

#### **21.13 Preservation of Assets**

The Borrower shall (and shall ensure that each member of the Group will) maintain in good working order and condition (ordinary wear and tear excepted) all of its assets necessary in the conduct of its business.

#### **21.14 *Pari Passu* Ranking**

The Borrower shall (and shall ensure that each Obligor will):

- (a) procure that its obligations under the Finance Documents to which it is a party do and will rank at least *pari passu* with all its other present and future unsecured, unsubordinated obligations, save for obligations preferred by operation of Applicable Law; and
- (b) ensure that at all times the claims of each Finance Party against it under the Finance Documents to which it is a party rank at least *pari passu* with the claims of all its unsecured creditors save those whose claims are preferred by any bankruptcy, insolvency, liquidation or similar Applicable Laws of general application.

#### **21.15 Intellectual Property**

The Borrower shall (and shall ensure that each member of the Group will):

- (a) preserve and maintain the subsistence and validity of the Intellectual Property necessary for the business of the relevant Group member;
- (b) use reasonable endeavours to prevent any infringement in any material respect of the Intellectual Property;
- (c) make registrations and pay all registration fees and taxes necessary to maintain the Intellectual Property in full force and effect and record its interest in that Intellectual Property;
- (d) not use or permit the Intellectual Property to be used in a way or take any step or omit to take any step in respect of that Intellectual Property which may materially and adversely affect the existence or value of the Intellectual Property or imperil the right of any member of the Group to use such property; and
- (e) not discontinue the use of the Intellectual Property,

where failure to do so, in the case of paragraphs (a) and (b) above, or, in the case paragraphs (d) and (e) above, such use, permission to use, omission or discontinuation, is reasonably likely to have a Material Adverse Effect.

#### **21.16 Access**

If a Default is continuing or the COFACE Agent reasonably suspects a Default is continuing or may occur, each Obligor shall, and the Borrower shall ensure that each member of the Group will permit the COFACE Agent and/or the Security Agent and/or accountants or other professional advisers and contractors of the COFACE Agent or Security Agent free access at all reasonable times and on reasonable notice at the risk and cost of the Borrower to:

- (a) the premises, assets, books, accounts and records of each member of the Group; and
- (b) meet and discuss matters with management of the Group.

#### **21.17 Further Assurance**

- (c) The Borrower shall (and shall procure that each member of the Group will) promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require in favour of the Security Agent or its nominee(s)):
  - (vii) to perfect a Lien created or intended to be created under or evidenced by the Security Documents (which may include the execution of a mortgage, charge, assignment or other Lien over all or any of the assets which are, or are intended to be, the subject of the Security Documents) or for the exercise of any rights, powers and remedies of the Security Agent or the Finance Parties provided by or pursuant to the Finance Documents or by Applicable Law;
  - (viii) to confer on the Security Agent or confer on the Finance Parties a Lien over any property and assets of the Group located in any jurisdiction equivalent or similar to a Lien intended to be conferred by or pursuant to the Security Documents; and
  - (ix) to facilitate the realisation of the assets which are, or are intended to be, the subject of a Lien.
- (d) The Borrower shall (and shall procure that each member of the Group shall) take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Lien conferred or intended to be conferred on the Security Agent or the Finance Parties by or pursuant to the Finance Documents.
- (e) The Borrower will, and shall procure that any member of the Thermo Group will, in the case of any Subordinated Liabilities which are not evidenced by any instrument, upon the Security Agent's request, ensure that such Subordinated Liabilities shall be evidenced by an appropriate instrument or instruments.
- (f) The Borrower shall, and shall procure that each of Thermo and the Subsidiary Guarantors shall, promptly upon the request of the Security Agent, at its own cost, do all such acts or execute all such documents reasonably deemed necessary or desirable by the Security Agent to confirm or establish the validity and enforceability of the subordination effected by, and the obligations of the Borrower and such party under, the Thermo Subordination Deed or the Subsidiary Guarantor Subordination Deed (as the case may be).

#### **21.18 Payments under the Satellite Construction Contract**

All payments to be made in accordance with Exhibit F of the Satellite Construction Contract for the balance of phase 1 and 2 after EDC2 (as such term is defined in the Satellite Construction Contract) shall be invoiced in Euros by the Supplier and paid in Dollars using the exchange rate set out in the Supplier Direct Agreement.

#### **21.19 Equity Commitments**

- (j) The Borrower shall procure that each member of the Thermo Group complies with its obligations in respect of the provision of the Equity Commitments under and in accordance with the provisions of the First Global Deed of Amendment and Restatement, the First Thermo Group Undertaking Letter, the Second Global Amendment and Restatement Agreement, and/or the Second Thermo Group Undertaking Letter, as applicable.

- (k) The Borrower shall procure that any third party (other than Thermo) providing funds to the Group for the purposes of satisfaction of all or a part of the Equity Commitments or pursuant to any other instrument of indebtedness (equity linked or otherwise) shall, to the extent the Equity Commitment (or any portion thereof) is evidenced by an instrument of indebtedness, enter into an Acceptable Intercreditor Agreement.

#### **21.20 Key Agreements**

The Borrower shall:

- (c) duly and punctually perform and comply with its obligations under the Key Agreements, other than any such failure to perform or comply which does not have or could not reasonably be expected to have, a Material Adverse Effect; and
- (d) take all commercially reasonable steps necessary or desirable to protect, maintain, exercise and enforce all its rights with respect to any Key Agreement and use all its commercially reasonable efforts to procure the due performance by each other party to such Key Agreements of such party's respective material obligations under each such Key Agreement.

#### **21.21 New Subordinated Indebtedness**

- (a) The Borrower shall procure that any new Subordinated Indebtedness entered into by the Borrower or any Subsidiary on or after the First Effective Date shall:
  - (iii) have a maturity that extends beyond the date on which all principal, interest and other amounts due and owing under the Finance Documents have been paid in full; and
  - (iv) be subordinated to the rights of the Finance Parties pursuant to an Acceptable Intercreditor Agreement.
- (b) The Borrower shall procure that upon the entry into any guarantee in respect of the 8% New Notes by the Subsidiary Guarantors pursuant to Clause 22.1(1) (*Limitations on Financial Indebtedness*), a copy of such guarantee is delivered to the COFACE Agent together with an opinion from Taft Stettinius & Hollister LLP (or such other law firm as may be acceptable to the COFACE Agent) (in substantially the same form as the opinion delivered by Taft Stettinius & Hollister LLP to the COFACE Agent as a condition precedent to the First Effective Date) confirming that the subordination arrangements contained therein are the legal, valid, binding and enforceable obligations of the parties to such guarantee. If any Subsidiary becomes a Subsidiary Guarantor or a guarantor of any other notes issued under the Original Indenture and any supplemental indenture relating thereto, such Subsidiary may execute a joinder to the document evidencing the Guarantee Obligations referred to in Clause 22.1(1) (*Limitations on Financial Indebtedness*), subject to the other provisions of such Clause 22.1(1).

#### **21.22 Second Generation Ground Station**

The Borrower shall procure that the second generation ground station updates are completed by Hughes and Ericsson no later than 31 December 2016.

### **22. Negative Undertakings**

The undertakings in this Clause 22 (*Negative Undertakings*) remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any

Commitment is in force. The Borrower shall, and shall cause each of its Subsidiaries to, comply with the undertakings contained in this Clause 22.

## **22.1 Limitations on Financial Indebtedness**

Not create, incur, assume or suffer to exist any Financial Indebtedness except:

- (g) the Obligations (excluding any Hedging Obligations permitted pursuant to Clause 22.1(c));
- (h) Financial Indebtedness incurred in connection with the Interest Rate Cap Agreement;
- (i) Financial Indebtedness incurred in connection with a Hedging Agreement required pursuant to Clause 21.11 (*Hedging Agreements*);
- (j) Financial Indebtedness existing as at the First Effective Date and not otherwise permitted under this Clause 22.1 and set out in Schedule 14 (*Financial Indebtedness and Guarantee Obligations*);
- (k) Guarantee Obligations in favour of the COFACE Agent for the benefit of the COFACE Agent and the Finance Parties;
- (l) unsecured:
  - (i) Subordinated Indebtedness owed by any Obligor to another Obligor;
  - (ii) Subordinated Indebtedness owed by any Obligor to a Foreign Subsidiary;
  - (iii) Financial Indebtedness owed by a Foreign Subsidiary to any Obligor; *provided that* the aggregate amount of such Financial Indebtedness outstanding at any time pursuant to this paragraph (iii) shall not exceed the Foreign Investment Limitation (calculated without regard to paragraph (b) of the definition of Foreign Investment Limitation and excluding the Existing Canadian Note) as of any date of determination;
  - (iv) Financial Indebtedness owed by a Foreign Subsidiary to another Foreign Subsidiary; and
  - (v) Guarantee Obligations by the Borrower on behalf of any Obligor or Foreign Subsidiary not to exceed US\$1,000,000 in aggregate;
- (m) Financial Indebtedness pursuant to the following paragraphs (i) to (v) (and any extension, renewal, replacement or refinancing thereof, but not to increase the aggregate principal amount), *provided that* at the time such Financial Indebtedness is incurred, the COFACE Agent and the Lenders shall have received from the Borrower a Compliance Certificate in form and substance satisfactory to the COFACE Agent (including an Adjusted Consolidated EBITDA Reconciliation for the fiscal period covered by such Compliance Certificate), demonstrating that, after giving effect to the incurrence of any such Financial Indebtedness, the Borrower will be in *pro forma* compliance with the financial covenants set out in Clause 20 (*Financial Covenants*) applicable at such time:
  - (vi) Financial Indebtedness of the Borrower and its Subsidiaries incurred in connection with Capital Leases and/or purchase money Financial Indebtedness of the Borrower and its Subsidiaries in an aggregate amount not to exceed US\$25,000,000 on any date of determination;
  - (vii) Financial Indebtedness of a person existing at the time such person became a Subsidiary or assets were acquired from such person not exceeding US



\$10,000,000, to the extent such Financial Indebtedness was not incurred in connection with or in contemplation of, such person becoming a Subsidiary or the acquisition of such assets, which transactions in aggregate since the date of this Agreement do not exceed at any time US\$25,000,000;

- (viii) subject to paragraph (l) below, Guarantee Obligations with respect to Financial Indebtedness permitted pursuant to paragraph (g) of this Clause 22.1;
- (ix) Financial Indebtedness of Foreign Subsidiaries, not to exceed in the aggregate at any time outstanding US\$2,000,000; and
- (x) Subordinated Indebtedness not otherwise permitted pursuant to this Clause 22.1 in an aggregate amount outstanding not to exceed US\$200,000,000 at any time, *provided that*, no Event of Default has occurred and is continuing and subject to the prior agreement of an Acceptable Intercreditor Agreement. For the avoidance of doubt, neither a Borrower nor a Subsidiary shall incur any Subordinated Indebtedness which permits any cash payment in respect of Subordinated Indebtedness prior to the Final Maturity Date without the prior written consent of the COFACE Agent;
- (n) Financial Indebtedness incurred in respect of workers' compensation claims, self-insurance obligations, bankers' acceptances, performance, surety and similar bonds and completion guarantees provided by the Borrower or one of its Subsidiaries in the ordinary course of trading, not to exceed in the aggregate at any time outstanding US\$10,000,000;
- (o) Financial Indebtedness arising from the honouring by a bank or other financial institution of a cheque, draft or similar instrument in the ordinary course of trading inadvertently drawn against insufficient funds, *provided however, that* such Financial Indebtedness is extinguished within five (5) Business Days and does not exceed in the aggregate at any time outstanding US\$10,000,000;
- (p) Financial Indebtedness arising from any agreement by the Borrower or any of its Subsidiaries providing for indemnities, guarantees, purchase price adjustments, holdbacks, contingency payment obligations based on the performances of the acquired or disposed assets or similar obligations incurred by any person in connection with the acquisition or disposition of assets or Capital Stock as permitted by this Agreement *provided that* such Financial Indebtedness does not exceed in the aggregate at any time outstanding US\$10,000,000;
- (q) Financial Indebtedness incurred in connection with any Permitted Vendor Indebtedness;
- (r) Guarantee Obligations of the Subsidiary Guarantors in connection with the 8% New Notes *provided that*:
  - (x) such Guarantee Obligations are subordinated to the provisions of the Finance Documents;
  - (xi) at the time that such Guarantee Obligations are entered into, no member of the Thermo Group is in breach of any of its obligations in respect of the Equity Commitments;
  - (xii) the Borrower shall have received the 2013 Closing Commitment and the 2013 Year-End Commitment;
  - (xiii) no Event of Default has occurred which is continuing;

- (xiv) the terms of such Guarantee Obligations shall be consistent with, and no less favourable to the Lenders than, the terms set out in the 5.75% Notes Term Sheet;
- (xv) each Subsidiary Guarantor is a party to the Subsidiary Guarantor Subordination Deed; and
- (xvi) the Guarantee Obligations shall not be entered into prior to 26 December 2013; and
- (s) Financial Indebtedness otherwise approved by the COFACE Agent in writing.

## 22.2 Limitations on Liens

Not create, incur, assume or suffer to exist, any Lien on or with respect to any of its assets or properties (including, without limitation, shares of Capital Stock), real or personal, whether now owned or hereafter acquired, except:

- (m) Liens of the Security Agent or the COFACE Agent (as the case may be) for the benefit of the Finance Parties under the Finance Documents;
- (n) Liens not otherwise permitted by this Clause 22 and in existence on the date of this Agreement and described in Schedule 17 (*Existing Liens*);
- (o) Liens for taxes, assessments and other governmental charges or levies not yet due or as to which the period of grace if any, related thereto has not expired or which are being contested in good faith and by appropriate proceedings if adequate reserves are maintained to the extent required by GAAP;
- (p) the claims of material men, mechanics, carriers, warehousemen, processors or landlords for labour, materials, supplies or rentals incurred in the ordinary course of trading:
  - (i) which are not overdue for a period of more than ninety (90) days; or
  - (ii) which are being contested in good faith and by appropriate proceedings if adequate reserves are maintained to the extent required by GAAP;
- (q) Liens consisting of deposits or pledges made in the ordinary course of trading in connection with, or to secure payment of, obligations under workers' compensation, unemployment insurance or similar legislation;
- (r) Liens constituting encumbrances in the nature of zoning restrictions, easements and rights or restrictions of record on the use of real property, which in the aggregate are not substantial in amount and which do not, in any case, detract from the value of such property or impair the use thereof in the ordinary conduct of trading;
- (s) Liens existing on any asset of any person at the time such person becomes a Subsidiary or is merged or consolidated with or into a Subsidiary which:
  - (v) were not created in contemplation of or in connection with such event; and
  - (vi) do not extend to or cover any other property or assets of the Borrower or any Subsidiary, so long as any Financial Indebtedness related to any such Liens are permitted under Clause 22.1(g)(ii) (*Limitations on Financial Indebtedness*):

- (t) Liens securing Financial Indebtedness permitted under Clause 22.1(g)(i) (*Limitations on Financial Indebtedness*) provided that:
  - (iii) such Liens shall be created substantially simultaneously with the acquisition or lease of the related asset;
  - (iv) such Liens do not at any time encumber any property other than the property financed by such Financial Indebtedness;
  - (v) the amount of Financial Indebtedness secured thereby is not increased; and
  - (vi) the principal amount of Financial Indebtedness secured by any such Lien shall at no time exceed one hundred *per cent.* (100%) of the original purchase price or lease payment amount of such property at the time it was acquired;
- (u) Liens securing Financial Indebtedness permitted under Clause 22.1(g)(iv) (*Limitations on Financial Indebtedness*) provided that such liens do not at any time encumber any property other than that of the applicable Foreign Subsidiary obliged with respect to such Financial Indebtedness;
- (v) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of trading;
- (w) Liens incurred or deposits made in the ordinary course of trading in connection with workers' compensation, unemployment insurance and other types of social security;
- (x) rights of banks to set-off deposits against debts owed to such banks;
- (y) Liens upon specific items of inventory or other goods and proceeds of the Borrower and its Subsidiaries securing their obligations in respect of bankers' acceptances issued or created for the account of any such person to facilitate the purchase, storage or shipment of such inventory or other goods;
- (z) Liens in favour of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;
- (aa) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Borrower or one of its Subsidiaries relating to such property or assets;
- (bb) Liens on assets that are the subject of a sale and leaseback transaction permitted by the provisions of this Agreement;
- (cc) Liens securing Permitted Vendor Indebtedness, *provided that* such Lien does not attach or encumber any asset or property of the Borrower or any Subsidiary thereof other than the asset or personal property which is the subject of such obligation;
- (dd) Liens securing Financial Indebtedness permitted by Clause 22.1(b) or (c) (*Limitations on Financial Indebtedness*);
- (ee) Liens not otherwise permitted under this Agreement securing obligations not at any time exceeding in aggregate US\$5,000,000; and
- (ff) Liens otherwise approved by the COFACE Agent in writing.

### **22.3 Limitations on Loans, Investments and Acquisitions**

Not purchase, own, invest in or otherwise acquire, directly or indirectly, any Capital Stock, interests in any partnership or joint venture (including, without limitation, the creation or capitalisation of any Subsidiary), evidence of Financial Indebtedness or other obligation or security, substantially all or a portion of the business or assets of any other person or any other investment or interest whatsoever in any other person, or make or permit to exist, directly or indirectly, any loans, advances or extensions of credit to, or any investment in cash or by delivery of property in, any person except:

- (x) investments:
  - (i) existing on the date of this Agreement in Subsidiaries existing on the date of this Agreement;
  - (ii) after the date of this Agreement in:
    - (F) existing Subsidiaries; and/or
    - (G) Subsidiaries formed after the date of this Agreement, *provided that*, in each case:
      - (x) the Borrower and its Subsidiaries comply with the applicable provisions of Clause 21.5 (*Additional Domestic Subsidiaries*); and
      - (y) the amount of any such investments in a Foreign Subsidiary shall not exceed the Foreign Investment Limitation as of the date of such investment;
  - (iii) the other loans, advances and investments described on Schedule 21 (*Existing Loans, Investments and Advances*) existing on the date of this Agreement;
  - (iv) by any Subsidiary in the Borrower;
- (y) investments in:
  - (i) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency thereof maturing within one hundred and twenty (120) days from the date of acquisition thereof;
  - (ii) commercial paper maturing no more than one hundred and twenty (120) days from the date of creation thereof and currently having the highest rating obtainable from either S&P or Moody's;
  - (iii) certificates of deposit maturing no more than one hundred and twenty (120) days from the date of creation thereof issued by commercial banks incorporated under the laws of the United States, each having combined capital, surplus and undivided profits of not less than US\$500,000,000 and having a rating of "A" or better from either S&P or Moody's; *provided that* the aggregate amount invested in such certificates of deposit shall not at any time exceed US\$5,000,000 for any one such certificate of deposit and US\$10,000,000 for any one such bank;
  - (iv) time deposits maturing no more than thirty (30) days from the date of creation thereof with commercial banks or savings banks or savings and loan associations each having membership either in the FDIC or the deposits of which are insured by the FDIC and in amounts not exceeding the maximum amounts of insurance thereunder; and

- (v) other investments permitted by the Borrower's investment policy as of the date hereof in the form attached at Schedule 27 (*Investment Policy*);
- (z) investments by the Borrower or any of its Subsidiaries in the form of Permitted Joint Venture Investments or, with the prior written consent of the Lenders, Permitted Acquisitions;
- (aa) Hedging Agreements permitted pursuant to Clause 21.11 (*Hedging Agreements*) and any Interest Rate Cap Agreement and investments in collateral accounts securing any Hedging Agreements and Interest Rate Cap Agreement;
- (bb) purchases of assets in the ordinary course of trading;
- (cc) investments in the form of loans and advances to employees in the ordinary course of trading, which, in aggregate, do not exceed at any time US\$500,000;
- (dd) intercompany Financial Indebtedness permitted pursuant to Clause 22.1(e) (*Limitations on Financial Indebtedness*);
- (ee) loans to one (1) or more officers or other employees of the Borrower or its Subsidiaries in connection with such officers' or employees' acquisition of Capital Stock of the Borrower in the ordinary course of trading, consistent with the Borrower's equity incentive plan, which, in aggregate, do not exceed at any time US\$500,000;
- (ff) endorsement of cheques or bank drafts for deposit or collection in the ordinary course of trading;
- (gg) performance, surety and appeal bonds;
- (hh) investments consisting of non-cash consideration received by the Borrower or any of its Subsidiaries from the sale of assets or Capital Stock of a Subsidiary as permitted by this Agreement; and
- (ii) investments in Globaltouch (West Africa) Limited *provided that*:
  - (i) the amount of such investment does not exceed US\$5,000,000 including any such investment made prior to the date of this Agreement;
  - (ii) the investment complies with paragraphs (b), (d) and (e) of the definition of Permitted Joint Venture Investments; and
  - (iii) the Borrower shall deliver such information relating to the investment as the COFACE Agent may reasonably request.

#### **22.4 Limitations on Mergers and Liquidations**

Not merge, consolidate or enter into any similar combination with any other person or liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution) except:

- (p) any Wholly-Owned Subsidiary of the Borrower may be merged or consolidated with or into the Borrower (*provided that* the Borrower shall be the continuing or surviving person) or with or into any Subsidiary Guarantor (*provided that* the Subsidiary Guarantor shall be the continuing or surviving person);
- (q) any Wholly-Owned Subsidiary may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower or any other Wholly-Owned Subsidiary; (*provided that* if the transferor in such a transaction is a

Subsidiary Guarantor, then the transferee must either be the Borrower or a Subsidiary Guarantor);

- (r) any Wholly-Owned Subsidiary of the Borrower may merge with or into the person such Wholly-Owned Subsidiary was formed to acquire in connection with a Permitted Acquisition; and
- (s) any Subsidiary of the Borrower may wind-up into the Borrower or any Subsidiary Guarantor.

## **22.5 Limitations on Asset Dispositions**

Not make any Asset Disposition (including, without limitation, the sale of any receivables and leasehold interests and any sale-leaseback or similar transaction) except:

- (q) the sale of inventory in the ordinary course of trading;
- (r) the sale of obsolete, damaged, worn-out or surplus assets no longer needed in the business of the Borrower or any of its Subsidiaries;
- (s) any lease or sub-licence of spectrum subject to a Communications Licence *provided that* such lease or sub-licence is on *bona fide* arms length terms at the time such agreement is entered into and does not have, and could not reasonably expected to have, a Material Adverse Effect;
- (t) the transfer of assets to the Borrower or any Subsidiary Guarantor pursuant to Clause 22.4 (*Limitations on Mergers and Liquidations*); and
- (u) the sale or discount without recourse of accounts receivable arising in the ordinary course of trading in connection with the compromise or collection thereof.

## **22.6 Limitations on Dividends and Distributions**

Not (and shall procure that each member of the Group shall not) pay or make any Shareholder Distribution without the prior written consent of all the Lenders (including any repayment of the US\$35,000,000 (or such higher amount to take into account accrued but unpaid interest) shareholder loan from Thermo to the Borrower and all other amounts owing to Thermo under the Thermo Loan Agreement).

## **22.7 Limitations on Exchange and Issuance of Capital Stock**

Except as provided for in the Borrower's 2006 Equity Incentive Plan and the "*Designated Executive Incentive Award Agreement*", not issue, sell or otherwise dispose of any class or series of Capital Stock that, by its terms or by the terms of any security into which it is convertible or exchangeable, is, or upon the happening of an event or passage of time would be:

- (h) convertible or exchangeable into Financial Indebtedness; or
- (i) required to be redeemed or repurchased prior to the date that is six (6) Months after the Final Maturity Date, including at the option of the holder, in whole or in part, or has, or upon the happening of an event or passage of time would have, a redemption or similar payment due.

## **22.8 Transactions with Affiliates**

Not directly or indirectly:

- (e) make any loan or advance to, or purchase or assume any note or other obligation to or from, any of its officers, directors, shareholders or other Affiliates, or to or from any member of the immediate family of any of its officers, directors, shareholders or other Affiliates, or subcontract any operations to any of its Affiliates, unless otherwise expressly permitted under this Agreement; or
- (f) enter into, or be a party to, any other transaction not described in clause (a) above with any of its Affiliates other than:
  - (xi) transactions permitted by Clause 22.1 (*Limitations on Financial Indebtedness*), 22.3 (*Limitations on Loans, Investments and Acquisitions*), 22.4 (*Limitations on Mergers and Liquidations*) and 22.7 (*Limitations on Exchange and Issuance of Capital Stock*);
  - (xii) transactions existing on the date of this Agreement and described in Schedule 20 (*Transactions With Affiliates*);
  - (xiii) normal compensation and reimbursement of reasonable expenses of officers and directors including adoption of a restricted stock bonus or purchase plan;
  - (xiv) other transactions in the ordinary course of trading on terms as favourable as would be obtained by it on a comparable arms-length transaction with an independent, unrelated third party as determined in good faith by the board of directors of the Borrower;
  - (xv) subject to the provisions of Clause 22.14 (*Employee Incentive Plans*), the Borrower's incentive compensation plan described in Schedule 22 (*Incentive Plan*); and
  - (xvi) transactions pursuant to the Finance Documents.

## **22.9 Certain Accounting Changes; Organisational Documents**

- (i) Not change its Fiscal Year end, or make any change in its accounting treatment and reporting practices except as required by GAAP.
- (j) Not amend, modify or change:
  - (xvii) its articles of incorporation (or corporate charter or other similar organizational documents); or
  - (xviii) its bylaws (or other similar documents),in any such case, in any manner adverse in any respect to the rights or interests of the Finance Parties.

## **22.10 Amendments; Payments and Prepayments of Subordinated Indebtedness**

- (c) Not amend or modify (or permit the modification or amendment of) any of the terms or provisions of any Subordinated Indebtedness without the consent of the COFACE Agent and the Lenders.

- (d) Not cancel, forgive, make any payment or prepayment on, or redeem or acquire for value including, without limitation:
  - (xvii) by way of depositing with any trustee with respect thereto money or securities before due for the purpose of paying when due; and
  - (xviii) at the maturity thereof any Subordinated Indebtedness, except refinancings, refundings, renewals, extensions or exchange of any Subordinated Indebtedness permitted by Clause 22.1 (*Limitations on Financial Indebtedness*).

#### **22.11 Restrictive Agreements**

Not enter into or permit to exist any agreement which impairs or limits the ability of any Subsidiary of the Borrower to pay dividends to the Borrower.

#### **22.12 Nature of Business**

Not alter in any material respect the character or conduct of the business conducted by the Borrower and its Subsidiaries as of the date of this Agreement. Without limiting the foregoing, the Borrower will not permit or cause any Licence Subsidiary to engage in any line of business or engage in any other activity (including without limitation incurring liabilities) other than the ownership of one or more Communications Licences; *provided that*, subject to any restrictions under Applicable Law with respect to Communications Licences, the Borrower shall cause each of the Licence Subsidiaries to execute and deliver a Guarantee Agreement and each other Finance Document to which such Licence Subsidiary is a party. In no event shall:

- (a) any Licence Subsidiary own any assets other than one (1) or more Communications Licences (and assets reasonably related thereto to the extent necessary to comply with all Applicable Law); and
- (b) neither the Borrower nor any Subsidiary other than a Licence Subsidiary shall hold any Communications Licence issued by the FCC or the ANFR.

#### **22.13 Impairment of Liens**

Not take or omit to take any action, which might or would have the result of materially impairing the security interests created in favour of the COFACE Agent with respect to the Collateral or grant to any person (other than the COFACE Agent for the benefit of itself and the Lenders pursuant to the Security Documents) any interest whatsoever in the Collateral, except for Financial Indebtedness permitted under Clause 22.1 (*Limitations on Financial Indebtedness*), Permitted Liens and Asset Dispositions permitted under Clause 22.5 (*Limitations on Asset Dispositions*).

#### **22.14 Employee Incentive Plans**

Not (and shall procure that each member of the Group shall not) make any payment in cash under any employee incentive plan unless approved in writing by the COFACE Agent.

#### **22.15 No Hedging**

- (c) Other than in accordance with Clause 21.11 (*Hedging Agreements*) or by way of the Interest Rate Cap Agreements, the Borrower shall not, without the consent of the COFACE Agent, enter into any Hedging Agreement.
- (d) Hedging Agreements shall not be entered into with any parties other than the Original Lenders.

#### **22.16 Commercial Contracts**



- (g) Not amend or grant any waiver:
  - (iv) in respect of any provision of any Commercial Contract relating to the first twenty four (24) Satellites, if such amendment or waiver would or could reasonably be expected to adversely affect the Lenders; and
  - (v) in respect of any other provision of any Commercial Contract not referred to in paragraph (a)(i) above, if such amendment or waiver would or could reasonably be expected to have a Material Adverse Effect.
- (h) Not exercise the option to order from the Supplier up to eighteen (18) additional recurring Spacecraft (as such term is defined in the Satellite Construction Contract) pursuant to Article 29(B) (*Options*) of the Satellite Construction Contract without the prior written consent of the COFACE Agent.

#### **22.17 No Amendments to Convertible Notes, First Terrapin Purchase Agreement or Second Terrapin Purchase Agreement**

- (d) Not amend, vary, modify, waive any provision of or agree to the amendment, variation, waiver or modification of any documents relating to any of the Convertible Notes, the First Terrapin Purchase Agreement or the Second Terrapin Purchase Agreement, in each case, without the prior written consent of all the Lenders, save for any amendment in respect of the extension of the redemption date in respect of any of the Convertible Notes.
- (e) Not terminate (pursuant to a breach or default), or permit any termination of, such documents referred to in paragraph (a) above, in each case without the prior written consent of all the Lenders.

#### **22.18 No Amendments to Key Agreements**

Not amend, vary, modify, waive any provision of or agree to the amendment, variation, waiver or modification of any Key Agreement unless such action:

- (l) is required by Applicable Law;
- (m) has not, or could not reasonably be expected to have, a material adverse effect on the ability of the Borrower or relevant counterparty to such Key Agreement to perform its obligations under such Key Agreement or to comply with its obligations under the Finance Documents; or
- (n) is permitted by the Finance Documents.

### **23. Events of Default**

Each of the events or circumstances set out in Clause 23 (*Events of Default*) is an Event of Default.

#### **23.1 Non-Payment**

An Obligor does not pay on the due date any amount payable pursuant to a Finance Document at the place and in the currency in which it is expressed to be payable unless:

- (gg) its failure to pay is caused by:
  - (i) administrative or technical error; or

- (ii) a Disruption Event; and
- (hh) payment is made within:
  - (i) in the case of paragraph (a)(i) above:
    - (A) in the case of payments of principal and interest, within two (2) Business Days of its due date; or
    - (B) in the case of any other payment, within four (4) Business Days of its due date; and
  - (ii) in the case of paragraph (a)(ii) above:
    - (A) in the case of payments of principal and interest, within three (3) Business Days of the cessation (or reasonable avoidance) of such Disruption Event; or
    - (B) in the case of any other payment, within five (5) Business Days of the cessation (or reasonable avoidance) of such Disruption Event.

## 23.2 Financial Covenants

- (jj) Any requirement of Clause 20 (*Financial Covenants*) is not satisfied.
- (kk) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within thirty (30) days of the earlier of the COFACE Agent giving notice to the Borrower or the Borrower becoming aware of the failure to comply.
- (ll) No Event of Default under paragraph (a) above will occur if no later than the date that is thirty (30) days after the earlier of the COFACE Agent giving notice to the Borrower or the Borrower becoming aware of, in each case, the breach of the relevant covenant in respect of a Relevant Period, the Borrower has received an Equity Cure Contribution in respect of that breach (a “**Relevant Contribution**”) and the Borrower satisfies the relevant covenant recalculated to take into account such Relevant Contribution, *provided that* any such Equity Cure Contribution shall be in a minimum amount of US\$10,000,000 (the “**Minimum Contribution Amount**”) and the Borrower may not cure a breach of a relevant covenant as contemplated under this paragraph (c) where such breach is determined:
  - (i) on any date falling after 31 December 2017 (unless for a period ending on 31 December 2017); or
  - (ii) if the 8% New Notes have been irrevocably redeemed in full (and no obligations or amounts are outstanding in connection therewith) on or prior to 30 June 2017, on any date falling after 30 June 2019 (unless for a period ending on 30 June 2019).
- (mm) Notwithstanding anything in this Agreement to the contrary, if there is a breach of Clause 20.5 (*Net Debt to Adjusted Consolidated EBITDA*) for any Relevant Period commencing with the Relevant Period that begins on 1 January 2014 and expires on 31 December 2014 and ending with the Relevant Period that begins on 1 January 2017 and expires on 31 December 2017, then such breach may be cured pursuant to paragraph (c) above with the making of an Equity Cure Contribution in an amount equal to the lesser of:

- (i) the amount required to ensure that the ratio of Net Debt to Adjusted Consolidated EBITDA is equal to or less than the ratio set out in column 2 (*Column 2 – Ratio*) opposite that Relevant Period; and
- (ii) the amount required to cure any breach of Clause 20.3 (*Adjusted Consolidated EBITDA*) for such Relevant Period (before application of the Minimum Contribution Amount pursuant to paragraph (c) above) multiplied by a factor of 1.5,

provided that such amount, if less than the Minimum Contribution Amount, shall be increased to the Minimum Contribution Amount in order to comply with paragraph (c) above.

- (nn) Notwithstanding anything in this Agreement to the contrary, no portion of any Equity Cure Contribution made pursuant to paragraph (c) above on account of a breach of a covenant during a particular Relevant Period shall be applied to any breach of any covenant in any earlier or subsequent Relevant Periods.

### **23.3 Other Obligations**

- (t) An Obligor does not comply with any provision of the Finance Documents (other than those referred to in Clause 23.1 (*Non-Payment*), Clause 23.2 (*Financial Covenants*), Clause 21.22 (*Second Generation Ground Station*), Clause 21.19 (*Equity Commitments*), Clause 23.23 (*Convertible Notes*), Clause 23.24 (*Termination of Trading*) and Clause 23.25 (*Purchase Notice*)).
- (u) The Borrower does not comply with Clause 21.22 (*Second Generation Ground Station*), Clause 21.19 (*Equity Commitments*), Clause 23.23 (*Convertible Notes*), Clause 23.24 (*Termination of Trading*) or Clause 23.25 (*Purchase Notice*).
- (v) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within ten (10) Business Days of the earlier of:
  - (v) the COFACE Agent giving notice to the Borrower; or
  - (vi) the Borrower becoming aware of the failure to comply.

### **23.4 Misrepresentation**

Any representation or statement made by an Obligor in the Finance Documents or any other document delivered by or on behalf of an Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading when made or deemed to be made and, if capable of remedy, is not remedied within twenty (20) Business Days of the COFACE Agent giving notice to the Borrower or an Obligor becoming aware of such misrepresentation.

### **23.5 Cross Default**

- (e) Any Financial Indebtedness of any Material Subsidiary is not paid when due nor within any originally applicable grace period.
- (f) Any Financial Indebtedness of any Material Subsidiary is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
- (g) Any commitment for any Financial Indebtedness of any Material Subsidiary is cancelled or suspended by a creditor of any Material Subsidiary as a result of an event of default (however described).

- (h) Any creditor of any Material Subsidiary becomes entitled to declare any Financial Indebtedness of any Material Subsidiary due and payable prior to its specified maturity as a result of an event of default (however described).
- (i) No Event of Default will occur under this Clause 23.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than US\$5,000,000 (or its equivalent in any other currency or currencies).

### **23.6 Insolvency**

Any Material Subsidiary shall:

- (j) commence a voluntary case (or analogous motion) under the federal bankruptcy laws or under other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganisation, winding-up or adjustment of debts or analogous proceedings;
- (k) file a petition (or analogous motion) seeking to take advantage of any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganisation, winding-up, composition for adjustment of debts or analogous proceedings;
- (l) consent to or fail to contest in a timely and appropriate manner any petition filed against it in an involuntary case under such bankruptcy laws or other laws;
- (m) apply for or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of a substantial part of its property, domestic or foreign;
- (n) admit in writing its inability to pay its debts as they become due;
- (o) make a general assignment for the benefit of creditors;
- (p) take any corporate action for the purpose of authorising any of the foregoing; or
- (q) suspend or threaten to suspend making payment on any of its debts or by reason of actual or anticipated financial difficulties commences negotiations with one (1) or more of its creditors with a view to rescheduling any of its indebtedness (other than the Finance Parties in connection with this Agreement).

### **23.7 Insolvency Proceedings**

A case or other proceeding shall be commenced against a Material Subsidiary in any court of competent jurisdiction and such case or proceeding shall continue without dismissal or stay for a period of sixty (60) consecutive days, seeking:

- (g) relief under the federal bankruptcy laws or under other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganisation, winding-up or adjustment of debts or analogous proceedings; or
- (h) the appointment of a trustee, receiver, custodian, liquidator or the like for a Material Subsidiary or for all or any substantial part of their respective assets, domestic or foreign, or an order granting the relief requested in such case or proceeding (including, but not limited to, an order for relief under such federal bankruptcy laws or under other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganisation, winding-up or adjustment of debts or analogous proceedings) shall be entered.

### **23.8 Creditors' Process**

Any attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of a Material Subsidiary having an aggregate value of US\$1,000,000 and is not discharged within twenty (20) Business Days or such longer period of time if such Material Subsidiary is contesting such process in good faith *provided that*, such process:

- (k) is in any event discharged within one hundred and eighty (180) days; and
- (l) does not have or could not reasonably be likely to have a Material Adverse Effect.

### **23.9 Unlawfulness and Invalidity**

- (e) It is or becomes unlawful for an Obligor, or any other member of the Group or the Thermo Group party to an Acceptable Intercreditor Agreement, to perform any of its obligations under the Transaction Documents or any Acceptable Intercreditor Agreement to which it is a party or any Lien created or expressed to be created or evidenced by a Security Document ceases to be effective or any subordination under any Acceptable Intercreditor Agreement is or becomes unlawful.
- (f) Any obligation or obligations of any Obligor under any Finance Document, or any other member of the Group or the Thermo Group under an Acceptable Intercreditor Agreement, are not or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Lenders under the Finance Documents or Acceptable Intercreditor Agreement.
- (g) Any Transaction Document is terminated or ceases to be in full force and effect or any Lien or subordination created under a Security Document or an Acceptable Intercreditor Agreement ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Finance Party) to be ineffective.
- (h) No Event of Default under paragraphs (b) and (c) above will occur in respect of a Finance Document (other than this Agreement and an Acceptable Intercreditor Agreement) if the failure to comply is capable of remedy and is remedied within three (3) Business Days of the COFACE Agent giving notice to the Borrower or the Borrower becoming aware of the failure to comply.

### **23.10 Material Adverse Change**

Any event or circumstance occurs which the Majority Lenders reasonably believe has or is reasonably likely to have a Material Adverse Effect *provided that*, no Event of Default shall occur under this Clause 23.10 if such event or circumstance is capable of being remedied and is remedied to the satisfaction of the COFACE Agent within thirty (30) days of the COFACE Agent giving notice to the Borrower or the Borrower becoming aware of the occurrence of such event or circumstance.

### **23.11 Repudiation and Rescission of Agreements**

An Obligor (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Transaction Document or evidences an intention to rescind or repudiate a Transaction Document, which has or is likely to have a Material Adverse Effect.

### **23.12 Expropriation**

The authority or ability of a Material Subsidiary to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any Material Subsidiary or any of its assets.

### 23.13 Litigation

- (f) Any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced, threatened or continued against any Material Subsidiary or its assets which has or is reasonably likely to have a Material Adverse Effect unless such action is frivolous or vexatious.
- (g) Any material contingent liability known to the Borrower and related to any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes exists (a “**Relevant Liability**”) and:
  - (vii) the Relevant Liability is reduced to final judgment or settlement and declared to be payable by the Borrower; and
  - (viii) the payment of such Relevant Liability:
    - (H) is not contemplated in the then current Agreed Business Plan (other than any Permitted Supplier Indebtedness that is Permitted Vendor Indebtedness or amounts that might become due and that are approved by the COFACE Agent (acting on the instructions of the Majority Lenders)); and
    - (I) would result in a material adverse change to the cash flows of the Borrower, save where appropriate reserves have been allocated to the Relevant Liability.

### 23.14 Audit Qualification

The auditors of the Group qualify the audited annual consolidated financial statements of the Group in respect of the calendar year ending 31 December 2013 and all subsequent audited annual consolidated financial statements, to an extent that has or could reasonably be expected to have a Material Adverse Effect.

### 23.15 ERISA Termination Event

The occurrence of any of the following events:

- (i) any Obligor or any ERISA Affiliate fails to make full payment when due of all amounts which, under the provisions of any Pension Plan or Multiemployer Plan or Section 412 of the Code, or Section 302 of ERISA, such Obligor or ERISA Affiliate is required to pay as contributions thereto;
- (j) the Borrower or any ERISA Affiliate as an employer under one (1) or more Multiemployer Plans makes a complete or partial withdrawal from any such Multiemployer Plan and the plan sponsor of such Multiemployer Plan notifies such withdrawing employer that such employer has incurred a withdrawal liability requiring payments in an amount exceeding US\$2,500,000; or
- (k)
  - (v) any ERISA Termination Event;
  - (vi) any Unfunded Pension Liability (taking into account only Pension Plans with positive Unfunded Pension Liabilities); or
  - (vii) any potential withdrawal liability under Section 4201 of ERISA, if any Obligor or ERISA Affiliate were to withdraw completely from any and all Multiemployer Plans,

and the events described in paragraphs (c)(i), (ii) and (iii), either individually or in the aggregate, have resulted, or would be reasonably expected to result, in a material liability of any Obligor or any ERISA Affiliate.

#### **23.16 Environmental**

Any one (1) or more Environmental Claims shall have been asserted against the Borrower or any of its Subsidiaries; the Borrower or any of its Subsidiaries would be reasonably likely to incur liability as a result thereof; and such liability would be reasonably likely, individually or in the aggregate, to have a Material Adverse Effect.

#### **23.17 Failure to Bring Satellites in Service**

The Borrower has failed to achieve Final In-Orbit Acceptance by 15 October 2013.

#### **23.18 Debt Service Reserve Account**

At any time the Debt Service Reserve Account is not fully funded with the DSRA Required Balance within five (5) Business Days of any drawdown of such Project Account.

#### **23.19 Second Terrapin Purchase Agreement**

(c) The occurrence of any of the following events:

- (vi) the Borrower or Terrapin breaches or fails to comply with any term of the Second Terrapin Purchase Agreement;
- (vii) a default (howsoever described) occurs under the Second Terrapin Purchase Agreement;
- (viii) either Terrapin or the Borrower has the right to terminate the Second Terrapin Purchase Agreement pursuant to Article VII thereof;
- (ix) Terrapin fails to purchase Capital Stock of the Borrower on such terms as are specified in a Fixed Request Notice (as defined in the Second Terrapin Purchase Agreement) provided to Terrapin pursuant to clause 2.1 (*Fixed Request Notice*) of the Second Terrapin Purchase Agreement;
- (x) any amendment, variance, modification, or waiver of any provision of the Second Terrapin Purchase Agreement, in each case, without the prior written consent of all the Lenders; or
- (xi) at any time, the Borrower has no right to deliver a Fixed Request Notice, or Terrapin is not required to accept a Fixed Request Notice, in either case as a result of the Borrower's inability to comply with any of the conditions precedent specified in clause 6.3 (*Conditions Precedent to the Obligation of the Investor*) of the Second Terrapin Purchase Agreement, including, without limitation, the suspension of trading in or delisting of the Borrower's Capital Stock from the Trading Market (as defined in the Second Terrapin Purchase Agreement) or the Borrower's failure to have the Registration Statement (as defined in the Second Terrapin Purchase Agreement) declared effective or to maintain such effectiveness,

*provided that* no Event of Default under this Clause 23.19 (*Second Terrapin Purchase Agreement*) will occur if, within thirty (30) days of the occurrence of any of the events described in paragraphs (a)(i), (ii), (iii), (iv), (v) or (vi) above, the Borrower:

- (A) remedies the occurrence of such condition in a manner reasonably satisfactory to the Finance Parties; or
- (B) executes with an investor not affiliated with Terrapin (a “**Replacement Investor**”) a committed financing agreement in form and substance reasonably satisfactory to the Finance Parties and on terms and conditions no less favourable to the Borrower and the Finance Parties than those which were provided by Terrapin pursuant to the Second Terrapin Purchase Agreement for the balance of Terrapin’s financing obligations under the Second Terrapin Purchase Agreement (a “**Replacement Purchase Agreement**”) and such Replacement Investor provides to the COFACE Agent such documents and information reasonably requested by the Finance Parties, including, without limitation, for “*know your customer*” or other similar checks in respect of such Replacement Investor, in form and substance reasonably satisfactory to the Finance Parties.
- (d) Notwithstanding paragraph (a) above, if the Borrower executes a Replacement Purchase Agreement then any reference to “Terrapin” and the “Second Terrapin Purchase Agreement” in this Clause 23.19 (*Second Terrapin Purchase Agreement*) and in Clause 22.17 (*No Amendments to Convertible Notes, First Terrapin Purchase Agreement or Second Terrapin Purchase Agreement*) shall be deemed to include a reference to the Replacement Investor or the Replacement Purchase Agreement, as applicable.

### **23.20 COFACE Insurance Policy**

The credit insurance cover under the COFACE Insurance Policy extended by COFACE in favour of the Lenders in respect of each Facility ceases to be in full force and effect for a reason attributable to the Borrower.

### **23.21 Breach of Subordination Arrangements**

- (c) The Borrower breaches or repudiates any document relating to any notes issued by the Borrower (including the Convertible Notes), including, but not limited to, any subordination arrangements relating to such notes.
- (d) Any enforcement action is taken by any noteholder in violation of any subordination arrangement relating to any of the Convertible Notes (*but excluding* any action in which the Borrower diligently defends itself, each Finance Party and the subordination arrangement (as applicable) and which is dismissed within sixty (60) days or such longer period as the COFACE Agent may agree) or any noteholder obtains an adverse judgment by a court of relevant jurisdiction (whether or not subject to appeal) that has not been stayed as to the invalidity, unenforceability or other ineffectiveness of any subordination arrangement in respect of any of the Convertible Notes.
- (e) Any third party providing funds to the Group pursuant to an Equity Commitment breaches or repudiates any subordination agreement entered into by such third party.

### **23.22 Equity Commitments**

- (c) Any member of the Thermo Group (or any relevant third party) fails to make available to the Borrower the Equity Commitments when required at the times and in the manner contemplated by the First Global Deed of Amendment and Restatement, the First Thermo



Group Undertaking Letter, the Second Global Amendment and Restatement Agreement, or the Second Thermo Group Undertaking Letter (as the case may be).

- (d) Any member of the Thermo Group (or any relevant third party) terminates, breaches or repudiates any document evidencing any Equity Commitment, *provided that* no Event of Default shall occur under this paragraph (b):
  - (viii) in relation to any breach by a third party in circumstances where a member of the Thermo Group assumes such third party's obligations under such document within twenty (20) days and on no more onerous terms for the Borrower; or
  - (ix) once the Equity Commitment has been fulfilled.

### **23.23 Convertible Notes**

- (a) Other than as provided in paragraph (f) below, the Borrower or any Subsidiary makes a payment to or for the benefit of any holder of any of the Convertible Notes in cash (rather than equity) or the Borrower exercises the call right in respect of the 8% New Notes exercisable in December 2013 or in 2017, in each case, without the prior written consent of the Majority Lenders.
- (b) Any Subsidiary enters into or delivers to the holders of the 8% New Notes a guarantee in a manner or in circumstances inconsistent with the provisions of Clause 22.1(1) (*Limitations on Financial Indebtedness*).
- (c) Any of the 8% Old Notes or the 5% Notes are redeemed (in whole or in part) prior to the Final Discharge Date. For the avoidance of doubt, non-payment of the 8% Old Notes or the 5% Notes at maturity shall not constitute an Event of Default for the purposes of Clause 23.5 (*Cross Default*).
- (d) James Monroe III, Thermo, the Borrower, any Subsidiary Guarantor or any of their respective Affiliates (directly, indirectly or beneficially) exercises any put option with respect to the 8% New Notes.
- (e) Other than as provided in paragraph (f) below, any put option is exercised by the relevant noteholders under the 8% New Notes, the 8% Old Notes or the 5% Notes as a result of the occurrence of a "*Fundamental Change*" (as such term is defined in the Fourth Supplemental Indenture).
- (f) For the avoidance of doubt, paragraphs (a) and (e) do not relate to the put options in respect of the 8% New Notes which may be exercised in April 2018 or April 2023.

### **23.24 Termination of Trading**

The occurrence of any "*Termination of Trading*" (as such term is defined in the Fourth Supplemental Indenture).

### **23.25 Purchase Notice**

Any Purchase Notice is delivered by James Monroe III, Thermo, any Subsidiary Guarantor or any of their respective Affiliates pursuant to the terms of the Fourth Supplemental Indenture without any waiver of this provision from the Majority Lenders.

### **23.26 Certification**

## **24. Remedies Upon an Event of Default**

### **24.1 Acceleration by Notice**

On and at any time after the occurrence of an Event of Default (other than an Event of Default as set out in Clauses 23.6(a), (b), (c), (d), (f) and (g) (*Insolvency*) and 23.7(a) (*Insolvency Proceedings*)) which is continuing, the COFACE Agent may, and it shall if so directed by the Majority Lenders, by notice to the Borrower:

- (oo) cancel the Total Commitments whereupon they shall immediately be cancelled and no further Utilisations shall be requested or made under a Facility; and/or
- (pp) declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon the same shall become immediately due and payable; and/or
- (qq) declare that all or part of the Loans are payable on demand, whereupon they shall become immediately due and payable; and/or
- (rr) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents; and/or
- (ss) exercise all other contractual and legal rights of the Finance Parties in respect of any Liens; and/or
- (tt) take any other action and pursue any other remedies available under Applicable Law or under the Finance Documents.

### **24.2 Automatic Acceleration**

Following the occurrence of an Event of Default as set out in Clauses 23.6(a), (b), (c), (d), (f) and (g) (*Insolvency*), 23.7(a) (*Insolvency Proceedings*) or upon the occurrence of a Change of Control, the obligations of the Borrower shall be automatically accelerated without any requirement for notice from the Finance Parties whereupon:

- (a) the Total Commitments shall be immediately cancelled and no further Utilisations shall be requested or made under a Facility;
- (b) the Loans, together with accrued interest and all other amounts accrued and outstanding under the Finance Documents (including the COFACE Additional Insurance Premium and the Restructuring Fee) shall become immediately due and payable;
- (c) the Security Agent shall be entitled to exercise any or all of its right, remedies, powers or discretions under the Finance Documents;
- (d) the Finance Parties shall be entitled to exercise all other contractual and legal rights of the Finance Parties in respect of any Liens; and
- (e) the Finance Parties shall be entitled to take any other actions and pursue any other remedies available under Applicable Law or under the Finance Documents.

## 25. Security

Unless expressly provided to the contrary, the Security Agent holds any security created by a Security Document for the Finance Parties on the terms set out in Schedule 6 (*The Security Agent*).

## 26. Changes to the Lenders

### 26.1 Assignments and Transfers by the Lenders

Subject to this Clause 26 (*Changes to the Lenders*), a Lender (the “**Existing Lender**”) shall be entitled to assign any of its rights or transfer any of its rights and obligations under the Finance Documents to any person (the “**New Lender**”) with the prior written consent of:

- (v) the Borrower (such consent not to be unreasonably withheld or delayed in excess of five (5) Business Days commencing on the day upon which the Existing Lender requests such consent, after which such consent shall be deemed to have been given); *provided that*, no such consent is required for an assignment or transfer:
  - (x) required by any Applicable Law;
  - (xi) to a Qualifying Lender or to an existing Lender (or any of its Affiliates);
  - (xii) to an Affiliate or other group member of that Lender;
  - (xiii) to a trust, a special purpose securitisation vehicle or any other entity as part of a securitisation or covered bond transaction;
  - (xiv) to a fund, financial institution or insurance company which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets;
  - (xv) while a Default is continuing; or
  - (xvi) to COFACE; and
- (w) COFACE.

### 26.2 Conditions of Assignment or Transfer

- (j) The consent of the Borrower to an assignment must not be withheld solely because the assignment or transfer may result in an increase to the Mandatory Cost.
- (k) An assignment will only be effective on:
  - (i) receipt by the COFACE Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the COFACE Agent) that the New Lender will assume the same obligations to the other Finance Parties as it would have been under if it was an Original Lender;
  - (ii) performance by the COFACE Agent of all necessary “*know your customer*” or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the COFACE Agent shall promptly notify to the Existing Lender and the New Lender; and

- (iii) when the COFACE Agent updates the Register (as defined in Clause 26.8 (*Register*) below) in accordance with the provisions of Clause 26.8 (*Register*) below.
- (l) A transfer will only be effective if the procedure set out in Clause 26.5 (*Procedure for Transfer or Assignment*) is complied with.
- (m) If:
  - (xix) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and
  - (xx) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 13 (*Tax gross-up and Indemnities*) or Clause 14 (*Increased Costs*),
 then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.
- (n) Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the COFACE Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

### **26.3 Assignment or Transfer Fee**

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the COFACE Agent (for its own account) a fee of US\$2,000.

### **26.4 Limitation of Responsibility of Existing Lenders**

- (i) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:
  - (iv) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;
  - (v) the financial condition of the Borrower or the status of the Project;
  - (vi) the performance and observance by the Borrower of its obligations under the Finance Documents or any other documents; or
  - (vii) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,
 and any representations or warranties implied by law are excluded.
- (j) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:
  - (iii) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied

exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and

- (iv) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.
- (k) Nothing in any Finance Document obliges an Existing Lender to:
  - (xxi) accept a re-transfer or reassignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 26; or
  - (xxii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

## 26.5 Procedure for Transfer or Assignment

- (m) In respect of any transfer:
  - (vii) subject to the conditions set out in Clause 26.2 (*Conditions of Assignment or Transfer*) a transfer is effected in accordance with paragraph (iii) below when the COFACE Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender and updates the Register (as defined in Clause 26.8 (*Register*) below) in accordance with the provisions of Clause 26.8 (*Register*) below. The COFACE Agent shall, subject to paragraph (ii) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate
  - (viii) The COFACE Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “*know your customer*” or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.
  - (ix) On the Transfer Date:
    - (A) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another under the Finance Documents shall be cancelled (being the “**Discharged Rights and Obligations**”);
    - (B) the Borrower and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;
    - (C) the COFACE Agent, the Security Agent, each Mandated Lead Arranger, the New Lender and other Lenders shall acquire the same rights and assume the same obligations between themselves as they would have

acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the COFACE Agent, each Mandated Lead Arranger, the Security Agent and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and

(D) the New Lender shall become a Party as a “Lender”.

(x) For the avoidance of doubt, for the purposes of *article 1278* of the French Civil Code and only in relation to the Borrower Pledge of Bank Accounts, the Borrower Additional Pledge of Bank Accounts and the Holding Account Pledge Agreement it is expressly agreed that the Pledge of Bank Accounts shall be preserved for the benefit of the New Lender and all other Finance Parties.

(n) In respect of any assignment:

(xii) subject to the conditions set out in Clause 26.2 (*Conditions of Assignment or Transfer*) an assignment may be effected in accordance with paragraph (iii) below when the COFACE Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The COFACE Agent shall, subject to paragraph (ii) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.

(xiii) The COFACE Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “*know your customer*” or other similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.

(xiv) On the Transfer Date:

(C) the Existing Lender will assign absolutely to the New Lender the rights under the Finance Documents expressed to be the subject of the assignment in the Assignment Agreement;

(D) the Existing Lender will be released by each Obligor and the other Finance Parties from the obligations owed by it (the “**Relevant Obligations**”) and expressed to be the subject of the release in the Assignment Agreement; and

(E) the New Lender shall become a Party as a “*Lender*” and will be bound by obligations equivalent to the Relevant Obligations.

(xv) Lenders may utilise procedures other than those set out in this Clause 26.5 (*Procedure for Transfer or Assignment*) to assign their rights under the Finance Documents (but not, without the consent of the relevant Obligor or unless in accordance with this Clause 26.5 (*Procedure for transfer*), to obtain a release by that Obligor from the obligations owed to that Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) *provided that* they comply with the conditions set out in Clause 26.2 (*Conditions of assignment or transfer*).

## 26.6 Copy of Transfer Certificate or Assignment Agreement to Borrower

The COFACE Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Assignment Agreement, send to the Borrower a copy of that Transfer Certificate or Assignment Agreement.

## 26.7 Disclosure of Information

Any Lender may disclose to any of its Affiliates and any other person:

- (f) to (or through) whom that Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under this Agreement;
- (g) with (or through) whom that Lender enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, this Agreement or any Obligor; or
- (h) to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation,

any information about the Borrower, the Thermo Group, the Group and the Finance Documents as that Lender shall consider appropriate if, in relation to paragraphs (a) and (b) above, the person to whom the information is to be given has entered into a Confidentiality Undertaking.

## 26.8 Register

- (c) The Borrower hereby designates the COFACE Agent, and the COFACE Agent agrees, to serve as the Borrower's agent, solely for purposes of this Clause 26.8, to maintain a register (the "**Register**") on which it will record the Commitments from time to time of each of the Lenders and each repayment in respect of the principal amount of the Loans of each Lender.
- (d) Failure to make any such recordation, or any error in such recordation shall not affect the Borrower's obligations in respect of such Loans.
- (e) With respect to any Lender, the transfer or assignment of the Commitments of such Lender and the rights to the principal of, and interest on, any Loan made pursuant to such Commitments shall not be effective until:
  - (viii) the Transfer Certificate has been executed by the COFACE Agent; and
  - (ix) such transfer is recorded on the Register maintained by the COFACE Agent with respect to ownership of such Commitments and Loans. Prior to such recordation all amounts owing to the transferor with respect to such Commitments and Loans shall remain owing to the transferor.
- (f) The registration of an assignment or transfer of all or part of any Commitments and Loans shall be recorded by the COFACE Agent on the Register only upon the acceptance by the COFACE Agent of a properly executed and delivered Transfer Certificate pursuant to this Clause 26.8.
- (g) The Borrower agrees to indemnify the COFACE Agent from and against any and all losses, claims, damages and liabilities of whatsoever nature which may be imposed upon, asserted against or incurred by the COFACE Agent in performing its duties under this Clause 26.8 except to the extent resulting from the gross negligence or wilful misconduct of the COFACE Agent (as determined by a court of competent jurisdiction in a final and non-appealable decision).

## 26.9 Liens over Lenders' rights

- (c) In addition to the other rights provided to Lenders under this Clause 26 (*Changes to the Lenders*), each Lender may without consulting with or obtaining consent from the Borrower or the other Lenders, at any time charge, assign or otherwise create a Lien in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:
- (i) any charge, assignment or other Lien (including pursuant to Article L 211-38 et seq. of the French monetary and financial code and pursuant to the European Financial Collateral Directive) to secure obligations to a federal reserve or central bank, or to an Affiliate of a Lender or a special purpose vehicle or any entity set up in connection with a dedicated refinancing scheme for buyer credits in the country of any Lender or in connection with covered bonds programs or to a fund, financial institution or insurance company providing funds dedicated to export credits; and
  - (ii) in the case of any Lender which is a fund, any charge, assignment or other Lien granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,
- except that no such charge, assignment or Lien shall:
- (A) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Lien for the Lender as a party to any of the Finance Documents; or
  - (B) require any payments to be made by the Borrower or grant to any person any more extensive rights than those required to be made or granted to the relevant Lender under the Finance Documents; *provided that*, this sub-clause (ii) would not be applicable to any Borrower's grossing-up obligation arising whenever an Affiliate of a Lender which would be a "*société de crédit foncier*" would become a Lender further to the implementation of a security interest granted in or over all or any rights of such Lender under any Finance Document in favour of such Affiliate.
- (d) The Borrower undertakes to comply with all necessary formalities, if any, and take all necessary steps in order for the assignment, charge or Lien over the relevant Lender's rights to be created

## 27. Changes to the Borrower

The Borrower may not assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

## 28. Role of the COFACE Agent, the Security Agent and the Mandated Lead Arrangers

### 28.1 Appointment of the COFACE Agent and the Security Agent



- (r) Each other Finance Party (other than the Security Agent) appoints the COFACE Agent to act as its agent under and in connection with the Finance Documents.
- (s) Each other Finance Party (other than the COFACE Agent) appoints the Security Agent to act as its security agent and security trustee under and in connection with the Finance Documents.
- (t) Each other Finance Party authorises the COFACE Agent and the Security Agent to exercise the rights, powers, authorities and discretions specifically given to the COFACE Agent and the Security Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.
- (u) Each other Finance Party (other than the COFACE Agent) appoints the Security Agent to enforce any Security expressed to be created under the Security Documents as agent (or as otherwise provided) on its behalf, subject always to the terms of the Finance Documents.

## 28.2 Appointment of the Security Agent (France)

- (l) Each Finance Party (other than the Security Agent) as “*mandants*” under French law irrevocably:
  - (i) appoints the Security Agent to act as its agent (“*mandataire*” under French law) under and in connection with the Borrower Pledge of Bank Accounts, the Borrower Additional Pledge of Bank Accounts, each Delegation Agreement, the Holding Account Pledge Agreement and any other Security Document governed by French law (the “**French Security Documents**”); and
  - (ii) authorises the Security Agent to execute for and on its behalf the French Security Documents and to perform the duties and to exercise the rights, powers and discretions that are specifically delegated to it under or in connection with the French Security Documents, together with any other rights, powers and discretions which are incidental thereto and to give a good discharge for any moneys payable under the French Security Documents.
- (m) The Security Agent will act solely for itself and as agent for the other Finance Parties in carrying out its functions as agent under the French Security Documents.
- (n) The relationship between the Finance Parties (other than the Security Agent) and the Security Agent is that of principal (“*mandant*” under French law) and agent (“*mandataire*” under French law) only. The Security Agent shall not have, nor be deemed to have, assumed any obligations to, or trust or fiduciary relationship with, any party to this Agreement other than those for which specific provision is made by the French Security Documents and, to the extent permissible under French law, the other provisions of this Agreement, which shall be deemed to be incorporated in this Clause 28.2, where reference is made to the French Security Documents.
- (o) Notwithstanding Clause 39 (*Governing Law*), this Clause 28.2 shall be governed by, and construed in accordance with, French law. Notwithstanding Clause 40.1 (*Jurisdiction*), any dispute arising out of this Clause 28.2 shall be submitted to the *Tribunal de Commerce de Paris*.
- (p) Each Finance Party, the Security Agent and the Borrower irrevocably acknowledge that the existence and extent of the Security Agent’s authority resulting from this Clause 28.2 and the effects of the Security Agent’s exercise of this authority shall be governed by French law.

### **28.3 Duties of the COFACE Agent and the Security Agent**

- (o) Each of the COFACE Agent and the Security Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the COFACE Agent or the Security Agent for that Party by any other Party.
- (p) Without prejudice to Clause 26.6 (*Copy of Transfer Certificate or Assignment Agreement to Borrower*), paragraph (a) shall not apply to any Transfer Certificate or to any Assignment Agreement.
- (q) Except where a Finance Document specifically provides otherwise, neither the COFACE Agent nor the Security Agent is obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (r) If the COFACE Agent or the Security Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Finance Parties.
- (s) If the COFACE Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the COFACE Agent, the Security Agent or a Mandated Lead Arranger) under this Agreement it shall promptly notify the other Finance Parties.
- (t) The COFACE Agent's and the Security Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

### **28.4 Role of the Mandated Lead Arrangers**

Except as specifically provided in the Finance Documents, no Mandated Lead Arranger has any obligations of any kind to any other Party under or in connection with any Finance Document.

### **28.5 No Fiduciary Duties**

- (i) Nothing in this Agreement constitutes the COFACE Agent, the Security Agent (except as expressly provided in the Finance Documents) or a Mandated Lead Arranger as a trustee or fiduciary of any other person.
- (j) Neither the COFACE Agent, the Security Agent (except as expressly provided in the Finance Documents) nor the Mandated Lead Arrangers shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

### **28.6 Business with the Group**

The COFACE Agent, the Security Agent and the Mandated Lead Arrangers may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

### **28.7 Rights and Discretions of the COFACE Agent and the Security Agent**

- (e) Each of the COFACE Agent and the Security Agent may rely on:
  - (v) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and
  - (vi) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

- (f) Each of the COFACE Agent and the Security Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:
  - (xxiii) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 23.1 (*Non-Payment*));
  - (xxiv) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised; and
  - (xxv) any notice or request made by the Borrower (other than a Utilisation Request) is made on behalf of and with the consent and knowledge of the Borrower.
- (g) Each of the COFACE Agent and the Security Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.
- (h) Each of the COFACE Agent and the Security Agent may act in relation to the Finance Documents through its personnel and agents.
- (i) Each of the COFACE Agent and the Security Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.
- (j) Notwithstanding any other provision of any Finance Document to the contrary, neither the COFACE Agent, the Security Agent nor a Mandated Lead Arranger is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or a breach of a fiduciary duty or duty of confidentiality.
- (k) Save as expressly otherwise provided in any Finance Document, the Security Agent may exercise its trusts, powers and authorities under the Finance Documents in its absolute and unconditional discretion.

## 28.8 Majority Lenders' Instructions

- (h) Unless a contrary indication appears in a Finance Document, each of the COFACE Agent and the Security Agent shall:
  - (xi) exercise any right, power, authority or discretion vested in it in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it); and
  - (xii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Lenders.
- (i) Unless a contrary indication appears in a Finance Document, any instructions given by the Majority Lenders will be binding on all the Finance Parties.
- (j) Each of the COFACE Agent and the Security Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders) until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.
- (k) In the absence of instructions from the Majority Lenders, (or, if appropriate, the Lenders) each of the COFACE Agent and the Security Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.
- (l) Neither the COFACE Agent nor the Security Agent is authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document.

- (m) The Security Agent may assume (unless it has received notice to the contrary in its capacity as Security Agent) that all instructions given to it by the COFACE Agent, if required to be approved by the Majority Lenders, have been so approved.

## **28.9 Responsibility for Documentation**

None of the COFACE Agent, the Security Agent nor a Mandated Lead Arranger:

- (e) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the COFACE Agent, the Security Agent, a Mandated Lead Arranger, the Borrower or any other person given in or in connection with any Finance Document; or
- (f) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document.

## **28.10 Exclusion of Liability**

- (l) Without limiting paragraph (b), neither the COFACE Agent nor the Security Agent will be liable (including, without limitation, for negligence or any other category of liability whatsoever) for any action taken by it under or in connection with any Transaction Document, unless directly caused by its gross negligence or wilful misconduct.
- (m) No Party (other than the COFACE Agent or the Security Agent) may take any proceedings against any officer, employee or agent of the COFACE Agent or the Security Agent in respect of any claim it might have against the COFACE Agent or the Security Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the COFACE Agent or the Security Agent may rely on this Clause subject to Clause 1.5 (*Third Party Rights*) and the provisions of the Third Parties Act.
- (n) Neither the COFACE Agent nor the Security Agent will be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by it if it has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by it for that purpose.
- (o) Nothing in this Agreement shall oblige the COFACE Agent, the Security Agent or a Mandated Lead Arranger to carry out any “*know your customer*” or other checks in relation to any person on behalf of any Lender and each Lender confirms to the COFACE Agent, the Security Agent and each Mandated Lead Arranger that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the COFACE Agent, the Security Agent and a Mandated Lead Arranger.

## **28.11 Lenders’ Indemnity to the COFACE Agent and the Security Agent**

Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify each of the COFACE Agent and the Security Agent, within three (3) Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the COFACE Agent and the Security Agent (otherwise than by reason of its gross negligence or wilful misconduct) notwithstanding its negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the COFACE Agent or the Security Agent in

acting as COFACE Agent or the Security Agent under the Finance Documents (unless the COFACE Agent or the Security Agent has been reimbursed by the Borrower pursuant to a Finance Document).

#### **28.12 Resignation of the COFACE Agent and the Security Agent**

- (o) Each of the COFACE Agent and the Security Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Borrower.
- (p) Alternatively each of the COFACE Agent and the Security Agent may resign by giving notice to the other Finance Parties and the Borrower, in which case the Majority Lenders (after consultation with the Borrower) may appoint a successor COFACE Agent or Security Agent (as the case may be).
- (q) If the Majority Lenders have not appointed a successor COFACE Agent or Security Agent in accordance with Clause 28.12(b) within thirty (30) days after notice of resignation was given, the COFACE Agent or the Security Agent (after consultation with the Borrower) may appoint a successor COFACE Agent or Security Agent.
- (r) The retiring COFACE Agent or Security Agent shall, at its own cost, make available to its successor such documents and records and provide such assistance as its successor may reasonably request for the purposes of performing its functions as COFACE Agent or Security Agent under the Finance Documents.
- (s) The COFACE Agent's resignation notice shall only take effect upon the appointment of a successor.
- (t) The Security Agent's resignation notice shall only take effect upon:
  - (iv) the appointment of a successor; and
  - (v) the transfer of all of any Lien expressed to be created under the Security Documents to that successor.
- (u) Upon the appointment of a successor, the retiring COFACE Agent or Security Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 28.12. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.
- (v) After consultation with the Borrower, the Majority Lenders may, by notice to the COFACE Agent or the Security Agent (as the case may be), require it to resign in accordance with Clause 28.12(a). In this event, the COFACE Agent or the Security Agent (as the case may be) shall resign in accordance with Clause 28.12(a).
- (w) The COFACE Agent shall resign in accordance with paragraph (b) above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor COFACE Agent pursuant to paragraph (c) above) if on or after the date which is three (3) months before the earliest FATCA Application Date relating to any payment to the COFACE Agent under the Finance Documents:
  - (iii) the COFACE Agent fails to respond to a request under Clause 13.7 (*FATCA Information*) and a Lender reasonably believes that the COFACE Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;

- (iv) the information supplied by the COFACE Agent pursuant to Clause 13.7 (*FATCA Information*) indicates that the COFACE Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or
- (v) the COFACE Agent notifies the Borrower and the Lenders that the COFACE Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date,

and, in each case, a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the COFACE Agent were a FATCA Exempt Party, and that Lender, by written notice to the COFACE Agent, requires it to resign.

#### **28.13 Confidentiality**

- (e) In acting as agent for the Finance Parties, each of the COFACE Agent and the Security Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.
- (f) If information is received by another division or department of the COFACE Agent or the Security Agent, it may be treated as confidential to that division or department and neither the COFACE Agent nor the Security Agent shall be deemed to have notice of it.

#### **28.14 Relationship with the Lenders**

The COFACE Agent may treat each Lender as a Lender, entitled to payments under this Agreement and acting through its Facility Office unless it has received not less than five (5) Business Days prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

#### **28.15 Credit Appraisal by the Lenders**

Without affecting the responsibility of the Borrower for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms to the COFACE Agent, the Security Agent and the Mandated Lead Arrangers that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (a) the financial condition, status and nature of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- (c) whether that Lender has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and
- (d) the adequacy, accuracy and/or completeness of any information provided by the COFACE Agent, the Security Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

#### **28.16 Reference Banks**

If a Reference Bank who is also a Lender (or, if a Reference Bank is not a Lender, the Lender of which it is an Affiliate) ceases to be a Lender, the COFACE Agent shall (in consultation with the Borrower) appoint another Lender or an Affiliate of a Lender to replace that Reference Bank.

#### **28.17 COFACE Agent's and Security Agent's Management Time**

Any amounts payable to the COFACE Agent or the Security Agent (as the case may be) under Clause 15.3 (*Indemnity to the COFACE Agent*), Clause 15.4 (*Indemnity to the Security Agent*) and Clause 17 (*Costs and Expenses*) shall include the cost of utilising the COFACE Agent's or the Security Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the COFACE Agent or the Security Agent may notify to the Borrower and the Lenders.

#### **28.18 Deduction from Amounts Payable by the COFACE Agent and the Security Agent**

If any Party owes an amount to the COFACE Agent or the Security Agent under the Finance Documents, the COFACE Agent or the Security Agent (as the case may be) may, after giving notice to that Party and *provided that* this will not result in breach of any applicable currency control regulations by the Borrower, deduct an amount not exceeding that amount from any payment to that Party which the COFACE Agent or the Security Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents, that Party shall be regarded as having received any amount so deducted.

#### **28.19 Security Agent**

- (a) The provisions of Schedule 6 (*The Security Agent*) shall bind each Party.
- (b) The Security Agent shall promptly transfer to the COFACE Agent any amounts received by it under the Finance Documents for application by the COFACE Agent in accordance with the order set out in Clause 31.6 (*Partial Payments*). The Security Agent shall be obliged to make such transfer only to the extent it has actually received such amount.
- (c) At the request of the Security Agent, the COFACE Agent shall notify the Security Agent, and shall provide a copy of such notification to the Borrower, of amounts due to any Party under this Agreement, and the due date for such amounts. The Security Agent may accept such notifications as conclusive evidence of the matters to which they relate.

#### **28.20 No Independent Power**

- (d) The Lenders shall not have any independent power to enforce, or have recourse to, any of the Liens expressed to be created under the Security Documents, or to exercise any rights or powers arising under the Security Documents except through the Security Agent.
- (e) This Clause is for the benefit of the Finance Parties only.

### **29. Conduct of Business by the Finance Parties**

No provision of this Agreement will:

- (q) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- (r) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

- (s) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

### 30. Sharing among the Finance Parties

#### 30.1 Payments to Finance Parties

If a Finance Party (a “**Recovering Finance Party**”) receives or recovers any amount from an Obligor other than in accordance with Clause 31 (*Payment Mechanics*) and applies that amount to a payment due under the Finance Documents then:

- (u) the Recovering Finance Party shall, within three (3) Business Days, notify details of the receipt or recovery, to the COFACE Agent;
- (v) the COFACE Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the COFACE Agent and distributed in accordance with Clause 31 (*Payment Mechanics*), without taking account of any Tax which would be imposed on the COFACE Agent in relation to the receipt, recovery or distribution; and
- (w) the Recovering Finance Party shall, within three (3) Business Days of demand by the COFACE Agent, pay to the COFACE Agent an amount (the “**Sharing Payment**”) equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 31.6 (*Partial Payments*).

#### 30.2 Redistribution of Payments

The COFACE Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) (the “**Sharing Finance Parties**”) in accordance with Clause 31.6 (*Partial Payments*) towards the obligations of that Obligor to the Sharing Finance Parties.

#### 30.3 Recovering Finance Party’s Rights

On a distribution by the COFACE Agent under Clause 30.2 (*Redistribution of Payments*), of a payment received by a Recovering Finance Party from an Obligor, as between the relevant Obligor and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Obligor.

#### 30.4 Reversal of Redistribution

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

- (h) each Sharing Finance Party shall, upon request of the COFACE Agent, pay to the COFACE Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay) (the “**Redistributed Amount**”); and
- (i) as between the relevant Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.



### 30.5 Exceptions

- (l) This Clause 30 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Obligor.
- (m) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:
  - (vii) it notified that other Finance Party of the legal or arbitration proceedings; and
  - (viii) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

## 31. Payment Mechanics

### 31.1 Payments to the COFACE Agent

- (i) On each date on which the Borrower or a Lender is required to make a payment under a Finance Document (subject to Clause 31.12 (*Payments to the Security Agent*)), the Borrower or Lender shall make the same available to the COFACE Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the COFACE Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.
- (j) All payments to be made by the Borrower under this Agreement shall be made in Dollars in immediately available funds to the account of the COFACE Agent with account No. 20019409300136 with BNP Paribas S.A., The Equitable Building, 787 Seventh Avenue, New York, SWIFT code BNPAUS3NXXX, in favour of BNP PARIBAS LSI-BOCI, 150, Rue du Faubourg Poissonnière 75010 Paris, SWIFT code BNPAFRPPXXX, or to such other account as the COFACE Agent may from time to time designate to the Borrower in writing.
- (k) For any payment to be made by the Borrower, the Borrower shall ensure that the COFACE Agent receives a swift advice of such payment from the Borrower's bank no later than the Business Day immediately preceding the date of such payment. The swift message shall be sent to BNPAFRPPACH attention BOCI Buyers Credits with references USA/GLOBALSTAR/Loan Agreement dated 5 June 2009 or such other account in the principal financial centre of the country of that currency with such bank as the COFACE Agent specifies.

### 31.2 Evidence of Financial Indebtedness

- (k) Each Loan made by a Lender shall be evidenced by one (1) or more accounts or records maintained by such Lender and by the COFACE Agent in the ordinary course of business. The accounts or records maintained by the COFACE Agent and each Lender shall be conclusive absent manifest error of the amount of any Loan made by the Lenders to the Borrower and the interest and payments thereon.
- (l) Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower under this Agreement to pay any amount owing with respect to the Obligations. If there is any conflict between the accounts and records maintained by any Lender and the accounts and records of the COFACE Agent in respect

of such matters, the accounts and records of the COFACE Agent shall prevail in the absence of manifest error.

- (m) Upon the request of any Lender or COFACE made through the COFACE Agent, the Borrower shall immediately execute and deliver to the COFACE Agent Promissory Notes which shall be in accordance with the Repayment Schedule previously provided by the Borrower to the Lenders and shall evidence all outstanding Loans (including principal and interest). Each Promissory Note shall be denominated in Dollars and be payable in accordance with Clause 31 (*Payment Mechanics*). The Borrower shall ensure that each Promissory Note shall be governed by English or French law as selected by the COFACE Agent and the Borrower waives any right of protest under any Promissory Note to the extent possible under applicable law.
- (n) Any payment which is due to be made under a Promissory Note that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (o) If paragraph (d) above applies, interest shall be payable on the principal up to the date of actual payment by the Borrower.
- (p) Neither the payment date nor the amount of principal and interest specified in the relevant Promissory Note (if any) shall be modified. Notwithstanding that the Promissory Note shall not be modified, the Borrower shall be obliged to make payment in full (including principal and accrued interest) to the COFACE Agent in accordance with the provisions of this Clause 31 (*Payment Mechanics*). Notwithstanding the foregoing, the COFACE Agent and the Lenders hereby agree not to demand payment under any Promissory Note prior to exercising its rights pursuant to Clause 24 (*Remedies upon an Event of Default*).
- (q) If paragraph (d) applies, at least thirty (30) days prior to any payment under a note the payment date of which has been extended in accordance with paragraph (d) above, the COFACE Agent shall send to the Borrower a written statement documenting the additional amount of interest owed by the Borrower at such payment date.
- (r) Following the issue of Promissory Notes under this Clause 31.2, on or before each date on which the Borrower makes a repayment or prepayment of any outstanding Loan, it shall execute and deliver to the COFACE Agent replacement Promissory Notes. Each such replacement Promissory Note shall be issued on the terms as set out in paragraph (c) and shall, in aggregate, have a face value equal to the principal amount outstanding in respect of the outstanding Loans following such repayment or prepayment. Upon receipt of such replacement Promissory Notes, the COFACE Agent shall cancel and return to the Borrower all the Promissory Notes held by it before such repayment or prepayment.

### **31.3 Distributions by the COFACE Agent**

Each payment received by the COFACE Agent under the Finance Documents for another Party shall, subject to Clause 31.4 (*Distributions to the Borrower*) and Clause 31.5 (*Clawback*) and Clause 31.12 (*Payments to the Security Agent*), be made available by the COFACE Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the COFACE Agent by not less than five (5) Business Days' notice with a bank in the principal financial centre of the country of that currency.

### **31.4 Distributions to the Borrower**

The COFACE Agent and the Security Agent may (with the consent of the Obligor or in accordance with Clause 32 (*Set-off*)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

### 31.5 Clawback

- (n) Where a sum is to be paid to the COFACE Agent or the Security Agent under the Finance Documents for another Party, the COFACE Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
- (o) If the COFACE Agent or the Security Agent pays an amount to another Party and it proves to be the case that the COFACE Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the COFACE Agent or the Security Agent shall on demand refund the same to the COFACE Agent together with interest on that amount from the date of payment to the date of receipt by the COFACE Agent or the Security Agent, calculated by it to reflect its cost of funds.

### 31.6 Partial Payments

- (g) If the COFACE Agent receives a payment that is insufficient to discharge all the amounts then due and payable by an Obligor under the Finance Documents, the COFACE Agent shall apply that payment towards the obligations of that Obligor under the Finance Documents in the following order:
  - (xiii) **first**, in or towards payment *pro rata* of any unpaid fees, costs and expenses of the COFACE Agent, the Security Agent or the Mandated Lead Arrangers under the Finance Documents;
  - (xiv) **secondly**, in or towards payment *pro rata* of any accrued interest, fee or commission due to the Finance Parties but unpaid under this Agreement;
  - (xv) **thirdly**, in or towards payment *pro rata* of any principal due but unpaid under this Agreement; and
  - (xvi) **fourthly**, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents.
- (h) The COFACE Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (a)(ii) to (iv) above.
- (i) Paragraphs (a) and (b) above will override any appropriation made by an Obligor.

### 31.7 No set-off by the Borrower

All payments to be made by the Borrower under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

### 31.8 Business Days

- (f) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

- (g) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

### **31.9 Currency of Account**

- (x) Subject to paragraphs (b) and (c) below, Dollars is the currency of account and payment for any sum due from the Borrower under any Finance Document.
- (y) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- (z) Any amount expressed to be payable in a currency other than Dollars shall be paid in that other currency.

### **31.10 Change of Currency**

- (g) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
  - (ix) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the COFACE Agent (after consultation with the Borrower); and
  - (x) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the COFACE Agent (acting reasonably).
- (h) If a change in any currency of a country occurs, this Agreement will, to the extent the COFACE Agent (acting reasonably and after consultation with the Borrower) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the London interbank market and otherwise to reflect the change in currency.

### **31.11 Disruption to Payment Systems etc.**

If either the COFACE Agent determines (in its discretion) that a Disruption Event has occurred or the COFACE Agent is notified by the Borrower that a Disruption Event has occurred:

- (e) the COFACE Agent may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of the Facility as the COFACE Agent may deem necessary in the circumstances;
- (f) the COFACE Agent shall not be obliged to consult with the Borrower in relation to any changes mentioned in paragraph (a) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;
- (g) the COFACE Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;
- (h) any such changes agreed upon by the COFACE Agent and the Borrower shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the

Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 37 (*Amendments and Waivers*);

- (i) the COFACE Agent shall not be liable for any damages, costs or losses whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the COFACE Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 31.11 (*Disruption to Payment Systems etc.*); and
- (j) the COFACE Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

### **31.12 Payments to the Security Agent**

Notwithstanding any other provision of any Finance Document, after a notice has been given to the Borrower under Clause 24 (*Remedies Upon an Event of Default*), and at any time after any Liens created by or pursuant to any Security Document becomes enforceable, the Security Agent may require the Borrower to pay all sums due under any Finance Document as the Security Agent may direct for application in accordance with the terms of the Security Documents.

## **32. Set-off**

If an Event of Default has occurred and is continuing, a Finance Party may set-off any matured obligation due from the Borrower under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to the Borrower, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. Following the exercise of a right of set-off under this Agreement, the relevant Finance Party shall notify the Borrower.

## **33. Notices**

### **33.1 Communications in Writing**

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

### **33.2 Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

- (n) in the case of the Borrower:

Address: Globalstar, Inc.  
300 Holiday Square Boulevard  
Covington  
LA 70433  
United States of America

Attention: James Monroe III

Facsimile: +001 985 335-1900;

- (o) in the case of each Lender, that notified in writing to the COFACE Agent on or prior to the date on which it becomes a Party; and
- (p) in the case of the COFACE Agent and the Security Agent:

Address: BNP Paribas  
Asset Finance Export Finance  
Commercial Support and Loan Implementation  
ACI: CHDESA1  
37, Place du Marché Saint Honoré  
75031 Paris Cedex 01  
France

Attention: Mrs Dominique Laplasse and Mrs Sylvie Caset Carricaburru

Telephone: + 33 (0)1 43 16 81 79 / + 33(0)1 43 16 81 69

Facsimile: + 33 (0)1 43 16 81 84

or any substitute address or fax number or department or officer as the Party may notify to the COFACE Agent (or the COFACE Agent may notify to the other Parties, if a change is made by the COFACE Agent) by not less than five (5) Business Days' notice.

### 33.3 Delivery

- (p) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:
    - (i) if by way of fax, when received in legible form; or
    - (ii) if by way of letter, when it has been left at the relevant address or five (5) Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address;
- and, if a particular department or officer is specified as part of its address details provided under Clause 33.2 (*Addresses*), if addressed to that department or officer.
- (q) Any communication or document to be made or delivered to the COFACE Agent, the Security Agent or the Mandated Lead Arrangers will be effective only when actually received by the COFACE Agent, the Security Agent or such Mandated Lead Arranger and then only if it is expressly marked for the attention of the department or officer identified with the COFACE Agent's, the Security Agent's or such Mandated Lead Arranger's signature below (or any substitute department or officer as the COFACE Agent, the Security Agent or such Mandated Lead Arranger shall specify for this purpose).
  - (r) All notices from or to an Obligor shall be sent through the COFACE Agent.
  - (s) Any communication or document made or delivered to the Borrower in accordance with this Clause will be deemed to have been made or delivered to each of the Obligors.
  - (t) Any communications or document which becomes effective in accordance with paragraphs (a) to (d) above, after 5:00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

### 33.4 Notification of Address and Fax Number

Promptly upon receipt of notification of an address or fax number or change of address or fax number pursuant to Clause 33.2 (*Addresses*) or changing its own address or fax number, the COFACE Agent shall notify the other Parties.

### **33.5 Electronic Communication**

- (p) Any communication to be made between any two Parties under or in connection with the Finance Documents may be made by electronic mail or other electronic means to the extent that these two Parties agree that, unless and until notified to the contrary, this is to be accepted form of communication and if those two parties:
  - (i) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
  - (ii) notify each other of any change to their address or any other such information supplied by them by no less than five (5) Business Days' notice.
- (q) Any electronic communication made between those two Parties will be effective only when actually received in readable form and in the case of any electronic communication made by a Party to the COFACE Agent only if it is addressed in such a manner as the COFACE Agent shall specify for this purpose.
- (r) Any electronic communication which becomes effective, in accordance with paragraph (b) above, after 5.00pm in the place of receipt shall be deemed only to become effective on the following day.

### **33.6 English Language**

- (h) Any notice given under or in connection with any Finance Document must be in English.
- (i) All other documents provided under or in connection with any Finance Document must be:
  - (xi) in English; or
  - (xii) if not in English, and if so required by the COFACE Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

## **34. Calculations and Certificates**

### **34.1 Accounts**

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

### **34.2 Certificates and Determinations**

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

### **34.3 Day Count Convention**

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of three hundred and sixty (360) days or, in any case where the practice in the London interbank market differs, in accordance with that market practice.

### **35. Partial Invalidity**

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

### **36. Remedies and Waivers**

No:

- (j) failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under the Finance Documents shall operate as a waiver of any such right or remedy or constitute an election to affirm any of the Finance Documents; and
- (k) election to affirm any of the Finance Documents on the part of any Finance Party shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

### **37. Amendments and Waivers**

#### **37.1 Required Consents**

- (s) Subject to Clause 37.2 (*Exceptions*) any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Obligors and following consultation by the COFACE Agent with COFACE. Any such amendment or waiver will be binding on all Parties.
- (t) The COFACE Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 37.
- (u) Unless otherwise agreed, no amendment or waiver may be made before the date falling ten (10) Business Days after the terms of that amendment or waiver have been notified by the COFACE Agent to the Lenders. The COFACE Agent shall notify the Lenders reasonably promptly of any amendments or waivers proposed by the Borrower.

#### **37.2 Exceptions**

- (j) An amendment or waiver that has the effect of changing or which relates to:
  - (xvii) the definition of “*Majority Lenders*” in Clause 1.1 (*Definitions*);
  - (xviii) an extension to the date of payment of any amount under the Finance Documents;
  - (xix) a reduction in the Applicable Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;



- (xx) an increase in or an extension of any Commitment or any requirement that a cancellation of Commitments reduces the Commitments of the Lenders rateably under the relevant Facility;
- (xxi) a change to an Obligor;
- (xxii) any provision which expressly requires the consent of all the Lenders;
- (xxiii) Clause 2.2 (*Finance Parties' Rights and Obligations*), Clause 26 (*Changes to the Lenders*) or this Clause 37;
- (xxiv) the nature or scope of the assets of the Borrower which from time to time are, or are expressed to be, the subject of a Lien under the Security Documents; or
- (xxv) the release of any Lien granted in accordance with the Security Documents or the granting of any Lien required under the terms of this Agreement,

shall not be made without the prior consent of all the Lenders.

- (k) An amendment or waiver which relates to the rights or obligations of the COFACE Agent, the Security Agent, and/or a Mandated Lead Arranger may not be effected without the consent of the COFACE Agent, the Security Agent, and/or the Mandated Lead Arranger (as the case may be).
- (l) If the COFACE Agent or a Lender reasonably believes that an amendment or waiver may constitute a “*material modification*” for the purposes of FATCA that may result (directly or indirectly) in a Party being required to make a FATCA Deduction and the COFACE Agent or that Lender (as the case may be) notifies the Borrower and the COFACE Agent accordingly, that amendment or waiver may not be effected without the consent of the COFACE Agent or that Lender (as the case may be).

### 37.3 Payment of Waiver or Amendment Fees

- (aa) Subject to paragraph (d) below, the Borrower shall pay to:
  - (i) the COFACE Agent (for the account of each Lender) a waiver fee in an amount equal to US\$15,000 for each Lender; and
  - (ii) the COFACE Agent (for its own account) a waiver fee in an amount equal to US\$10,000,
 (each fee, a “**Waiver Fee**”) if, following the First Effective Date any amendments or waivers (howsoever described) are required in respect of the Finance Documents.
- (bb) Each Waiver Fee shall be due from the date on which the Borrower delivers the waiver and/or amendment request to the COFACE Agent and is payable within thirty (30) days of such request.
- (cc) Each payment by the Borrower of a Waiver Fee shall be made in accordance with Clause 30 (*Payment Mechanics*) and the other provisions of the Finance Documents.
- (dd) No Waiver Fee shall be payable in respect of any amendment requested by the Borrower in connection with:
  - (i) the ability of the Borrower to incur additional Financial Indebtedness in connection with Permitted Vendor Financings in an aggregate amount above the threshold set out in Clause 22.1(k) (*Limitations on Financial Indebtedness*); or

- (ii) the ability of the Borrower to incur additional Financial Indebtedness in connection with cash paying Subordinated Indebtedness above the amounts as set out in the then current Agreed Business Plan; or
  - (iii) any adjustment to the numerator of the financial covenant set out in Clause 20.5 (*Net Debt to Adjusted Consolidated EBITDA*) in order to take into account the revised levels of Financial Indebtedness permitted following any amendment requests of the types set out in paragraphs (a) and (b) above (for which separate amendment requests shall be required).
- (ee) In connection with any requested amendment under paragraph (d)(iii) above in accordance with the provisions of this Clause 37 (*Amendments and Waivers*), the Borrower shall provide to the COFACE Agent a substitute table for the purposes of Clause 20.5 (*Net Debt to Adjusted Consolidated EBITDA*) on the same basis as the existing table but reflecting the appropriate numerator for the financial covenant. Upon agreement by the Lenders and the Borrower with the substitute table, the substitute table will be deemed to replace the then existing table applicable for the purposes of Clause 20.5 (*Net Debt to Adjusted Consolidated EBITDA*) and all determinations in respect of compliance with such financial covenant shall be made in accordance with the substitute table.

#### **37.4 Voting**

- (i) The Lenders hereby acknowledge that, pursuant to the terms of the COFACE Insurance Policy, COFACE shall be entitled to direct the manner in which voting rights or any other rights, powers, authorities and discretions held by the Lenders with respect to the Facilities are exercised.
- (j) The COFACE Agent shall seek the instructions of COFACE with respect to any matter on which any Lender is entitled to vote or exercise any right, power, authority or discretion (whether under this Agreement, any other Finance Document or any related agreements). The COFACE Agent shall notify the Lenders of the instructions of COFACE in respect thereof.

### **38. Counterparts**

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

### **39. Governing Law**

Other than Clause 28.2 (*Appointment of Security Agent (France)*), this Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

### **40. Enforcement**

#### **40.1 Jurisdiction**

- (k) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a “**Dispute**”).

- (l) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (m) This Clause 40.1 (*Jurisdiction*) is for the benefit of the Finance Parties only. As a result, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.
- (n) This Clause 40 does not apply to Clause 28.2 (*Appointment of Security Agent (France)*).

## **40.2 Service of Process**

Without prejudice to any other mode of service allowed under any relevant law, the Borrower:

- (k) irrevocably appoints WFW Legal Services Limited of 15 Appold Street, London EC2A 2HB as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and
- (l) agrees that failure by a process agent to notify the Borrower of the process will not invalidate the proceedings concerned.

## **40.3 Waiver of Immunity**

To the extent that the Borrower may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that in any such jurisdiction there may be attributed to itself, its assets or revenues such immunity (whether or not claimed), the Borrower irrevocably agrees not to claim, and irrevocably waives, such immunity to the full extent permitted by the laws of such jurisdiction.

# **41. Confidentiality**

## **41.1 Confidential Information**

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 41.2 (*Disclosure of Confidential Information*), and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

## **41.2 Disclosure of Confidential Information**

Any Finance Party may disclose:

- (e) to any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors and partners such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;
- (f) to any person:

- (xxvi)to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents and to any of that person's Affiliates and professional advisers;
- (xxvii)with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or one or more Obligors and to any of that person's Affiliates and professional advisers;
- (xxviii)appointed by any Finance Party or by a person to whom paragraph (b)(i) or (ii) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf;
- (xxix)who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph (b)(i) or (b)(ii) above;
- (xxx)to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;
- (xxxi)to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;
- (xxxii)who is a Party; or
- (xxxiii)with the consent of the Borrower;

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

- (A)in relation to paragraphs (b)(i), (b)(ii) and b(iii) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
- (B)in relation to paragraph (b)(iv) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;
- (C)in relation to paragraphs (b)(v), (b)(vi) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances; and

(D)to any person appointed by that Finance Party or by a person to whom paragraph (b)(i) or (b)(ii) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Company and the relevant Finance Party.

#### **41.3 Entire agreement**

This Clause 41 (*Confidentiality*) constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

#### **41.4 Inside information**

Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

#### **41.5 Notification of disclosure**

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Company:

(c)of the circumstances of any disclosure of Confidential Information made pursuant to paragraph (b)(v) of Clause 41.2 (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(d)upon becoming aware that Confidential Information has been disclosed in breach of this Clause 41 (*Confidentiality*).

#### **41.6 Continuing obligations**

The obligations in this Clause 41 (*Confidentiality*) are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of twelve months from the earlier of:

(d)the date on which all amounts payable by the Obligors under or in connection with this Agreement have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and

(e)the date on which such Finance Party otherwise ceases to be a Finance Party.

### **42. Subrogation and Reimbursement**

#### 42.1 COFACE Insurance Policy – Subrogation

The Parties acknowledge and agree that:

- (a) COFACE shall automatically be subrogated to the rights of the Lenders under this Agreement and each other Finance Document (including its rights with respect to voting) upon, and to the extent of, any payment made by it under or in respect of the COFACE Insurance Policy; and
- (b) the Obligations in respect of which any such payment was made shall, notwithstanding such payment, be treated as being outstanding to COFACE for the purposes of the Finance Documents until such time as they would have been discharged had COFACE not made that payment.

#### 42.2 Subrogation

- (f) Without prejudice to Clause 42.3 (*Reimbursement*) and any right of indemnification or subrogation COFACE may have at law, in equity or otherwise, each Party agrees that COFACE will, subject to and in accordance with Clause 42.1 (*COFACE Insurance Policy - Subrogation*), be subrogated to the rights of the Lenders under this Agreement upon the making of any payment by, or on behalf of, COFACE under the COFACE Insurance Policy and the Lenders shall act in accordance with the instructions of COFACE in the enforcement of their rights under this Agreement and the other Finance Documents following such subrogation.
- (g) The Parties agree that the right of subrogation under paragraph (a) above shall arise irrespective of, and prevail over, any inconsistency with any right of subrogation arising under the COFACE Insurance Policy, or under the laws of France, and notwithstanding any conduct on the part of COFACE or the Lenders.

#### 42.3 Reimbursement

- (e) Without prejudice to Clause 42.2 (*Subrogation*), the Borrower agrees that it will promptly upon receipt of notice thereof reimburse COFACE for any payment made by COFACE under the COFACE Insurance Policy, whether by direct payment or offset, in respect, and to the extent, of the Borrower's obligations to the Lenders under this Agreement (such amounts, the "**COFACE Insurance Policy Payments**").
- (f) The obligations of the Borrower to reimburse COFACE will be due and payable in the currency of payment by COFACE within five (5) Business Days of written demand in an amount equal to (without double counting):
  - (i) the COFACE Insurance Policy Payments; and
  - (ii) all previously paid COFACE Insurance Policy Payments which remain unreimbursed, together with any commission on any and all amounts remaining unreimbursed from and including the date on which such amounts become due until and including the date on which such amounts are paid in full determined in accordance with Clause 8.3 (*Default Interest*).

**This Agreement** has been entered into on the date stated at the beginning of this Agreement.

Schedule 1

Lenders and Commitments

Part 1  
Facility A

Facility A Original Lenders	Facility A Commitments US\$
BNP Paribas	140,356,164
Société Générale	140,356,164
Natixis	116,963,470
Crédit Agricole Corporate and Investment Bank	93,570,776
Crédit Industriel et Commercial	72,052,546
Total:	563,299,120

**Part 2**  
**Facility B**

<b>Facility B Original Lenders</b>	<b>Facility B Commitments US\$</b>
BNP Paribas	5,741,550
Société Générale	5,741,550
Natixis	4,784,626
Crédit Agricole Corporate and Investment Bank	3,827,700
Crédit Industriel et Commercial	2,947,454
<b>Total:</b>	<b>23,042,880</b>

**Schedule 2**  
**Conditions Precedent**

1. **Obligors**
  - (a) A copy of the constitutional documents of each Obligor.
  - (b) A copy of a resolution of the board of directors of each Obligor:
    - (i) approving the terms of, and the transactions contemplated by, the Transaction Documents to which it is a party and resolving that it execute the Transaction Documents to which it is a party;
    - (ii) authorising a specified person or persons to execute the Transaction Documents to which it is a party on its behalf; and
    - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by it under or in connection with the Transaction Documents to which it is a party.
  - (c) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above.
  - (d) A certificate of each Obligor (other than Thermo) (signed by an authorised signatory) confirming that the borrowing or guaranteeing, as appropriate, contemplated by the Finance Documents would not cause any borrowing, guaranteeing or similar limit binding on any Obligor (other than Thermo) to be exceeded.



- (e) A certificate from a Responsible Officer of the Borrower certifying that, as of Financial Close:
  - (i) each copy document relating to an Obligor specified in this Schedule 2 (*Conditions Precedent*) is correct, complete and in full force and effect as at a date no earlier than the date of Financial Close;
  - (ii) all representations and warranties of the Obligors contained in the Finance Documents are true, correct and complete in all material respects (*provided that*, any representation or warranty that is qualified by materiality or by reference to Material Adverse Effect shall be true, correct and complete in all respects);
  - (iii) none of the Obligors is in violation of any of the covenants contained in the Finance Documents;
  - (iv) after giving effect to the transactions contemplated by this Agreement, no Default or Event of Default has occurred and is continuing; and
  - (v) each of the Obligors has satisfied each of the conditions set out in this Schedule 2 (*Conditions Precedent*) and Clause 4.2 (*Further Conditions Precedent*).
- (f) Certificates as of a recent date of the good standing of each Obligor under the laws of its jurisdiction of organisation and, to the extent requested by the COFACE Agent, each other jurisdiction where such Obligor is qualified to do business.

## 2. Legal opinions

- (a) A legal opinion of White & Case LLP (advisers to the Lenders) as to matters of the laws of England and confirming, among other things, the validity and enforceability of the Finance Documents governed by English law).
- (b) A legal opinion of White & Case LLP (advisers to the Lenders) as to matters of the laws of France and confirming, among other things, the validity and enforceability of the French Security Documents.
- (c) A legal opinion of Taft Stettinius & Hollister LLP (advisers to the Borrower) confirming, among other things, the due authorisation of each Obligor, no conflict with the convertible notes, and confirming the validity and enforceability of those Security Documents governed by New York law.
- (d) A legal opinion of Haynes & Boone (advisers to the Lenders) as to matters of the laws of Texas and confirming, among other things, the validity and enforceability of those Security Documents governed by Texas law.
- (e) A legal opinion of K&L Gates (advisers to the Lenders) as to matters of the laws of Alaska and confirming, among other things, the validity and enforceability of those Security Documents governed by Alaska law.
- (f) A legal opinion of Wilmer Cutler Pickering Hale and Dorr LLP in respect of each Obligor's FCC Communications Licences.
- (g) A legal opinion of in-house counsel or external counsel of the Supplier confirming, among other things, that the Supplier has been duly authorised to enter into each of the Finance Documents to which it is a party.

- (h) A legal opinion of in-house counsel or external counsel of the Launch Services Provider confirming, among other things, that the Launch Services Provider has been duly authorised to enter into each of the Finance Documents to which it is a party.
- (i) Such other favourable legal opinions of counsel to the Obligors addressed to the COFACE Agent (for and on behalf of itself and the other Finance Parties) with respect to the Obligors, the Finance Documents and such other matters as the COFACE Agent shall reasonably request, including, without limitation, FCC matters.

3. **Finance documents**

An original (duly executed by each of the parties thereto) of:

- (a) this Agreement; and
- (b) each of the other Finance Documents (other than the Mortgages and each Landlord Waiver and Consent Agreement).

4. **Personal property collateral**

The COFACE Agent shall have received:

- (a) original stock certificates and other certificates evidencing the Capital Stock pledged pursuant to the Security Documents, together with an undated stock power for each such certificate duly executed in blank by the registered owner thereof; and
- (b) each original promissory note pledged pursuant to the Security Documents.

5. **Security matters**

- (a) Certified copies of all notices of assignment and/or charge required to be delivered pursuant to the Security Documents.
- (b) Each Obligor shall have duly authorised, executed and delivered:
  - (i) proper financing statements (Form UCC-1 or such other financing statements or similar notices as shall be required by local law) fully executed for filing under the UCC or other appropriate filing offices of each jurisdiction as may be necessary to perfect a Lien purported to be created by the Security Documents;
  - (ii) certified copies of requests for information or copies (Form UCC-11), or equivalent reports, listing all judgement liens, tax liens or effective financing statements that name the Obligors or any of their Subsidiaries, or a division or other operating unit of any such person, as debtor and that are filed in the jurisdictions referred to in paragraph (i) above, together with copies of such other financing statements evidencing any Lien permitted by Clause 22.2 (*Limitations on Liens*);
  - (iii) evidence of the completion of all other recordings and filings of, or with respect to, the Security Documents as may be necessary to perfect any Lien intended to be created by the Security Documents;
  - (iv) each irrevocable payment instruction (if any); and
  - (v) evidence that all other actions necessary to perfect and protect any Lien purported to be created by the Security Document have been taken.

6. **Governmental and other authorisations**

The Borrower has obtained, and provided to the COFACE Agent, certified copies of all Authorisations listed in Schedule 15 (*Communication Licences*) together with:

- (a) in the case of paragraphs (i), (iii) and (iv) below, all other Authorisations; and
- (b) in the case of paragraph (ii) below, all other material Authorisations,

in each case, not listed in those clauses that may become necessary for:

- (i) each Loan;
- (ii) the business of the Borrower as it is presently carried on and is contemplated to be carried out;
- (iii) the due execution, delivery, validity and enforceability of, and performance by an Obligor of its obligations under this Agreement and each other Transaction Document to which it is a party, and any other documents necessary or desirable to the implementation of any of those agreements or documents; and
- (iv) the remittance to any Finance Party (or its assigns) of all monies payable or owing to such Finance Party (or its assigns) under any Finance Document in the currencies specified in such Finance Document,

and all those Authorisations are in full force and effect.

## 7. **Commercial contracts**

The following documents shall have been delivered to the COFACE Agent:

- (a) a copy, certified as true and complete by an Authorised Signatory of the Supplier and the Launch Services Provider, of each Commercial Contract;
- (b) a certificate of incumbency and authority, signed by a director of the Supplier and the Launch Services Provider specifying the names and titles of each of the Authorised Signatories of the Supplier and the Launch Services Provider:
  - (i) whose signature(s) appear on each Commercial Contract and Transaction Document to which it is a party; and
  - (ii) who shall sign all other certificates (including each Qualifying Certificate), notices and documents referred to in this Agreement on behalf of the Supplier and the Launch Services Provider (as the case may be);
- (c) a certificate, signed by an Authorised Signatory of the Supplier, certifying that the Satellite Construction Contract is in full force and effect, with the date of such entry into full force and effect, and has not been suspended, interrupted, cancelled or terminated, amended or modified and no arbitration or other legal proceedings have been initiated between the Borrower and the Supplier in respect of the Satellite Construction Contract;
- (d) a certificate, signed by an Authorised Signatory of the Launch Services Provider, certifying that the Launch Services Contract is in full force and effect, with the date of such entry into full force and effect, and has not been suspended, interrupted, cancelled or terminated, amended or modified and no arbitration or other legal proceedings have been initiated between the Borrower and the Launch Services Provider in respect of the Launch Services Contract; and

- (e) written evidence received from:
  - (i) the Supplier of the payment by the Borrower to the Supplier of the Advance Payment in respect of the Satellite Construction Contract; and
  - (ii) the Launch Services Provider of the payment by the Borrower to the Launch Services Provider of the Advance Payment in respect of the Launch Services Contract.

8. **Coface insurance policy**

Each COFACE Insurance Policy is in full force and effect and is in form and substance satisfactory to the COFACE Agent (acting on the instructions of all the Lenders) and the COFACE Agent (acting on the instructions of all the Lenders) is satisfied that all conditions of each COFACE Insurance Policy are fulfilled and that all the requisite approvals of the French Authorities have been obtained.

9. **No material adverse effect**

Since the date of this Agreement nothing has occurred which has or could reasonably be expected to have a Material Adverse Effect.

10. **Equity / subordinated debt**

Evidence that Thermo has converted into share capital of the Borrower all of the Financial Indebtedness owed by the Borrower (including pursuant to the Thermo Facility Agreement), together with a pay off letter (in form and substance satisfactory to the COFACE Agent) evidencing the termination of all obligations under the Thermo Facility Agreement.

11. **Equity contribution**

- (a) Evidence that prior to Financial Close, Thermo (or any other third party) has contributed to the Borrower at least US\$75,000,000 (in aggregate) of equity by way of share capital or subordinated shareholder loans, as follows:
  - (iii) since the date of this Agreement, Thermo (or any other third party) has contributed to the Borrower at least US\$45,000,000 of equity by way of share capital or subordinated shareholder loans (excluding the equity issued to Thermo as described in paragraph 10 (*Equity / Subordinated Debt*) above); and
  - (iv) since 1 December 2008 to the date of Financial Close, Thermo has contributed to the Borrower US\$30,000,000 of equity by way of share capital.

12. **Debt service reserve account**

Evidence that the Debt Service Reserve Account has been opened and is funded with the DSRA Required Balance.

13. **Insurances**

- (a) A report from the Insurance Consultant.
- (b) The insurance provisions in each of the Commercial Contracts have been amended in form and substance satisfactory to the COFACE Agent (acting in consultation with the Insurance Consultant).

- (c) The COFACE Agent shall have received:
  - (i) evidence of payment of all insurance premiums (as required within the applicable credit terms agreed with insurers) for the current policy year of each Insurance (naming COFACE, the COFACE Agent and the Lenders as additional insured on all certificates for “*all risks property insurance*” and also the Security Agent as first Loss Payee on the Launch Insurance and as additional named insured on the Launch third party liability insurance);
  - (ii) in relation to the “*all risks property insurance*”, a certified copy of the Insurance Documentation (including evidence of transit insurance), copies (certified by a Responsible Officer of the Supplier) in the form required under the Security Documents and otherwise in form and substance reasonably satisfactory to the COFACE Agent; and
  - (iii) a certified copy of a certificate from the Supplier in respect of its third party liability insurance in the same form to be provided pursuant to Article 31 of the Satellite Construction Contract.

14. **Know your customer requirements**

The COFACE Agent shall have received each of the documents referred to in Schedule 7 (*Know Your Customer Requirements*).

15. **No injunction, etc.**

- (a) No action, proceeding, investigation, regulation or legislation shall have been instituted, threatened or proposed by any Governmental Authority to enjoin, restrain, or prohibit, or to obtain substantial damages in respect of, or which is related to or arises out of the Finance Documents or the consummation of the transactions contemplated thereby, or which, in the COFACE Agent’s sole discretion, would make it inadvisable to consummate the transactions contemplated by the Finance Documents or the consummation of the transactions contemplated thereby.
- (b) The COFACE Agent shall be reasonably satisfied that no proceeding shall be pending or threatened which may result in the loss, revocation, material modification, non-renewal, suspension or termination of any Material Communications Licence, the issuance of any cease or desist order or the imposition of any fines, forfeitures or other administrative actions by the FCC with respect to any operations of the Borrower and its Subsidiaries.
- (c) The COFACE Agent shall be reasonably satisfied that no proceeding shall be pending or threatened which may result in the denial by the FCC of any pending material applications of the Borrower or any Subsidiary thereof, if such denial could reasonably be expected to have a Material Adverse Effect.

16. **Group structure chart**

A certified copy of the Group Structure Chart.

17. **Accounts**

Evidence that:

- (a) the Project Accounts (other than the Collection Account) have each been opened and continue to be maintained with the Offshore Account Bank; and

- (b) the Collection Account has been opened and continues to be maintained with the Onshore Account Bank.

18. **Other documents and evidence**

- (a) Evidence that any process agent referred to in Clause 40.2 (*Service of Process*) (and any other equivalent provision in the other Finance Documents) has accepted its appointment.
- (b) A copy of any other Authorisation or other document, opinion or assurance which the Lender considers to be necessary in connection with the entry into and performance of the transactions contemplated by any Finance Document or for the validity and enforceability of any Finance Document.
- (c) Copies of the following financial statements:
- (i) the annual audited financial statements issued by the Borrower for the financial year ended 31 December 2008; and
  - (ii) the unaudited financial statements issued by the Borrower for the period ended 31 March 2009.
- (d) Evidence that fees, costs and expenses as at the date of the first Utilisation due from the Borrower pursuant to the Finance Documents have been paid or will be paid by the first Utilisation Date.
- (e) Evidence that the Borrower has purchased the Interest Rate Cap Agreements with each Original Lender in proportion to its Commitment.
- (f) Evidence of the conversion of not less than US\$78,200,000 of the 5.75% Notes.
- (g) [*Intentionally Omitted*].
- (h) [*Intentionally Omitted*]
- (i) [*Intentionally Omitted*].

**Schedule 3**

**Utilisation Request**

From: [*Borrower*]

To: [*COFACE Agent*]

Cc: [*the Supplier*] / [*the Launch Services Provider*]

Dated: [●]

Dear Sirs,

**COFACE Facility Agreement dated 5 June 2009 (as amended and restated from time to time) (the “Agreement”)**

1. We refer to the Agreement. This is a Utilisation Request for a [*disbursement*] / [*reimbursement*]. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2. We wish to borrow a *[Facility A]* / *[Facility B]* Loan on the following terms:

Proposed Utilisation Date: *[●]* (or, if that is not a Business Day, the next Business Day)

Amount: *[[●]] [[Dollars] (US\$[●])]* or, if less, the Available Facility

Interest Period: Six (6) Months

Use of Proceeds: *[US\$[●]] payable to Thales Alenia Space France for payment of the Invoice dated [●] in relation to the Satellite Construction Contract.]*

*[US\$[●]] payable to Arianespace for payment of the Invoice dated [●] in relation to the Launch Services Contract.]*

*[US\$[●]] payable to the Borrower as reimbursement for payment to the Supplier and to the Launch Services Provider in relation to part of the Eligible Amount according to the Invoices separately provided to the COFACE Agent.]*

*[[Dollars] (US\$[●]) payable to the COFACE Agent for payment of the COFACE Insurance Premia.]*

3. We confirm that each condition specified in Clause 4.2 (*Further Conditions Precedent*) [*and Clause 4.3 (Conditions Precedent to Certain Utilisations)*] *[is] [are]* satisfied on the date of this Utilisation Request.

4. The proceeds of this Loan should be credited to *[insert relevant bank account details]*.

5. This Utilisation Request is irrevocable.

Yours faithfully

authorised signatory for  
**Globalstar, Inc.**

## **Schedule 4**

### **Maximum Covenant Capital Expenditure**

#### Part A

#### **Maximum Covenant Capital Expenditures**

1	2	3	4	5	6	7	8
Relevant Period A	Business Plan Capex B	10% Buffer A + B = C	Maximum Capex Covenant D	Minimum Capex – Not Available for Rollover C – D = E	Capex Available for Rollover F	Cumulative Rollover C + F	Maximum Cumulative Capex
2H 2013	\$31,305,815	\$3,130,582	\$34,436,397	\$20,000,000	\$14,436,397	\$0	\$34,436,397
2014	\$38,466,992	\$3,846,699	\$42,313,691	\$30,000,000	\$12,313,691	\$14,436,397	\$56,750,088
2015	\$17,090,846	\$1,709,085	\$18,799,931	\$10,000,000	\$8,799,931	\$26,750,088	\$45,550,018
2016	\$12,000,000	\$1,200,000	\$13,200,000	\$5,000,000	\$8,200,000	\$35,550,018	\$48,750,018
2017	\$2,400,000	N/A	\$15,000,000	N/A	N/A	\$43,750,018	\$58,750,018
2018	\$2,400,000	N/A	\$15,000,000	N/A	N/A	N/A	\$15,000,000
2019	\$2,400,000	N/A	\$15,000,000	N/A	N/A	N/A	\$15,000,000
2020	\$2,400,000	N/A	\$15,000,000	N/A	N/A	N/A	\$15,000,000
2021	\$2,400,000	N/A	\$15,000,000	N/A	N/A	N/A	\$15,000,000
2022	\$2,400,000	N/A	\$15,000,000	N/A	N/A	N/A	\$15,000,000



Part B

**Maximum Covenant Capital Expenditures for Excess Cash Flow Calculation**

Relevant Period	Maximum Covenant Capex for Excess Cash Flow Calculation
2H 2013	US\$34,436,397
1H 2014	US\$10,688,587
2H 2014	US\$31,625,105
1H 2015	US\$9,644,886
2H 2015	US\$9,155.045
1H 2016	US\$6,600.000
2H 2016	US\$6,600.000
1H 2017	US\$2,500.000
2H 2017	US\$2,500.000
1H 2018	US\$2,500.000
2H 2018	US\$2,500.000
1H 2019	US\$2,500.000
2H 2019	US\$2,500.000
1H 2020	US\$2,500.000
2H 2020	US\$2,500.000
1H 2021	US\$2,500.000
2H 2021	US\$2,500.000
1H 2022	US\$2,500.000
2H 2022	US\$2,500.000

## Schedule 5

### Form of Transfer Certificate and Assignment Agreement

#### Part A

##### Form of Transfer Certificate

To: [●] as COFACE Agent

From: [*The Existing Lender*] (the “**Existing Lender**”) and [*The New Lender*] (the “**New Lender**”)

Dated: [●]

#### COFACE Facility Agreement dated 5 June 2009 (as amended and restated from time to time) (the “Agreement”)

1. We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.
2. We refer to clause 26.5 (*Procedure for Transfer or Assignment*) of the Agreement:
  - (c) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation, and in accordance with clause 26.5 (*Procedure for Transfer or Assignment*), all of the Existing Lender’s rights and obligations under the Agreement and the other Finance Documents which relate to that portion of the Existing Lender’s Commitment(s) and participation in Loans under the Agreement as specified in the Schedule.
  - (d) The proposed Transfer Date is [●].
  - (e) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of clause 33.2 (*Addresses*) of the Agreement are set out in the Schedule.
3. The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (c) of clause 26.4 (*Limitation of Responsibility of Existing Lenders*) of the Agreement.
4. The New Lender confirms that the person beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document is a Qualifying Lender.
5. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.
6. This Transfer Certificate and any non-contractual obligations arising out of or in connection with it are governed by English law.
7. For the purposes of *Article 1278* and *seq.* of the French Civil Code, it is agreed that the security interest created pursuant to the Borrower Pledge of Bank Accounts, the Borrower Additional Pledge of Bank Accounts and the Holding Account Pledge Agreement shall be preserved for the benefit of the New Lender and all other Finance Parties.

**The Schedule**

**Commitment/rights and obligations to be transferred**

*[insert relevant details]*

*[Facility Office address, fax number and attention details for notices and account details for payments.]*

**[Existing Lender]**

**[New Lender]**

By: [●]

By: [●]

This Transfer Certificate is accepted by the COFACE Agent and the Transfer Date is confirmed as [●].

[COFACE Agent]

By: [●]

**Part B**  
**Form of Assignment Agreement**

To: [●] as COFACE Agent and [●] as Borrower, for and on behalf of each Obligor

From: [*the Existing Lender*] (the “**Existing Lender**”) and [*the New Lender*] (the “**New Lender**”)

Dated: [●]

**[Borrower] - [●] Facility Agreement**  
**dated [●] (the "Agreement")**

1. We refer to the Agreement. This is an Assignment Agreement. Terms defined in the Agreement have the same meaning in this Assignment Agreement unless given a different meaning in this Assignment Agreement.
2. We refer to clause 26.5 (*Procedure for Transfer or Assignment*):
  - (a) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Agreement and the other Finance Documents which relate to that portion of the Existing Lender's Commitment(s) and participations in Loans under the Agreement as specified in the Schedule.
  - (b) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender's Commitment(s) and participations in Loans under the Agreement specified in the Schedule.
  - (c) The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above.
3. The proposed Transfer Date is [●].
4. On the Transfer Date the New Lender becomes Party to the Finance Documents as a Lender.
5. The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of clause 33.2 (*Addresses*) are set out in the Schedule.
6. The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of clause 26.4 (*Limitation of Responsibility of Existing Lenders*).
7. The New Lender confirms, for the benefit of the COFACE Agent and without liability to any Obligor, that it is:
  - (a) [a Qualifying Lender];
  - (b) [not a Qualifying Lender].
8. This Assignment Agreement acts as notice to the COACE Agent (on behalf of each Finance Party) and, upon delivery in accordance with clause 26.6 (*Copy of Transfer Certificate or Assignment Agreement to Borrower*), to the Borrower (on behalf of each Obligor) of the assignment referred to in this Assignment Agreement.

- 9.This Assignment Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Assignment Agreement.
- 10.This Assignment Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
- 11.This Assignment Agreement has been entered into on the date stated at the beginning of this Assignment Agreement.

**THE SCHEDULE**  
**Rights to be assigned and obligations to be released and undertaken**

[insert relevant details]

[Facility office address, fax number and attention details for notices and account details for payments]

[Existing Lender]

[New Lender]

By:

By:

This Assignment Agreement is accepted by the COFACE Agent and the Transfer Date is confirmed as [●].

Signature of this Assignment Agreement by the COFACE Agent constitutes confirmation by the COFACE Agent of receipt of notice of the assignment referred to herein, which notice the COFACE Agent receives on behalf of each Finance Party.

[COFACE Agent]

By:

**Schedule 6**  
**The Security Agent**

**1. Security agent as holder of liens**

(f) In this Clause:

“**Finance Party Claim**” means any amount which an Obligor owes to a Finance Party under or in connection with the Finance Documents; and

“**Security Agent Claim**” means any amount which an Obligor owes to the Security Agent under this Clause.

(g) Unless expressly provided to the contrary in any Finance Document, the Security Agent holds:

(v) any security created by a Security Document governed by any relevant law;

(vi) the benefit of any Security Agent Claims; and

(vii) any proceeds of security,

for the benefit, and as the property, of the Finance Parties.

(h) The Security Agent will separately identify in its records the property rights referred to in paragraph (b) above.

(i) The Borrower must pay the Security Agent, as an independent and separate creditor, an amount equal to each Finance Party Claim on its due date.

- (j) The Security Agent may enforce performance of any Security Agent Claim in its own name as an independent and separate right. This includes any suit, execution, enforcement of security, recovery of guarantees and applications for and voting in respect of any kind of insolvency proceeding.
- (k) Each Finance Party must, at the request of the Security Agent, perform any act required in connection with the enforcement of any Security Agent Claim. This includes joining in any proceedings as co-claimant with the Security Agent.
- (l) Unless the Security Agent fails to enforce a Security Agent Claim within a reasonable time after its due date, a Finance Party may not take any action to enforce the corresponding Finance Party Claim unless it is requested to do so by the Security Agent.
- (m) The Borrower irrevocably and unconditionally waives any right it may have to require a Finance Party to join in any proceedings as co-claimant with the Security Agent in respect of any Security Agent Claim.
- (n) (A) Discharge by the Borrower of a Finance Party Claim will discharge the corresponding Security Agent Claim in the same amount; and (B) Discharge by the Borrower of a Security Agent Claim will discharge the corresponding Finance Party Claim in the same amount.
- (o) The aggregate amount of the Security Agent Claims will never exceed the aggregate amount of Finance Party Claims.
- (p) (A) A defect affecting a Security Agent Claim against the Borrower will not affect any Finance Party Claim; and (B) A defect affecting a Finance Party Claim against the Borrower will not affect any Security Agent Claim.
- (q) If the Security Agent returns to the Borrower, whether in any kind of insolvency proceedings or otherwise, any recovery in respect of which it has made a payment to a Finance Party, that Finance Party must repay an amount equal to that recovery to the Security Agent.

## 2. **Responsibility**

- (c) The Security Agent is not liable or responsible to any other Finance Party for:
  - (iii) any failure in perfecting or protecting the security created by any Security Document; or
  - (iv) any other action taken or not taken by it in connection with any Security Document,
 unless caused by its gross negligence or wilful misconduct.
- (d) The Security Agent is not responsible for:
  - (i) the right or title of any person in or to, or the value of, or sufficiency of any part of the security created by the Security Documents;
  - (ii) the priority of any security created by the Security Documents; or
  - (iii) the existence of any other Lien affecting any asset secured under a Security Document.

3. **Title**

The Security Agent may accept, without enquiry, the title (if any) the Borrower may have to any asset over which security is intended to be created by any Security Document.

4. **Possession of documents**

The Security Agent is not obliged to hold in its own possession any Security Document, title deed or other document in connection with any asset over which security is intended to be created by a Security Document. Without prejudice to the above, the Security Agent may allow any bank providing safe custody services or any professional adviser to the Security Agent to retain any of those documents in its possession.

5. **Investments**

Except as otherwise provided in any Security Document, all moneys received by the Security Agent under a Security Document may be:

- (a) invested in the name of, or under the control of, the Security Agent in any investment for the time being authorised by any relevant law for the investment by trustees of trust money or in any other investments which may be selected by the Security Agent with the consent of the Majority Lenders; or
- (b) placed on deposit in the name of, or under the control of, the Security Agent at any bank or institution (including any Finance Party) and on such terms as the Security Agent may agree.

6. **Approval**

Each Finance Party:

- (a) confirms its approval of each Security Document; and
- (b) authorises and directs the Security Agent (by itself or by such person(s) as it may nominate) to enter into and enforce the Security Documents as trustee (or agent) or as otherwise provided (and whether or not expressly in the names of the Finance Parties) on its behalf.

7. **Conflict with security documents**

If there is any conflict between this Agreement and any Security Document with regard to instructions to, or other matters affecting, the Security Agent, this Agreement will prevail.

8. **Release of security**

- (a) If a disposal of any asset subject to security created by a Security Document is made to a person (which is and will remain) outside the Group in the following circumstances:
  - (i) all the Lenders agree to the disposal;
  - (ii) the disposal is being made at the request of the Security Agent in circumstances where any security created by the Security Documents has become enforceable;
  - (iii) the disposal is allowed by the terms of the Finance Documents and will not result or could not reasonably be expected to result in any Default; and
  - (iv) the disposal is being effected by enforcement of a Security Document, the asset(s) being disposed of will be released from any security over it created by a Security Document.



- (b) Any release under this Subclause will not become effective until the date of the relevant disposal or otherwise in accordance with the consent of all the Lenders.
- (c) If a disposal is not made, then any release relating to that disposal will have no effect, and the obligations of the Borrower under the Finance Documents will continue in full force and effect.
- (d) If the Security Agent so requests pursuant to a release under this Subclause, (at the request and expense of the Borrower) each Finance Party must enter into any document and do all such other things which are reasonably required to achieve that release. Each other Finance Party irrevocably authorises the Security Agent to enter into any such document.

9. **Co-security agent**

- (d) The Security Agent may appoint a separate security agent or a co-security agent in any jurisdiction:
  - (i) if the Security Agent considers that without the appointment the interests of the Lenders under the Finance Documents might be materially and adversely affected;
  - (ii) for the purpose of complying with any law, regulation or other condition in any jurisdiction; or
  - (iii) for the purpose of obtaining or enforcing a judgment or enforcing any Finance Document in any jurisdiction.
- (e) Any appointment under this Subclause will only be effective if the security agent or co-security agent confirms to the Security Agent and the Borrower in form and substance satisfactory to the Security Agent that it is bound by the terms of this Agreement as if it were the Security Agent.
- (f) The Security Agent may remove any security agent or co-security agent appointed by it and may appoint a new security agent or co-security agent in its place.

10. **Information**

Each Finance Party and the Borrower must supply the Security Agent with any information that the Security Agent may reasonably specify as being necessary or desirable to enable it to perform its functions under this Clause.

11. **Perfection of security**

Borrower must (at its own cost) take any action and enter into and deliver any document which is required by the Security Agent so that a Security Document provides for effective and perfected security in favour of any successor Security Agent.

## Schedule 7

### Know Your Customer Requirements

The Borrower shall provide the following documents to the COFACE Agent, upon the request of a Finance Party, in original or certified copy form:

1. **Formation Documents:** original or certified copies of the certificate of commercial registration, memorandum of association or any other equivalent formation documents in English that have been filed with the relevant business registry in the jurisdiction of formation of the Borrower and any other trading names;
2. **List of Directors:** a certified list of all directors of the Borrower including:
  - (f) names;
  - (g) nationalities;
  - (h) dates of birth; and
  - (i) business addresses;
3. **Passports:** a certified copy of the passports of the persons signing each of the Finance Documents for and on behalf of the Borrower;
4. **Financials:** most recent annual audited financial reports (if any) and the latest unaudited statement of accounts; and
5. **Listing:** evidence that the Borrower is a listed entity.

Schedule 8  
Form of Compliance Certificate

To: BNP Paribas as COFACE Agent

From: [Borrower]

Dated: [●]

Dear Sirs

Globalstar COFACE Facility Agreement dated 5 June 2009 (as amended and restated from time to time) (the “Agreement”)

- 1. We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement have the same meaning in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
- 2. We confirm that: *[Insert details of financial covenants in Clause 20 (Financial Covenants) to be certified]*.
- 3. We confirm that the amounts as of the date of this Compliance Certificate in each of the Project Accounts are as follows:
  - (c) the Collection Account – US\$[●];
  - (d) the Debt Service Account – US\$[●];
  - (e) the Debt Service Reserve Account – US\$[●]; and
  - (f) the Insurance Proceeds Account – US\$[●].
- 4. We confirm that: *[insert details of any Spectrum Cash Flow and/or Spectrum Sale proceeds]*.
- 5. We confirm that: *[insert detailed calculations for the purposes of calculating the amounts of the cash sweeps in Clause 7 (Prepayment and Cancellation)]*.
- 6. We confirm that: *[insert detailed calculation of the Adjusted Consolidated EBITDA Reconciliation and the reconciliation of the Excess Cash Flow]*.
- 7. We confirm that since the date of the last Compliance Certificate no new Subsidiaries have been created or equity interests issued other than as disclosed in writing to the COFACE Agent.
- 8. We confirm that the shareholders of record of the Borrower are as follows: *[insert list of current shareholders of record of the Borrower]*.
- 9. [We confirm that no Default is continuing.]\*

Signed:

Director

Director

Of

Of

[Borrower]

[Borrower]

Schedule 9  
ERISA Plans

- 1. Globalstar, Inc. Savings Plan (401(k));
- 2. Globalstar, Inc. Pension Plan (Retirement); and
- 3. Globalstar, Inc. Comprehensive Welfare Benefits Plan document.

Schedule 10  
Form of Confidentiality Undertaking

To:

[insert name of Potential Lender]

Re: The Facility

Borrower:

Amount:

COFACE Agent:

Dear Sirs,

We understand that you are considering participating in the Facility. In consideration of us agreeing to make available to you certain information, by your signature of a copy of this letter you agree as follows:

1. Confidentiality Undertaking

You undertake:

- (g) to keep the Confidential Information confidential and not to disclose it to anyone except as provided for by paragraph 2 below and to ensure that the Confidential Information is protected with security measures and a degree of care that would apply to your own confidential information;
- (h) to use the Confidential Information only for the Permitted Purpose; and
- (i) to use all reasonable endeavours to ensure that any person to whom you pass any Confidential Information (unless disclosed under paragraph 2(b) below) acknowledges and complies with the provisions of this letter as if that Person were also a party to it.

2. Permitted Disclosure

We agree that you may disclose Confidential Information:

- (c) to members of the Participant Group and their officers, directors, employees and professional advisers to the extent necessary for the Permitted Purpose and to any auditors of members of the Participant Group;

- (d) (i) where requested or required by any court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body, (ii) where required by the rules of any stock exchange on which the shares or other securities of any member of the Participant Group are listed or (iii) where required by the laws or regulations of any country with jurisdiction over the affairs of any member of the Participant Group; or
- (e) with the prior written consent of us and the Borrower.

3. **Notification of Required or Unauthorised Disclosure**

You agree (to the extent permitted by law and except where disclosure is to be made to any competent supervisory or regulatory body during the ordinary course of its supervisory or regulatory function over you) to inform us of the full circumstances of any disclosure under paragraph 2(b) or upon becoming aware that Confidential Information has been disclosed in breach of this letter.

4. **Return of Copies**

If we so request in writing, you shall return all Confidential Information supplied to you by us and destroy or permanently erase (to the extent technically practicable) all copies of Confidential Information made by you and use all reasonable endeavours to ensure that anyone to whom you have supplied any Confidential Information destroys or permanently erases (to the extent technically practicable) such Confidential Information and any copies made by them, in each case save to the extent that you or the recipients are required to retain any such Confidential Information by any applicable law, rule or regulation or by any competent judicial, governmental, supervisory or regulatory body or in accordance with internal policy, or where the Confidential Information has been disclosed under paragraph 2(b) above.

5. **Continuing Obligations**

The obligations in this letter are continuing and, in particular, shall survive the termination of any discussions or negotiations between you and us. Notwithstanding the previous sentence, the obligations in this letter shall cease on the earlier of (a) the date you become a party to or otherwise acquire (by assignment, sub participation or otherwise) an interest, direct or indirect in the Facility and (b) twelve (12) Months after you have returned all Confidential Information supplied to you by us and destroyed or permanently erased (to the extent technically practicable) all copies of Confidential Information made by you (other than any such Confidential Information or copies which have been disclosed under paragraph 2 above (other than sub-paragraph 2(a)) or which, pursuant to paragraph 4 above, are not required to be returned or destroyed).

6. **No Representation; Consequences of Breach, etc**

You acknowledge and agree that:

- (a) neither we, nor any member of the Group nor any of our or their respective officers, employees or advisers (each a “**Relevant Person**”)
  - (i) make any representation or warranty, express or implied, as to, or assume any responsibility for, the accuracy, reliability or completeness of any of the Confidential Information or any other information supplied by us or the assumptions on which it is based or
  - (ii) shall be under any obligation to update or correct any inaccuracy in the Confidential Information or any other information supplied by us or be otherwise liable to you or any other Person in respect to the Confidential Information or any such information; and
- (b) we or members of the Group may be irreparably harmed by the breach of the terms of this letter and damages may not be an adequate remedy; each Relevant Person may be

granted an injunction or specific performance for any threatened or actual breach of the provisions of this letter by you.

7. **No Waiver; Amendments, etc**

This letter sets out the full extent of your obligations of confidentiality owed to us in relation to the information the subject of this letter. No failure or delay in exercising any right, power or privilege under this letter will operate as a waiver thereof nor will any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privileges under this letter. The terms of this letter and your obligations under this letter may only be amended or modified by written agreement between us.

8. **Inside Information**

You acknowledge that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and you undertake not to use any Confidential Information for any unlawful purpose.

9. **Nature of Undertakings**

The undertakings given by you under this letter are given to us and (without implying any fiduciary obligations on our part) are also given for the benefit of the Borrower and each other member of the Group.

10. **Third Party Rights**

- (j) Subject to this paragraph 10 and to paragraph 6 and paragraph 9, a person who is not a party to this letter has no right under the Contracts (Rights of Third Parties) Act 1999 (the “**Third Parties Act**”) to enforce or enjoy the benefit of any term of this letter.
- (k) The Relevant Persons may enjoy the benefit of paragraphs 6 and 9 subject to and in accordance with this paragraph 10 and the provisions of the Third Parties Act.
- (l) The parties to this letter do not require the consent of any Relevant Person to rescind or vary this letter at any time.

11. **Governing Law and Jurisdiction**

This letter (including the agreement constituted by your acknowledgement of its terms) shall be governed by and construed in accordance with the laws of England and the parties submit to the non-exclusive jurisdiction of the English courts.

12. **Definitions**

In this letter (including the acknowledgement set out below) terms defined in the Facility shall, unless the context otherwise requires, have the same meaning and:

“**Confidential Information**” means any information relating to the Borrower, the Group, and the Finance Documents, provided to you by us or any of our affiliates or advisers, in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that (a) is or becomes public knowledge other than as a direct or indirect result of any breach of this letter or (b) is known by you before the date the information is disclosed to you by us or any of our affiliates or advisers or is lawfully obtained by you after that date, other than from a source which is connected with the Group and which,

in either case, as far as you are aware, has not been obtained in violation of, and is not otherwise subject to, any obligation of confidentiality;

“**Group**” means the Borrower and each of its holding companies and subsidiaries and each subsidiary of each of its holding companies (as each such term is defined in the Companies Act 1985);

“**Participant Group**” means you, each of your holding companies and subsidiaries and each subsidiary of each of your holding companies (as each such term is defined in the Companies Act 1985); and

“**Permitted Purpose**” means considering and evaluating whether to enter into the Facility.

Please acknowledge your agreement to the above by signing and returning the enclosed copy.

Yours faithfully

.....

For and on behalf of

Mandated Lead Arranger

To: [Mandated Lead Arranger]

The Borrower and each other member of the Group

We acknowledge and agree to the above:

.....

For and on behalf of

[Potential Lender]

## **Schedule 11**

### **Payment Terms**

Each payment under this Agreement shall be payable:

- (a) to the Supplier and/or the Launch Services Provider, as the case may be; or
- (b) in the case of a reimbursement to the Borrower, to the Borrower,

against presentation of:

- (i) a copy of a duly certified Invoice and a Qualifying Certificate;
- (ii) in the case of payments to the Supplier only, a certificate of completion, as provided for in the Satellite Construction Contract, duly signed by the Borrower;
- (iii) a Utilisation Request; and
- (iv) in relation to a reimbursement to the Borrower, a certificate signed by a Responsible Officer of the Borrower confirming to the COFACE Agent:
  - (A) that the Borrower has made the payment in respect of which the reimbursement is required; and
  - (B) the purpose for which the Loan shall be applied.



## Schedule 12

### Material Contracts

1. QUALCOMM Globalstar Satellite Products Supply Agreement by and between QUALCOMM Incorporated and the Borrower (then named “**New Operating Globalstar LLC**”), dated as of 13 April 2004 (NOG-C-04-0137).
  - (b) Amendment Number 1 to QUALCOMM Globalstar Satellite Products Supply Agreement, dated as of 25 May 2005;
  - (c) Amendment Number 2 to QUALCOMM Globalstar Satellite Products Supply Agreement, dated as of 25 May 2005;
  - (d) Amendment Number 3 to QUALCOMM Globalstar Satellite Products Supply Agreement, dated as of 30 September 2005;
  - (e) Amendment Number 4 to QUALCOMM Globalstar Satellite Products Supply Agreement, dated as of 15 August 2006;
  - (f) Amendment Number 5 to QUALCOMM Globalstar Satellite Products Supply Agreement, dated as of 20 November 2007;
  - (g) Amendment Number 6 to QUALCOMM Globalstar Satellite Products Supply Agreement, dated as of 20 November 2007;
  - (h) Amendment Number 7 to QUALCOMM Globalstar Satellite Products Supply Agreement, dated as of 27 October 2008;
  - (i) Amendment Number 8 to QUALCOMM Globalstar Satellite Products Supply Agreement, dated as of 12 August 2009;
  - (j) Amendment Number 9 to QUALCOMM Globalstar Satellite Products Supply Agreement, dated as of 24 Feb 2010; and
  - (k) Assignment and Performance Guarantee dated 11 October 2006.
2. Satellite Construction Contract between the Borrower and the Supplier dated as of 30 November 2006.
  - (e) Amendment Number 1 to Satellite Construction Contract, dated as of 12 December 2006;
  - (f) Amendment Number 2 to Satellite Construction Contract, dated as of 31 October 2007;
  - (g) Amendment Number 3 to Satellite Construction Contract, dated as of 19 December 2007;
  - (h) Amendment Number 4 to Satellite Construction Contract, dated as of 17 July 2008;
  - (i) Amendment Number 5 to Satellite Construction Contract, dated as of 9 December 2008;
  - (j) Amendment Number 6 to Satellite Construction Contract, dated as of 5 February 2009;
  - (k) Amendment Number 7 to Satellite Construction Contract, dated as of 5 March 2009;
  - (l) Amendment Number 8 to Satellite Construction Contract, dated as of 9 April 2009;
  - (m) Amended and Restated Satellite Construction Contract dated as of 3 June 2009;

- (n) Amendment Number 1 to Amended and Restated Satellite Construction Contract dated as of 3 June 2009;
  - (o) Amendment Number 2 to Amended and Restated Satellite Construction Contract dated as of 3 June 2009; and
  - (p) Amendment Number 3 to Amended and Restated Satellite Construction Contract dated as of 3 June 2009.
3. Amended and Restated Launch Services Agreement between the Borrower and the Launch Services Provider with retroactive effect from 5 September 2007, dated 9 March 2010.
  4. Radio Access Network and User Terminal Subsystem Contract between the Borrower and Hughes, effective as of 1 May 2008.
    - (c) Amendment No. 1 to Radio Access Network and User Terminal Subsystem Contract effective as of 16 June 2009.
    - (d) Amendment No. 2 to Radio Access Network and User Terminal Subsystem Contract effective as of 28 August 2009.
    - (e) Amendment No. 3 to Radio Access Network and User Terminal Subsystem Contract effective as of 21 September 2009.
    - (f) Amendment No. 4 to Radio Access Network and User Terminal Subsystem Contract effective as of 24 March 2010.
    - (g) Amendment No. 5 to Radio Access Network and User Terminal Subsystem Contract effective as of 5 April 2011.
    - (h) Amendment No. 6 to Radio Access Network and User Terminal Subsystem Contract effective as of 4 November 2011.
    - (i) Amendment No. 7 to Radio Access Network and User Terminal Subsystem Contract effective as of 1 February 2012.
    - (j) Amendment No. 8 to Radio Access Network and User Terminal Subsystem Contract effective as of 6 September 2012.
    - (k) Letter Agreements for deferral of payment under the Radio Access Network and User Terminal Subsystem Contract dated 21 March 2011 as further amended on 14 October 2011, 30 December 2011, 30 March 2012, 26 June 2012, 27 September 2012, 20 December 2012 and 26 March 2013.
    - (l) Radio Access Network and User Terminal Subsystem Contract Exhibit A dated 6 September 2012.
    - (m) Radio Access Network and User Terminal Subsystem Contract Exhibit C dated 6 September 2012.
  5. Core Network Purchase Agreement between the Borrower and Ericsson, dated as of 1 October 2008.
    - (d) Amendment No. 1 to Purchase Agreement effective as of 1 December 2009.
    - (e) Amendment No. 2 to Purchase Agreement effective as of 30 March 2010.
    - (f) Amendment No. 3 to Purchase Agreement effective as of 10 December 2010.

- (g) Amendment No. 4 to Purchase Agreement effective as of 21 November 2011.
  - (h) Amendment No. 5 to Purchase Agreement effective as of 20 December 2011.
  - (i) Letter Agreements for deferral of payment under the Purchase Agreement dated 7 March 2011, 8 March 2012, 17 July 2012, 30 January 2013 and 1 June 2013.
- 6. Senior Indenture between the Borrower and U.S. Bank, National Association dated as of 15 April 2008.
    - (a) First Supplemental Indenture to Senior Indenture dated as of 15 April 2008;
    - (b) Amendment to First Supplemental Indenture dated as of 1 December 2008;
    - (c) Second Supplemental Indenture to Senior Indenture dated as of 19 June 2009;
    - (d) Third Supplemental Indenture to Senior Indenture dated as of 14 June 2011; and
    - (e) Fourth Supplemental Indenture to Senior Indenture dated as of 20 May 2013.
  - 7. Pledge and Escrow Agreement between the Borrower and U.S. Bank National Association dated 15 April 2008.
  - 8. The Finance Documents.
  - 9. Settlement Agreement between the Borrower and the Launch Services Provider dated 18 September 2012.
  - 10. Master Manufacturing and Supply Agreement between the Borrower and BYD (Huizhou) Co., Ltd effective as of 10 June 2011.
  - 11. Manufacturing Services Agreement between the Borrower and Jabil Circuit, Inc. dated 21 September 2010.
  - 12. Gateway Operation and Maintenance Agreement between the Borrower and Singapore Telecommunications Limited dated 7 May 2008.
    - (a) Supplemental Agreement to the Operation and Maintenance Agreement dated 9 September 2009.
    - (b) Supplemental Agreement No.2 to the Operation and Maintenance Agreement dated 1 September 2011.
  - 13. Contingent Equity Agreement between the Borrower and Thermo dated as of 19 June 2009.
  - 14. Settlement Agreement between the Borrower, Thales Alenia Space France, Thermo Funding Company dated 24 June 2012.
  - 15. Common Stock Purchase Agreement between the Borrower and Terrapin Opportunity, L.P. dated as of 28 December 2012.
  - 16. Registration of Rights Agreement between the Borrower and Terrapin Opportunity L.P. dated as of 28 December 2012.
  - 17. Common Stock Purchase Agreement between the Borrower and Thermo dated as of 20 May 2013.
  - 18. Intercreditor Agreement between the Borrower, U.S. Bank National Association, the COFACE Agent and the Security Agent dated as of 19 June 2009.

19. Intercreditor Agreement between the Borrower, the Guarantors signatories thereto, U.S. Bank National Association, the COFACE Agent and the Security Agent dated as of 14 June 2011.
20. Once entered into, the guaranty agreement to be entered into between the Borrower, certain subsidiaries of the Borrower as Subsidiary Guarantors and U.S. Bank National Association.
21. The subscription agreement between the Borrower, the Guarantors signatories thereto and the Investors signatories thereto dated as of 14 June 2011.
22. Thermo Loan Agreement.

## Schedule 13

### Labour and Collective Bargaining Agreements

A labour and collective bargaining agreement dated 30 April 2012 and entered in between Sintte/RJ (Sindicato dos Trabalhadores em Empresas de Telecomunicações, Transmissão de Dados e Correio Eletrônico, Telefonia Móvel Celular, Serviços Troncalizados de Comunicação, Rádiochamadas, Telemarketing, Projeto, Construção, Instalação e Operação de Mesas Telefônicas no Estado do Rio de Janeiro) and Globalstar do Brasil S.A..

## Schedule 14

### Financial Indebtedness and Guarantee Obligations

1. A letter agreement entered into between Hughes and the Borrower and dated 26 March 2013, in respect of payment deferral arrangements. (see Schedule 12 item 4(i)).
2. A letter agreement entered into between Ericsson and the Borrower and dated 30 January 2013, in respect of payment deferral arrangements. (see Schedule 12 item 5(f)).
3. Settlement Amendment between the Borrower and the Launch Services Provider dated as of 18 September 2012 (see Schedule 12, Item 9).
4. Open end promissory note in the maximum principal amount of US\$10,000,000 dated 23 March 2006 from Globalstar Canada Satellite Co. to Globalstar de Venezuela, C.A., having a balance outstanding of US\$1,632,623.33 as of 31 March 2013
5. Open end line of credit promissory note in the maximum principal amount of US\$50,000,000 dated 30 June 2007 and amended 31 December 2008 from Globalstar Canada Satellite Co. to the Borrower, having a balance outstanding of US\$113,648.23 as of 31 March 2013.
6. Contingent Equity Agreement between the Borrower and Thermo dated as of 19 June 2009.
7. 5.75% Senior Convertible Notes of the Borrower due 2028, US\$71,804,000 outstanding as of 31 March 2009.
8. Second Supplemental Indenture in respect of US\$55,000,000 8.00% Convertible Senior Notes, dated as of 19 June 2009.
9. Third Supplemental Indenture in respect of US\$50,000,000 5.0% Convertible Senior Secured Notes due 2021.
10. Common Stock Purchase Agreement dated as of 20 May 2013 between the Borrower and Thermo pursuant to which Thermo acquired US\$25,000,000 of shares of common stock in the Borrower.
11. Equity Commitment, Restructuring and Support Agreement dated as of 20 May 2013 between the parties to this Agreement, Thermo and certain subsidiaries of the Borrower in respect of 5.75% Convertible Senior Notes due 2028.
12. Guaranty granted by certain subsidiaries of the Borrower in favour of U.S. Bank National Association as Trustee in respect of the Third Supplemental Indenture.
13. Fourth Supplemental Indenture in respect of 8.00% Convertible Senior Notes due 2028, dated as of 20 May 2013.
14. Thermo Loan Agreement.
- 15.

**Schedule 15**  
**Communication Licences**

LICENCEE (HOLDER)	CALL SIGN	FILE NO.	DESCRIPTION
Globalstar Licensee LLC	S2115	SAT-ASG-20060724-00078, SAT-A/O-199910603-00010 (formerly 19-DSS-P-91(48)), CSS-91-014  SAT-MOD-20091214-00152, SAT-STA-20100625-00147  Order FCC 10-1740  (Rel. Sept. 14, 2010)  SAT-STA-20081215-00231  SAT-MOD-20080904-00165, SAT-AMD-20091221-00147  Order FCC 11-520  (Rel. March 18, 2011)	1.6/2.4 GHz NGSO Licence; expires 4/21/13.  ATC authority suspended pending compliance with FCC gating criteria.  Request withdrawn.  Authority to operate HIBLEO-X Constellation within United States granted.
Globalstar Licensee LLC	WC2XOF	0087-EX-RR-2008	Expired.
Globalstar Licensee LLC	WC2XXD	0143-EX-RR-2007	Expired.
Globalstar		182-SAT-P/LA-97(64) etc.	Petition for reconsideration withdrawn.
GUSA Licensee LLC	E000342	SES-MFS-20091221-01608	Modification of License to operate with HIBELO-X; granted 03/18/2011; expires 03/22/2026.
GUSA Licensee LLC	E000343	SES-MFS-20091221-01609	Modification of License to operate with HIBELO-X; granted 03/18/2011; expires 03/22/2026.
GUSA Licensee LLC	E000344	SES-MFS-20091221-01610	Modification of License to operate with HIBELO-X; granted 03/18/2011; expires 03/22/2026.

LICENCEE (HOLDER)	CALL SIGN	FILE NO.	DESCRIPTION
GUSA Licensee LLC	E000345	SES-MFS-20091221-01611	Modification of License to operate with HIBELO-X; granted 03/18/2011; expires 03/22/2026.
GUSA Licensee LLC	E970199	SES-MOD-20081023-01403	Modification of License to operate with HIBELO-X; granted 03/18/2011; expires 02/27/2023.
GUSA Licensee LLC	E970381	SES-MFS-20091221-01602 & SES-MOD-20110303-00241	Modification of License to operate with HIBELO-X; granted 03/18/2011 and 08/02/2011 respectively; both expire 10/04/2024.
GUSA Licensee LLC	E030266	SES-MFS-20091221-01601	Modification of License to operate with HIBELO-X; granted 03/18/2011; Exp10/14/2025.
GUSA Licensee LLC	E050097	SES-MFS-20091221-01615 & SES-MFS-20101108-01412	Modification of License to operate with HIBELO-X; granted 03/18/2011 and 06/06/2011 respectively; both expire 01/04/2022.
GUSA Licensee LLC	E050098	SES-MFS-20101108-01411 & SES-MFS-20091221-01616	Modification of License to operate with HIBELO-X; granted 06/07/2011 and 03/18/2011 respectively; both expire 01/04/2022.
GUSA Licensee LLC	E050099	SES-MFS-20091221-01617 & SES-MFS-20101108-01410	Modification of License to operate with HIBELO-X; granted 03/18/2011 and 06/07/2011 respectively; both expire 01/04/2022.
GUSA Licensee LLC	E050100	SES-MFS-20101108-01409 & SES-MFS-20091221-01618	Modification of License to operate with HIBELO-X; granted 06/07/2011 and 03/18/2011 respectively; both expire 01/04/2022.
GUSA Licensee LLC	E050345	SES-MFS-20091221-01614 & SES-MFS-20101108-01413	Modification of License to operate with HIBELO-X; granted 03/18/2011 and 06/07/2011 respectively; both expire 01/04/2022.
GUSA Licensee LLC	E050346	SES-MFS-20101108-01414 & SES-MFS-20091221-01613	Modification of License to operate with HIBELO-X; granted 06/07/2011 and 03/18/2011 respectively; both expire 01/04/2022.



LICENCEE (HOLDER)	CALL SIGN	FILE NO.	DESCRIPTION
GUSA Licensee LLC	E050347	SES-MFS-20101108-01415 & SES-MFS-20091221-01612	Modification of License to operate with HIBELO-X; granted 06/07/2011 and 03/18/2011 respectively; both expire 01/04/2022.
GUSA	N/A	ITC-214-19990728-00484	Section 214 Certification – No expiration.
GUSA	N/A	ITC-214-19991229-00795	Section 214 Certification – No expiration.
GUSA	N/A	ITC-214-20000615-00356	Section 214 Certification – No expiration.
GCL Licensee LLC	E990335	SES-MFS-20091221-01605	Modification of License to operate with HIBELO-X; granted 03/18/2011; expires 06/23/2025.
GCL Licensee LLC	E990336	SES-MFS-20091221-01604	Modification of License to operate with HIBELO-X; granted 03-18/2011; expires 06/23/2025.
GCL Licensee LLC	E990337	SES-MFS-20091221-01603	Modification of License to operate with HIBELO-X; granted 03/18/2011; expires 06/23/2025.
GCL Licensee LLC	E050237	SES-MFS-20091221-1606	Modification of License to operate with HIBELO-X; granted 03/18/2011; expires 10/17/2020.

**Schedule 16**  
**Satellites**

Orbital Plane (8 total, A-H)	In-Plane Slot Location	Satellite Flight Model Number	Satellite Status as of 27-Feb-09
A	1	56	In-service
	2	63	In-service
	3	64	In-service
	4	3	In-service
	5	31	In-service
B	1	60	In-service
	2	70	In-service
	3	59	In-service
	4	6	In-service
	5	15	In-service
	6	8	In-service
C	1	69	In-service
	2	71	In-service
	3	44	In-service
	4	46	In-service
	5	45	In-service
	6	37	In-service
D	1	62	In-service
	2	65	In-service
	3	47	In-service
	4	19	In-service
	5	25	In-service
	6	49	In-service
E	7	52	In-service
	1	72	In-service
	2	51	In-service
	3	30	In-service
	4	39	In-service
	5	32	In-service
F	6	42	In-service
	1	68	In-service
	2	26	In-service
	3	48	In-service
	4	43	In-service
	5	28	In-service
G	6	34	In-service
	1	33	In-service
	2	66	In-service
	3	58	In-service
	4	24	In-service
	5	27	In-service

Orbital Plane (8 total, A-H)	In-Plane Slot Location	Satellite Flight Model Number	Satellite Status as of 27-Feb-09
	6	38	In-service
	7	53	In-service
H	1	67	In-service
	2	29	In-service
	3	36	In-service
	4	55	In-service
	5	40	In-service

## Schedule 17

### Existing Liens

1. Delaware - UCC-1 Financing Statements to name BNP Paribas, as the Agent, as secured party filed June 18, 2009:
  - (f) Globalstar, Inc., 91950739;
  - (g) Globalstar USA, LLC, 91951547;
  - (h) Globalstar C, LLC, 91950895;
  - (i) Globalstar Leasing LLC, 91953501;
  - (j) Globalstar Security Services, LLC, 91951836;
  - (k) ATSS Canada, Inc., 91951976;
  - (l) GSSI, LLC, 91951281;
  - (m) Globalstar Licensee LLC, 91953584;
  - (n) GUSA Licensee LLC, 91951059;
  - (o) GCL Licensee LLC, 91951158; and
  - (p) Globalstar Brazil Holdings, L.P., 91951695.
2. Colorado Secretary of State UCC-1 Financing Statement 2009F052347 filed against Spot LLC, with BNP Paribas as Agent, June 18, 2009.
3. Form 3C Personal Property Security Registrations filed against the Borrower and Subsidiary Guarantors in favour of the administrative agent with the Ontario, Canada Ministry of Consumer and Business Services on 17 January 2008:
  - (m) Globalstar, Inc. <625298679;
  - (n) Globalstar USA, LLC <625298661;
  - (o) Globalstar C, LLC <625298607;
  - (p) Globalstar Leasing LLC <625298598;
  - (q) Globalstar Security Services, LLC <625298625;
  - (r) ATSS Canada, Inc. <625298643; and
  - (s) GSSI, LLC <625298634.
4. Delaware Secretary of State UCC-1 Financing Statement filed against Globalstar USA, LLC by U.S. Bancorp related to certain described collateral filed August 11, 2008, 82743431.
5. Delaware Secretary of State UCC-1 Financing Statement filed against Globalstar USA, LLC by U.S. Bancorp related to certain described collateral filed December 22, 2008, 84256721.
6. Delaware Secretary of State UCC-1 Financing Statement filed against Globalstar USA, LLC by U.S. Bank Equipment Finance related to leased copiers filed June 30, 2011, 12537614.
7. Delaware Secretary of State UCC-1 Financing Statement filed against Globalstar Broadband Services Inc., with BNP Paribas as agent filed June 25, 2012, 22445536.

8. Louisiana Secretary of State UCC-1 Financing Statement filed against Globalstar Media, L.L.C., with BNP Paribas as agent filed June 25, 2012, 52-64212.
9. United States Patent and Trademark Office filings against the Borrower's Patents.
10. United States Patent and Trademark Office filings against the Borrower's Trademarks.
11. Regarding the Clifton, Texas real property:
  - (a) Deed of Trust, Security Agreement, Assignment of Leases, Rents and Profits, Financing Statement and Fixture Filing granted by Globalstar USA, LLC to BNP Paribas regarding Clifton, Texas real property dated as of 9 July 2009 and recorded on 28 July 2009 as Instrument No. 2009-00002393 with the County Clerk of Bosque County, Texas, as amended on or about the date hereof by that certain Modification of Deed of Trust, Security Agreement, Assignment of Leases, Rents and Profits, Financing Statement and Fixture Filing;
  - (b) mineral reservation as set forth in the deed dated 10 June 1954 and recorded in volume 172, page 298 of the Deed Records of Bosque County, Texas;
  - (c) the following oil and gas leases as recorded in the Deed Records of Bosque County, Texas: volume 16, page 439; volume 134, page 301; volume 14, page 370; volume 134, page 369; and
  - (d) items shown on the survey prepared by David Lane, RPLS #5233 dated 14 August 2006.
12. Regarding Wasilla, Alaska real property:
  - (a) Deed of Trust, Security Agreement, Assignment of Leases, Rents and Profits, Financing Statement and Fixture Filing granted by Globalstar USA, LLC to BNP Paribas regarding Wasilla, Alaska real property dated as of 9 July 2009 and recorded on 29 July 2009 as Instrument No. 2009-016786-0 in Palmer Recording District, Alaska, as amended on or about the date hereof by that certain Modification of Deed of Trust, Security Agreement, Assignment of Leases, Rents and Profits, Financing Statement and Fixture Filing;
  - (b) reservations or exceptions in patents or in acts authorizing the issuance thereof, recorded 1 April 1963 at Book 45, page 284, Palmer Recording District, Alaska;
  - (c) items shown on the plats of Discovery Hill Subdivision filed under Plat Number 2003-46 and Plat Number 98-134, Palmer Recording District, Alaska;
  - (d) items shown on the As-Built Survey prepared by John Shadrach, PLS dated 18 August 2005;
  - (e) Right of Way Easements granted to Matanuska Electric Association, Inc. recorded in Book 29, Page 86; Book 325, Page 353; Book 913, Page 542; as Serial Number 2005-029959-0, each in Palmer Recording District, Alaska; and
  - (f) Easement in favor of Enstar Natural Gas Company, recorded in Book 944, Page 145, Palmer Recording District, Alaska.

## Schedule 18

### Qualifying Certificate

To: COFACE Agent

CC: Borrower

From: [Supplier] / [Launch Services Provider]

Date [●]

Dear Sirs,

#### Re: COFACE Facility Agreement - Globalstar

We refer to the facility agreement dated 5 June 2009 (as amended and restated from time to time) and made between Globalstar Inc., as Borrower, BNP Paribas, Natixis, Crédit Industriel et Commercial, Crédit Agricole Corporate and Investment Bank and Société Générale as Mandated Lead Arrangers, BNP Paribas as COFACE Agent, the Lenders and others (the “**COFACE Facility Agreement**”). Terms defined in the COFACE Facility Agreement have the same meanings herein.

1. We refer to the utilisation request issued by [the Borrower] and dated [●] (the “**Utilisation Request**”).
2. We confirm that the copy of the [transportation documents / acceptance certificates] attached to the Utilisation Request have been issued for the payment of the attached Invoices.
3. We confirm that:
  - (a) [We have received from the Borrower a payment of one hundred *per cent.* (100%) of the Invoices in respect of the Eligible Portion to be reimbursed in accordance with the Utilisation Request and such amount does not include:
    - (i) any sum in respect of any payment you may already have made to us;
    - (ii) any amount in respect of which we have already issued a Qualifying Certificate; and
    - (iii) any sum in respect of goods and services which are not eligible for financing under the Facility.We attach bank credit advice confirming that a payment of one hundred *per cent.* (100%) of the attached Invoices have already been made.]
  - (b) All documents supplied by us in support of this Qualifying Certificate are true copies of the originals and are in all material respects in conformity with the [Satellite Construction Contract] / [Launch Services Contract] and you may rely on the accuracy and completeness of all information and documents contained in or supplied with this Qualifying Certificate;
  - (c) The goods and services to be financed by the Loan requested in the Utilisation Request are goods and services included in the attached Invoices, and:
    - (i) the portion of the amount referred to in paragraph 3(a) above attributable to goods and services of French origin is [●].
    - (ii) the portion of the amount referred to in paragraph 3(a) above attributable to goods and services of foreign origin eligible for financing under the limits and

under the conditions determined by the French Authorities and which have been approved for financing by the French Authorities is [●].

We attach corresponding supporting documents.

- (d) The [*Satellite Construction Contract*] / [*Launch Services Contract*] is in full force and effect and no default by us has occurred and is continuing since the date of the last Utilisation Request (or, if none, the date of the COFACE Facility Agreement);
- (e) The amount referred to in paragraph 3(a) above does not include any amount in respect of any matter which is the subject of any legal proceedings, nor to the best of our actual knowledge and belief will it become the subject of legal proceedings; and
- (f) We undertake to supply you with such information and documentation, and such clarification, as you advise us is necessary in connection with the COFACE Insurance Policy and we agree we shall not hold you responsible for any delay in meeting this request for a Loan occasioned by our making such request for information.

Yours faithfully,

For and on behalf of [*Thales Alenia Space, France*] / [*Arianespace, France*]

.....

**(Authorised Signatory)**

Schedule 19

Key Performance Indicators

North America

Key Performance Indicators	Quarter Ended
Subscribers (by product line)	
Gross Additions (by product line)	
Net Additions (by product line)	
Churn (by product line)	
ARPU (by product line)	
Minutes of Use	

Rest of the World

Key Performance Indicators	Quarter Ended
Subscribers (by product line)	
Gross Additions (by product line)	
Net Additions (by product line)	
Churn (by product line)	
ARPU (by product line)	
Minutes of Use	



## Schedule 20

### Transactions with Affiliates

1. See Schedule 22 for a description of the Equity Plan (defined therein).
2. Transactions with Thermo
  - (a) Subordinated Loan Transactions
    - (iii) On June 25, 2009, the Borrower entered into a Loan Agreement with Thermo (as amended and restated from time to time) whereby Thermo agreed to lend the Borrower \$25 million for the purpose of funding the debt service reserve account required under the Facility Agreement. As additional consideration for the loan, the Borrower issued Thermo a warrant to purchase 4,205,608 shares of common stock at \$0.01 per share with a five-year exercise period.
    - (iv) In April 2011, an additional \$7.6 million was loaned by Thermo to fund the Debt Service Reserve Account.
    - (v) In July 2011, an additional \$4.9 million was loaned by Thermo to fund the Debt Service Reserve Account.
    - (vi) In May 2014, through a cash transaction, Thermo exercised 4,205,608 warrants to purchase 4,205,608 shares of the Borrower's voting common stock.
    - (vii) The loan accrues interest at 12% per annum, which is capitalized and added to the outstanding principal in lieu of cash payments. As of June 30, 2015, \$34.9 million of interest was outstanding.
    - (viii) As of August 5, 2015 the total outstanding principal amount was \$79.2 million including PIK interest and fees.
  - (b) Contingent Equity Agreement Transactions
    - (iii) On June 19, 2009, the Borrower entered into a Contingent Equity Agreement with Thermo whereby Thermo agreed to deposit \$60 million into a contingent equity account to fulfill a condition precedent for borrowing under the Facility Agreement.
    - (iv) On June 19, 2009, the Borrower issued 4,379,562 warrants to Thermo for the availability fee at origination of the agreement.
    - (v) On December 31, 2009, the Borrower issued 2,516,990 warrants to Thermo due to the reset provisions in the Contingent Equity Agreement.
    - (vi) On June 19, 2010, the Borrower issued 4,379,562 warrants to Thermo as annual availability fee.
    - (vii) On June 19, 2011, the Borrower issued 5,000,000 warrants to Thermo as annual availability fee.
    - (viii) On June 19, 2011, the Borrower issued 620,438 warrants to Thermo due to the reset provisions in the Contingent Equity Agreement.
    - (ix) On November 4, 2011, the Borrower drew \$5,400,000 from the Contingent Equity Account and issued 11,376,404 shares of common stock to Thermo.

- (x) On November 30, 2011, the Borrower drew \$8,800,000 from the Contingent Equity Account and issued 25,229,358 shares of common stock to Thermo.
  - (xi) On January 11, 2012, the Borrower drew \$9,800,000 from the Contingent Equity Account and issued 22,546,012 shares of common stock to Thermo.
  - (xii) On March 23, 2012, the Borrower drew \$8,700,000 from the Contingent Equity Account and issued 14,135,615 shares of common stock to Thermo.
  - (xiii) On May 30, 2012, the Borrower drew \$4,500,000 from the Contingent Equity Account and issued 14,204,545 shares of common stock to Thermo.
  - (xiv) On June 19, 2012, the Borrower issued 8,142,857 warrants to Thermo as annual availability fee.
  - (xv) On June 19, 2012, the Borrower issued 16,428,571 warrants to Thermo due to the reset provisions in the Contingent Equity Agreement.
  - (xvi) On October 15, 2012, the Borrower drew \$7,300,000 from the Contingent Equity Account and issued 20,338,039 shares of common stock to Thermo.
  - (xvii) On November 23, 2012, the Borrower drew \$6,975,000 from the Contingent Equity Account and issued 25,141,538 shares of common stock to Thermo.
  - (xviii) On December 31, 2012, the Borrower drew \$8,525,000 from the Contingent Equity Account and issued 27,944,712 shares of common stock to Thermo.
  - (xix) In May 2014, through a cash transaction, Thermo exercised 4,379,562 warrants to purchase 4,379,562 shares of the Borrower's voting common stock.
  - (xx) In November 2014, through a cash transaction, Thermo exercised 2,516,990 warrants to purchase 2,516,990 shares of the Borrower's voting common stock.
  - (xxi) In November 2014, through a cash transaction, Thermo exercised 4,379,562 warrants to purchase 4,379,562 shares of the Borrower's voting common stock.
  - (xxii) As of June 30, 2015, the Borrower has drawn \$60.0 million from this account in addition to approximately \$1.1 million of interest earned from the funds held in this account. Further, as of June 30, 2015, Thermo held 30,191,866 warrants to purchase the Borrower's voting common stock.
- (c) 5.0% Convertible Senior Unsecured Notes
- (i) On June 14, 2011, Thermo purchased \$20.0 million of the Borrower's 5.0% Convertible Senior Unsecured Notes and 8.0 million warrants to purchase the Borrowers voting common stock.
  - (ii) Interest on the 5.0% Convertible Senior Unsecured Notes is payable in the form of additional 5.0% Convertible Senior Unsecured Notes, common stock, or cash (subject to certain restrictions) at the option of the holder. Approximately \$2.1 million was paid as interest in the form of new notes through November 2013.
  - (iii) In November 2013, the automatic conversion feature of the 5.0% Convertible Senior Unsecured notes was triggered as the closing price of the Borrower's common stock exceeded 200% of the Conversion Price for a period of 30 consecutive trading days. As a result of this automatic conversion the remaining principal of the 5.0% Convertible Senior Unsecured Notes was converted and

approximately 47.3 million shares of the Borrower's voting common stock was issued to Thermo.

- (iv) As of June 30, 2015 Thermo holds 8.0 million warrants to purchase the Borrower's voting common stock.
- (d) New 8% Convertible Senior Notes/ Consent Agreement
  - (i) On May 20, 2013, in connection with the new 8% convertible notes, Thermo invested \$25 million in the Borrower for 78,125,000 shares of non-voting common stock.
  - (ii) On May 20, 2013, in connection with the Consent Agreement, Thermo invested \$5 million in the Borrower for 15,625,000 shares of non-voting common stock pursuant to a common stock purchase agreement of the same date.
- (e) General & Administrative & Non-cash expenses
  - (i) For the years ended December 31, 2013 and 2014 and the three months ended June 30, 2015 the Borrower recorded approximately \$268,000, \$274,000 and \$214,000, respectively for general and administrative expenses incurred by Thermo Capital Partners, L.L.C. on the Borrower's behalf.
  - (ii) For the years ended December 31, 2013 and 2014 and the three months ended June 30, 2015, the Borrower recorded \$548,000, \$548,000 and \$137,000, respectively, of non-cash expenses related to services provided by officers of Thermo Capital Partners, L.L.C. and accounted for these expenses as a contribution of capital.
- (f) The Common Stock Purchase Agreement and The Common Stock Purchase and Option Agreement
  - (i) In June 2013, Thermo invested \$9,000,000 in the Borrower for 28,125,000 shares of non-voting common stock.
  - (ii) In July 2013, Thermo invested \$6,000,000 in the Borrower for 11,538,462 shares on non-voting common stock.
  - (iii) In October 2013, Thermo invested \$6,500,000 in the Borrower for 12,500,000 shares on non-voting common stock.
  - (iv) In December 2013, Thermo invested \$13,500,000 in the Borrower for 25,961,538 shares of non-voting common stock.
- (g) Other
  - (i) In January 2010, a \$2.3 million short-term Thermo loan was converted in to equity and 2,525,750 non-voting shares were issued to Thermo.
  - (ii) In February 2014, 100,000,000 shares of the Borrower's non-voting common stock held by Thermo were converted to voting common stock.
  - (iii) In August 2014, 75,000,000 shares of the Borrower's non-voting common stock held by Thermo were converted to voting common stock.
  - (iv) In November 2014, Thermo purchased an aggregate of 1,335,000 shares of the Borrower's voting common stock from the open market.

- (v) In December 2014, Thermo sold 12,371,136 shares of the Borrower's voting common stock to Thermo Investments LLC.

## Schedule 21 Existing Loans, Investments and Advances

1. Open end promissory note in the maximum principal amount of US\$10,000,000 dated 23 March 2006 from Globalstar Canada Satellite Co. to Globalstar de Venezuela, C.A., having a balance outstanding of US\$ 2,475,149.07 as of 30 June 2015.
2. As of the First Effective Date, the Borrower owned 225,000,000 ordinary shares of Globaltouch (West Africa) Limited pursuant to a Share Purchase Agreement between the Borrower and Globaltouch (West Africa) Limited dated 16 October 2007.
3. As of 21 January 2010, the Borrower entered into a joint venture with Arion Communications Co.
4. On April 7, 2011, the Borrower purchased 1,000,000 Series B Convertible Preferred Stock and 250,000 warrants of TRAFFICCAST INTERNATIONAL, INC. at an Aggregate Purchase Price of US\$500,000.
5. On March 23, 2015, the Borrower entered into an agreement with CROC 684 (Proprietary) Limited T/A BBI Wireless @ Home. The Borrower retains a 74% economic interest and CROC 684 (Proprietary) Limited T/A BBI Wireless @ Home holds the remaining 26%. Operations are conducted through the entity The World's End Proprietary Limited, which is a subsidiary of the Borrower's parent company, Globalstar Inc.
6. On 16 April 2014 and 25 June 2014, the Borrower entered into separate Loan Agreements totalling \$575,000 with VehSmart, a simplex VAR providing a tracking solution for the Ministry of Agriculture and Fishing in Ecuador. These loans are secured by all inventory held at VehSmart.

## Schedule 22

### Incentive Plan

**Globalstar 2006 Equity Incentive Plan** - The Borrower's 2006 Equity Incentive Plan (the "**Equity Plan**") is a broad based, long-term retention programme intended to attract and retain talented employees and align stockholder and employee interests. Approximately 100,000 and 2,100,000 restricted stock awards and restricted stock units (including grants to both employees and executives) were granted during the three (3) and nine (9) months ended 30 September 2008, respectively. In January 2008, the Borrower's Board of Directors approved the addition of approximately 1,700,000 shares of the Borrower's common stock to the shares available for issuance under the Equity Plan. The Borrower's stockholders approved the Amended and Restated Equity Plan on 13 May 2008, which added an additional 3,000,000 shares of the Borrower's common stock to the shares available for issuance under the Equity Plan. In January 2009, approximately 2,700,000 shares of the Borrower's common stock were added to the shares available for issuance under the Equity Plan by its terms.

**Designated Executive Award Agreement** - In August 2007, the Borrower terminated its Executive Incentive Compensation Plan with five of its executive officers and entered into a new Designated Executive Award Agreement with each of those officers. Each award agreement provides that the executive officer will receive awards of restricted shares of the Borrower's common stock under the Equity Plan. Total benefits per executive officer (valued at the grant date) are approximately US\$6,000,000. These new award agreements extend the vesting period by up to two (2) years through 2011 and provide for payment in shares of the Borrower's common stock instead of cash. One of the five (5) executive officers left the employ of the Borrower in January 2009 and agreed to provide consulting services through the end of 2009. If he fulfils all the terms of his consulting agreement, he will receive all but US\$750,000 of the original award in accordance with a modified vesting schedule.

#### **Globalstar 2015 Key Employee Bonus Plan**

The Borrower's 2015 Bonus Plan is a retention program intended to attract and retain talented employees and align stockholder and employee interests.

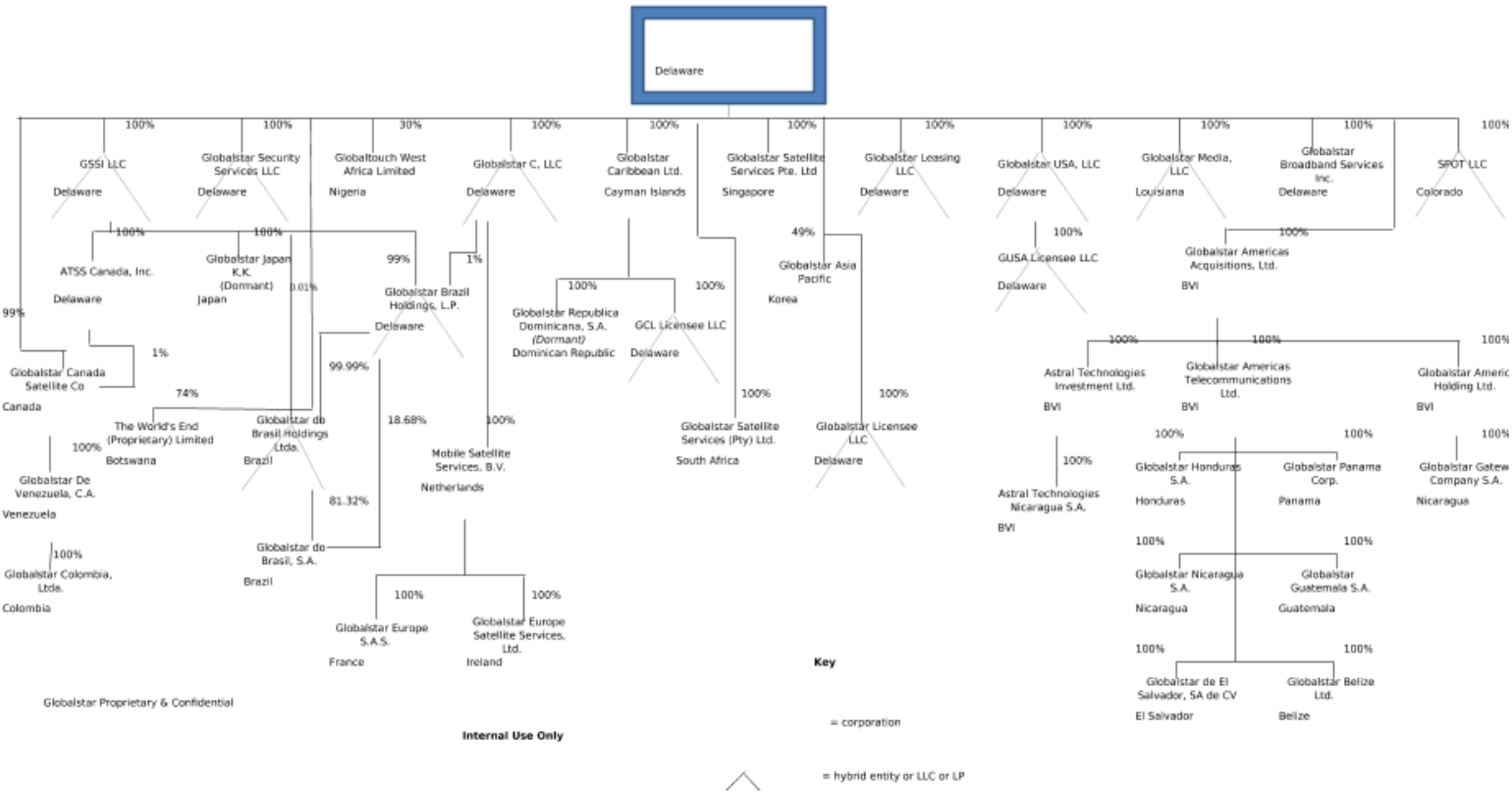
The pool available for bonus distribution is determined based on the Borrower's Adjusted EBITDA relative to the budget during the 2015 calendar year. The aggregate amount to be distributed under the Plan with respect to the year is \$1,000,000 if the Borrower's Adjusted EBITDA for the year is \$26,000,000 (the "Base EBITDA").

For each 1% of Adjusted EBITDA over the Base EBITDA, the bonus pool increases by 1% of the percentage increase in Base EBITDA. Conversely, for each 1% of Adjusted EBITDA below Base EBITDA, the bonus decreases by 2.5% of the percentage decrease in Base EBITDA until Adjusted EBITDA declines to less than 75% of Base EBITDA, after which no bonus will be payable.

The portion of the pool payable to each participant was recommended by the Borrower's Chief Executive Officer and amounts payable were approved by the Borrower's Compensation Committee, acting in its sole discretion. To be eligible for bonus compensation, each participant must be an employee on the payment date to receive the bonus, and payments could be made in cash or stock. Bonus compensation will be determined for eligible employees once the Borrower's 2015 year-end Adjusted EBITDA results are available.



Schedule 23  
Group Structure Chart







Schedule 24  
Disclosures

The disclosures set out in schedule 8 (*Disclosures*) of the First Global Deed of Amendment and schedule 5 (*Disclosures*) of the Second Global Amendment and Restatement Agreement are incorporated by reference into this Schedule 24 (*Disclosures*).

Schedule 25  
Form of Promissory Note

Note P n° .....    US\$ .....  
  
(amount in figures)

..... , .....  
(place and date of issue)

For .....  
(date of payment)

We hereby agree to pay against this note to the order of BNP PARIBAS..... the amount of..... US Dollars (amount in letters).

This note is expressly exempted from protest.

This note is governed by [English / French law].

Issued under the COFACE Facility Agreement dated June 5<sup>th</sup>, 2009 (as amended and restated from time to time)

Issuer
GLOBALSTAR, INC 300 Holiday Square Boulevard, Covington LA 70433 United States of America
Domiciliation
BNP PARIBAS 16, bd des Italiens 75009 Paris (France)

For : **GLOBALSTAR, INC.**

Name : .....

Title : .....”

## Schedule 26

### Subsidiary Guarantors

1. GSSI, LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 3732317 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
2. Globalstar Security Services, LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 3747502 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
3. Globalstar C, LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 3732313 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
4. Globalstar USA, LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 2663064 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
5. Globalstar Leasing LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 3731109 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
6. Spot LLC, a limited liability company organised in Colorado, United States of America, with organisational identification number 20071321209 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
7. ATSS Canada, Inc., a corporation incorporated in Delaware, United States of America, with organisational identification number 2706412 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
8. Globalstar Brazil Holdings, L.P., a limited partnership formed in Delaware, United States of America, with organisational identification number 2453576 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
9. GCL Licensee LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 4187922 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
10. GUSA Licensee LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 4187919 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
11. Globalstar Licensee LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 4187920 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America;
12. Globalstar Media, L.L.C., a limited liability company organised in Louisiana, United States of America, with organisational identification number 40224959k and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America; and
13. Globalstar Broadband Services Inc. a corporation incorporated in Delaware, United States of America, with organisational identification number 4833062 and whose chief executive office is at 300 Holiday Square Boulevard, Covington, LA 70433, United States of America.

## **Schedule 27**

### **Investment Policy**

#### **1. Purpose**

This document outlines the Borrower's Corporate Investment policy. The main objectives of the investment policy are:

- (e) To ensure the safety and preservation of principal. The Borrower shall only invest in instruments and accounts with the lowest level of default and volatility risk. The Borrower shall use other methods to minimize risk such as diversifying the investment portfolio to minimize the adverse effects of the failure of any one issuer or broker.
- (f) To coincide with its short-term liquidity needs. The Borrower's investment policy contemplates buying only the securities that have active secondary markets to provide immediate liquidity, when needed.
- (g) To offer maximum return without compromising the Borrower's stated investment objectives.
- (h) To provide fiduciary control.

#### **2. Approved Investment Vehicles**

In order to meet the Borrower's stated investment objectives, it must choose between several different investment options available to it. The following options have been identified for the Borrower for meeting its investment objectives as stated above.

- (g) Corporate Savings Accounts. The account must be fully collateralized by instruments issued by the US Treasury.
- (h) Corporate Money Market Funds, Repurchase Agreements, and Commercial Paper. The funds must meet the following criteria:
  - (i) the investment objectives and policies must be substantially similar to those set forth in this guideline, i.e., principal preservation and risk mitigation;
  - (ii) the funds must offer immediate redemption of shares upon request; and
  - (iii) the funds load or sales charges are not excessive, relative to those of other potential investments meeting the objectives.

#### **3. US Government obligations**

T-Bills or bonds of short-term or medium-term maturity. At any given time, the Borrower may have invested in one or all of the above mentioned investment vehicles. However, under no circumstances will the Borrower make investment decisions contrary to its investment objectives.

#### **4. Credit Quality**

Except for US Treasury, all securities must be rated by S & P's or Moody's, and shall be of high credit quality (A-1 and P-1 or better).

#### **5. Marketability**

All holdings should be sufficient in size and held in issues which are traded actively to facilitate timely transactions at a minimum cost and accurate market evaluation.

6. **Trading**

All purchases and sales shall be executed at the best net price with principal dealers and banks in the particular securities. All securities purchased shall be in the name of the Globalstar L.P. or its designate.

7. **Responsibility and Authorization**

The Chief Financial Officer has reviewed this investment policy. Revisions to this policy will be initiated by the Chief Financial Officer and implemented upon approval of the Borrower's Chief Executive Officer and the President.

The Chief Financial Officer of the Borrower shall have the authority to:

- (a) open accounts with brokers, investment banks, commercial bank, and mutual funds companies;
- (b) establish safekeeping accounts or other arrangements concerning the custody of the securities; and
- (c) execute documents to effect the above, as necessary.

In addition, the Chief Financial Officer or his or her designate is expected to monitor the portfolio and cash management policy for suitably in light of then-current corporate and market conditions. The Borrower may use the services of investment firms, brokers, or mutual funds companies for its investment program. All investment firms, brokers, and mutual fund companies must be personally approved by the Chief Financial Officer of the Borrower.

## Schedule 28

### Loss Payee Clause

#### Loss Payments

The insured irrevocably shall authorise and instruct the insurer to pay, all claims, return premiums, *ex gratia* settlements and any other monies payable to the insured, under or in relation to this policy, to the account in the name of the insured and opened on the books of the following Account Bank:

Bank — BNP Paribas

Account Name — Insurance Proceeds Account

Account Number — 30004 05658 0000034085H 59

or to such other account as the Security Agent, as loss payee may specify in writing, and that no instruction, whether by the insured or by any person other than the Security Agent, to make any payment to any other person or account shall be honoured by the Security Agent and the insurer unless given or countersigned by the Security Agent, or such other person as that the Security Agent may notify to the insurer in writing.

All such payments shall be made by the insurer without any deduction or set-off on any account or of any kind, other than in respect of unpaid premiums. A payment to the loss payee in accordance with this clause shall, to the extent of that payment, discharge the liability of the insurer to pay the insured or other claimant insured party.

**Schedule 29**  
**Repayment Schedule**

Repayment Date	Principal Repayment	Cumulative – Principal Repayment
	US\$	US\$
31 December 2014	4,045,759	4,045,759
30 June 2015	3,224,880	7,270,640
31 December 2015	3,224,880	10,495,520
30 June 2016	16,417,573	26,913,094
31 December 2016	16,417,573	43,330,667
30 June 2017	21,694,651	65,025,317
31 December 2017	54,060,724	119,086,041
30 June 2018	38,933,103	158,019,144
31 December 2018	38,933,103	196,952,247
30 June 2019	47,435,060	244,387,307
31 December 2019	47,435,060	291,822,367
30 June 2020	50,000,000	341,822,367
31 December 2020	50,000,000	391,822,367
30 June 2021	50,000,000	441,822,367
31 December 2021	50,000,000	491,822,367
30 June 2022	52,500,000	544,322,367
31 December 2022	42,019,550	586,341,917
	<b>US\$586,341,917</b>	<b>US\$586,341,917</b>

Schedule 30  
Form of Quarterly Health Report

Part 1  
Satellite Status

Orbital Plane	In-Plane Slot Location	Satellite Flight Model Number	Satellite Status as of
[•]	[•]	[•]	[•]

Part 2  
Band Status

Satellite Flight Model Number	L-Band Status	S-Band Status	Status of Command Telemetry Receiver
[•]	[•]	[•]	[•]

Part 3  
Material Events

[Attached is a letter providing details of material or unusual events that have occurred with respect to the Satellites since the delivery to the COFACE Agent of the last quarterly report.]



Schedule 31

Satellite Performance Criteria

IOT Criteria to Declare Satellite Stabilization Bus			
Parameter	Status		
SHM acquisition- check satellite configuration	NOMINAL/FAIL		
Solar Array Wings Deployed	NOMINAL/FAIL		
Telemetry Transmitters “ON”	NOMINAL/FAIL		
Telemetry Tx EIRP (Nominal Unit) within 3dB of prediction	YES/NO	Value	
Telemetry Tx EIRP (Redundant Unit) within 3dB of prediction	YES/NO	Value	
Telemetry Signal Successfully Received by Ground Station	NOMINAL/FAIL		
Command Rx Sensitivity (Nominal Unit) with in 3dB of prediction	YES/NO	Value	
Command Rx Sensitivity (Redundant Unit) within 3dB of prediction	YES/NO	Value	
EAM acquisition after SHM	NOMINAL/FAIL		
NOM acquisition after EAM	NOMINAL/FAIL		
Heaters “ON”	NOMINAL/FAIL		
Successful orbit raising to 1414 km orbit (thruster check)	NOMINAL/FAIL		
Expended 100K or fewer thruster pulses; 90kg of propellant	YES/NO	Value	
Battery DOD less than 15%	YES/NO	Value	
PAYLOAD			
Good health check of transponders	Turn On	Nominal operations	
Test all 16 beams of C-S Transponder	1.1V	2.65V	4.0V
X1	NOMINAL/FAIL	NOMINAL/FAIL	NOMINAL/FAIL
X2			
X3			
X4			
X5			
X6			
X7			
X8			
Y1			
Y2			
Y3			
Y4			
Y5			
Y6			
Y7			
Y8			
Test all 16 beams of L-C Transponder			
X5	NOMINAL/FAIL		
X7			
Y1			
X3			
Y5			
X4			
Y7			
X1			
Y6			
X2			
Y4			
X8			
Y3			
X6			
Y2			
Y8			

## Schedule 32

### Form of Auditors Report

To the Audit Committee and Management of Globalstar, Inc.:

We have performed the procedures enumerated below, which were agreed to by the audit committee, management of Globalstar Inc. (“**Globalstar**”) and the Finance Parties (as such term is defined in the Facility Agreement) solely to assist you with respect to the *[insert date]* Compliance Certificate required to be issued pursuant to clause 19.4 (*Compliance Certificate*) of the facility agreement dated September 5, 2009 (as amended and restated) (the “**Facility Agreement**”). Globalstar’s management is responsible for the Compliance Certificate. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures performed:

1. Agreed the financial information contained in the Compliance Certificate to the general ledger or underlying accounting records prepared by management.
2. Mathematically recomputed the calculations in the Compliance Certificate to make sure they are arithmetically accurate.
3. Compared each individual financial component of the Compliance Certificate to the definition included within the Facility Agreement.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Compliance Certificate. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the audit committee, management of Globalstar and the Finance Parties (as such term is defined in the Facility Agreement) and is not intended to be and should not be used by anyone other than these specified parties.

*[insert name of auditor]*

*[insert address of auditor and 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: August 10, 2015

By: /s/ James Monroe III  
 James Monroe III  
*Chief Executive Officer (Principal Executive Officer)*

**Certification of Chief Financial Officer**

I, Rebecca S. Clary certify that:

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

Date: August 10, 2015

By: /s/ Rebecca S. Clary

Rebecca S. Clary

*Chief Financial Officer (Principal 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 June 30, 2015 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.

Date: August 10, 2015

By: /s/ James Monroe III

James Monroe III

*Chief Executive Officer (Principal Executive 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 June 30, 2015 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.

Date: August 10, 2015

By: /s/ Rebecca S. Clary

Rebecca S. Clary

*Chief Financial Officer (Principal Financial Officer)*