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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2009

OR

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

For the transition period from to

Commission file number 001-33117

GLOBALSTAR, INC.

(Exact Name of Registrant as Specified in Its Charter)

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

461 South Milpitas Blvd.
Milpitas, California 95035
(Address of principal executive offices and zip code)

(408) 933-4000
Registrant's telephone number, including area code

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

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 o No o

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

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

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date. As of August 6, 2009, 145,309,799 shares of Common Stock, par value $0.0001 per share, were outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three Months Ended		Six Months Ended	
	June 30, 2009	June 30, 2008 As Adjusted – Note 1	June 30, 2009	June 30, 2008 As Adjusted – Note 1
Revenue:				
Service revenue	$ 12,562	$ 16,673	$ 23,693	$ 32,683
Subscriber equipment sales	3,154	6,326	7,186	12,450
Total revenue	15,716	22,999	30,879	45,133
Operating expenses:				
Cost of services (exclusive of depreciation and amortization shown separately below)	7,961	8,607	18,369	16,082
Cost of subscriber equipment sales:				
Cost of subscriber equipment sales	2,832	4,118	5,827	9,099
Cost of subscriber equipment sales — Impairment of assets	648	349	648	413
Total cost of subscriber equipment sales	3,480	4,467	6,475	9,512
Marketing, general, and administrative	11,408	15,482	25,385	31,230
Depreciation and amortization	5,468	6,521	10,892	11,939
Total operating expenses	28,317	35,077	61,121	68,763
Operating loss	(12,601)	(12,078)	(30,242)	(23,630)
Other income (expense):				
Interest income	56	1,565	184	2,933
Interest expense	(3,141)	(301)	(3,381)	(1,298)
Derivative gain (loss)	(797)	3,743	(797)	204
Other	2,529	(77)	(1,446)	8,174
Total other income (expense)	(1,353)	4,930	(5,440)	10,013
Loss before income taxes	(13,954)	(7,148)	(35,682)	(13,617)
Income tax expense (benefit)	(192)	29	(162)	195
Net loss	$ (13,762)	$ (7,177)	$ (35,520)	$ (13,812)
Loss per common share:				
Basic	$ (0.10)	$ (0.09)	$ (0.27)	$ (0.17)
Diluted	(0.10)	(0.09)	(0.27)	(0.17)

Weighted-average shares outstanding:				
Basic	133,880	84,029	131,259	83,243
Diluted	133,880	84,029	131,259	83,243

See accompanying notes to unaudited interim consolidated financial statements.

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GLOBALSTAR, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except par value and Preferred Stock share data)
(Unaudited)

	June 30, 2009	December 31, 2008 As Adjusted – Note 1
ASSETS		
Current assets:		
Cash and cash equivalents	$ 16,037	$ 12,357
Accounts receivable, net of allowance of $5,175 (2009) and $5,205 (2008)	7,910	10,075
Inventory	55,469	55,105
Advances for inventory	9,182	9,314
Prepaid expenses and other current assets	16,071	5,565
Total current assets	104,669	92,416
Property and equipment, net	748,926	642,264
Other assets:		
Restricted cash	23,265	57,884
Other assets, net	86,026	15,670
Total assets	$ 962,886	$ 808,234
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 56,525	$ 28,370
Accrued expenses	64,353	29,998
Payables to affiliates	4,082	3,344
Deferred revenue	20,106	19,354
Current portion of long term debt	71,438	33,575
Total current liabilities	216,504	114,641
Borrowings under revolving credit facility	—	66,050
Long term debt	79,562	172,295
Employee benefit obligations, net of current portion	4,782	4,782
Other non-current liabilities	59,419	13,713
Total non-current liabilities	143,763	256,840
Stockholders' equity:		
Preferred Stock, $0.0001 par value; 100,000,000 shares authorized, issued and outstanding — one at June 30, 2009; none at December 31, 2008:		
Series A Preferred Convertible Stock, $0.0001 par value: 1 share authorized, 1 share issued and outstanding at June 30, 2009; none authorized, issued and outstanding at December 31, 2008	—	—
Common Stock, $0.0001 par value; 800,000 shares authorized, 141,181 shares issued and outstanding at June 30, 2009; 136,606 shares issued and outstanding at December 31, 2008	14	14
Additional paid-in capital	663,624	463,822
Accumulated other comprehensive loss	(4,720)	(6,304)
Retained deficit	(56,299)	(20,779)
Total stockholders' equity	602,619	436,753
Total liabilities and stockholders' equity	$ 962,886	$ 808,234

See accompanying notes to unaudited interim consolidated financial statements.

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

	Six Months Ended	
	June 30, 2009	June 30, 2008 As Adjusted – Note 1
Cash flows from operating activities:		
Net loss	$ (35,520)	$ (13,812)
Adjustments to reconcile net loss to net cash from operating activities:		
Deferred income taxes	—	(269)
Depreciation and amortization	10,892	11,939
Change in fair value of derivative instruments and derivative liabilities	797	(204)
Stock-based compensation expense	5,432	7,003
Loss on disposal of fixed assets	53	80
Provision for bad debts	334	672
Interest income on restricted cash	(115)	(2,474)
Contribution of services	253	225
Cost of subscriber equipment sales - impairment of assets	648	413
Amortization of deferred financing costs	2,563	262
Loss on debt to equity conversion	305	
Loss in equity method investee	321	
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable	1,983	239
Inventory	1,651	(10,025)
Advances for inventory	644	(270)
Prepaid expenses and other current assets	559	(186)
Other assets	608	(2,167)
Accounts payable	5,790	(2,281)
Payables to affiliates	617	(142)
Accrued expenses and employee benefit obligations	14,481	(2,734)
Other non-current liabilities	(1,686)	1,707
Deferred revenue	2,458	(2,429)
Net cash from operating activities	13,068	(14,453)
Cash flows from investing activities:		
Spare and second-generation satellites and launch costs	(78,444)	(132,581)
Second-generation ground	(11)	(5,074)
Property and equipment additions	(1,367)	(2,827)
Proceeds from sale of property and equipment	—	146
Investment in businesses	(145)	(2,000)
Cash acquired on purchase of subsidiary	—	1,839
Restricted cash	31,436	(43,639)
Net cash from investing activities	(48,530)	(184,136)
Cash flows from financing activities:		
Borrowings from long-term convertible senior notes	—	150,000
Borrowings from long term debt	—	100,000
Borrowings from revolving credit loan	7,750	—
Borrowings from $55M Senior Convertible Notes	55,000	—
Borrowings under subordinated loan agreement	5,000	—
Borrowings under short term loan	2,260	—
Proceeds from equity contributions	1,000	—
Repayment of revolving credit loan	—	(50,000)
Proceeds from irrevocable standby stock purchase agreement	—	—
Deferred financing cost payments	(21,166)	(4,854)
Payments for the interest rate cap instrument	(12,425)	—
Reduction in derivative margin account balance requirements	—	335
Net cash from financing activities	37,419	195,481
Effect of exchange rate changes on cash	1,723	(8,850)
Net increase (decrease) in cash and cash equivalents	3,680	(11,958)
Cash and cash equivalents, beginning of period	12,357	37,554
Cash and cash equivalents, end of period	$ 16,037	$ 25,596
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	$ 6,228	$ 4,613
Income taxes	$ 45	$ 157
Supplemental disclosure of non-cash financing and investing activities:		
Conversion of debt to Series A Convertible Preferred Stock	$ 180,177	$ —
Accrued launch costs and second-generation satellites costs	$ 21,900	$ 8,308
Capitalization of accrued interest for spare and second-generation satellites and launch costs	$ 9,582	$ 4,389
Vendor financing of second-generation satellites	$ 11,977	16,408
Subordinated loan	$ 10,000	$ —
Conversion of debt to Common Stock	$ 7,500	$ —
Accretion of debt discount	$ 2,450	$ 1,831
Accrued deferred financing costs	$ 42,522	$ 39
Fair value of assets acquired on purchase of subsidiary	$ —	$ 19,928
Fair value of liabilities assumed on purchase of subsidiary	$ —	$ 13,211

See accompanying notes to unaudited interim consolidated financial statements.

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GLOBALSTAR, INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note 1: The Company and Summary of Significant Accounting Policies

Nature of Operations

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

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

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

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information. These unaudited interim consolidated financial statements include the accounts of Globalstar and its majority owned or otherwise controlled subsidiaries. All significant intercompany transactions and balances have been eliminated in the consolidation. In the opinion of management, such information includes all adjustments, consisting of normal recurring adjustments, that are necessary for a fair presentation of the Company's consolidated financial position, results of operations, and cash flows for the periods presented. The results of operations for the three and six months ended June 30, 2009 are not necessarily indicative of the results that may be expected for the full year or any future period.

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

These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted. Certain reclassifications have been made to prior year consolidated financial statements to conform to current year presentation.

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

Other income (expense) includes foreign exchange transaction gains (losses) of $4.6 and $0.7 million for the three and six months ended June 30, 2009, respectively, and $(0.1) million and $8.1 million for the three and six months ended June 30, 2008, respectively.

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Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Standards No. 157, "Fair Value Measurements" ("SFAS No. 157"), which clarifies the definition of fair value, establishes guidelines for measuring fair value, and expands disclosures regarding fair value measurements. SFAS No. 157 does not require any new fair value measurements and eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS No. 157 initially was to be effective for the Company on January 1, 2008. However, on February 12, 2008, the FASB approved FASB Staff Position ("FSP") FAS 157-2, which delays the effective date of SFAS No. 157 for all non-financial assets and non-financial liabilities except those that are recognized or disclosed at fair value in the fina ncial statements on a recurring basis (at least annually). This FSP partially defers the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years, for items within the scope of this FSP. On January 1, 2009, the Company adopted the provisions of SFAS No. 157. This adoption did not have a material impact on the Company's financial position, results of operations, or cash flows.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133" ("SFAS No. 161"). SFAS No. 161 requires companies t o provide enhanced disclosures regarding

derivative instruments and hedging activities. It requires a company to convey better the purpose of derivative use in terms of the risks that it is intending to manage. Disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect a company's financial position, financial performance, and cash flows are required. SFAS No. 161 retains the same scope as SFAS No. 133 and is effective for fiscal years and interim periods beginning after November 15, 2008. On January 1, 2009, the Company adopted SFAS No. 161. See Note 11 for the Company's disclosures about its derivative instruments.

In May 2008, the FASB issued Statement of Financial Accounting Standards No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS No. 162"). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with GAAP (the GAAP hierarchy). SFAS No. 162 supersedes the existing hierarchy contained in the U.S. auditing standards. The existing hierarchy was carried over to SFAS No. 162 essentially unchanged. The Statement becomes effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to the auditing literature. The new hierarchy is not expected to change current accounting practice in any area.

In May 2008, the FASB issued FASB Staff Position ("FSP") APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("FSP APB 14-1"). FSP APB 14-1 clarifies that convertible debt instruments that may be settled in cash upon either mandatory or optional conversion (including partial cash settlement) are not addressed by paragraph 12 of APB Opinion No. 14, *Accounting for Convertible Debt and Debt issued with Stock Purchase Warrants*. Additionally, FSP APB 14-1 specifies that issuers of such instruments should separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP APB 14-1 is effective retroactively for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years, and is applied to both new and previously issued convertible debt instruments. The Company adopted FSP APB 14-1 on January 1, 2009. The adoption of FSP APB 14-1 changed the Company's full-year 2008 Consolidated Statements of Operations because the gains associated with conversions and exchanges of 5.75% Convertible Senior Notes (the "5.75% Notes") in 2008 were recorded in stockholders' equity prior to adoption of this standard. The adoption of FSP APB 14-1 also changed the Company's Consolidated Statement of Operations for the three and six months ended June 30, 2008 because the Company issued the 5.75% Notes in April 2008. The Company capitalized the interest associated with the accretion of debt discount recorded in connection with the adoption of FSP APB 14-1, which resulted in an increase to property and equipment. The following tables present the effect of the adoption of FSP APB 14-1 on the Company's affected Balance Sheet items as of June 30, 2008 and December 31, 2008:

	As of June 30, 2008		
	As Originally Reported	Effect of Change	As Adjusted
	(in thousands)		
Balance Sheet:			
Property and equipment, net	$ 451,811	$ 1,830	$ 453,641
Other assets	16,436	(1,591)	14,845
Long-term debt	250,000	(52,844)	197,156
Other non-current liabilities	33,920	22,416	56,336
Additional paid-in capital	421,063	30,496	451,559
Retained deficit	$ (19,601)	$ 171	$ (19,430)

	As of December 31, 2008		
	As Originally Reported	Effect of Change	As Adjusted
	(in thousands)		
Balance Sheet:			
Property and equipment, net	$ 636,362	$ 5,902	$ 642,264
Other assets	16,376	(706)	15,670
Long-term debt	195,429	(23,134)	172,295
Additional paid-in capital	488,343	(24,521)	463,822
Retained deficit	$ (73,630)	$ 52,851	$ (20,779)

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On April 9, 2009, the FASB issued FSP FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments," relating to fair value disclosures for any financial instruments that are not currently reflected on the balance sheet at fair value. Prior to the issuance of this FSP, fair values for these assets and liabilities were disclosed only once a year. The FSP now requires these disclosures on a quarterly basis, providing qualitative and quantitative information about fair value estimates for all financial instruments not measured on the balance sheet at fair value. The FSP is effective for interim reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 31, 2009. The Company adopted the provisions of this FSP on April 1, 2009, and the adoption did not have a material effect on its results of operations or financial position.

In April 2009, the FASB issued FSP No. 115-2 and No. 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments*, which amend existing guidance for determining whether impairment is other-than-temporary for debt securities. The FSPs require an entity to assess whether it intends to sell, or it is more likely than not that it will be required to sell a security in an unrealized loss position before recovery of its amortized cost basis. If either of these criteria is met, the entire difference between amortized cost and fair value is recognized in earnings. For securities that do not meet the aforementioned criteria, the amount of impairment recognized in earnings is limited to the amount related to credit losses, while impairment related to other factors is recognized in other comprehensive income. Additionally, the FSPs expand and increase the frequency of existing disclosures about other-than-temporary impairments for debt and equity securities. These FSPs are effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The Company adopted the provisions of this FSP on April 1, 2009, and the adoption did not have a material effect on its results of operations or financial position.

In April 2009, the FASB issued Staff Position (FSP) No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset and Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*. This FSP emphasizes that even if there has been a significant decrease in the volume and level of activity, the objective of a fair value measurement remains the same. Fair value is the price that would be received to sell

an asset or paid to transfer a liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants. The FSP provides a number of factors to consider when evaluating whether there has been a significant decrease in the volume and level of activity for an asset or liability in relation to normal market activity. In addition, when transactions or quoted prices are not considered orderly, adjustments to those prices based on the weight of available information may be needed to determine the appropriate fair value. The FSP also requires increased disclosures. This FSP is effective for interim and annual reporting periods ending after June 15, 2009, and must be applied prospectively. Early adoption is permitted for periods ending after March 15, 2009. The Company adopted the provisions of this FSP on April 1, 2009, and the adoption did not have a material effect on its results of operations or financial position.

In May 2009, the FASB issued Statement of Financial Accounting Standards No. 165, "Subsequent Events" ("SFAS No. 165"), to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, SFAS No. 165 sets forth: (a) the period after the balance sheet date during which management of a reporting entity shall evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (b) the circumstances under which an entity shall recognize events or transactions occurring after the balance sheet date in its financial statements and (c) the disclosures that an entity shall make about events or transactions that occurred after the balance sheet date. The provisions of SFAS No. 165 are effective for interim or annual financial periods ending after June 15, 2009. The Company adopted the provisions of SFAS No. 165 effective as of June 30, 2009, and the adoption did not have a material impact on its results of operations or financial position.

In June 2009, the FASB issued Statement of Financial Accounting Standards No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162" ("SFAS No. 168"), which establishes the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB to be applied in the preparation of financial statements in conformity with GAAP. SFAS No. 168 explicitly recognizes rules and interpretive releases of the SEC under federal securities laws as authoritative GAAP for SEC registrants. The provisions of SFAS No. 168 are effective for interim or annual financial period ending after September 15, 2009. The Company does not expect the adoption of SFAS No.168 to have a material impact on its results of operations or financial position.

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Note 2: Basic and Diluted Loss Per Share

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

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

	Three Months Ended June 30, 2009			Six Months Ended June 30, 2009		
	Income (Numerator)	Weighted Average Shares Outstanding (Denominator)	Per-Share Amount	Income (Numerator)	Weighted Average Shares Outstanding (Denominator)	Per-Share Amount
Basic and Dilutive loss per common share						
Net loss	$ (13,762)	133,880	$ (0.10)	$ (35,520)	131,259	$ (0.27)

	Three Months Ended June 30, 2008 (As Adjusted – Note 1)			Six Months Ended June 30, 2008 (As Adjusted – Note 1)		
	Income (Numerator)	Weighted Average Shares Outstanding (Denominator)	Per-Share Amount	Income (Numerator)	Weighted Average Shares Outstanding (Denominator)	Per-Share Amount
Basic and Dilutive loss per common share						
Net loss	$ (7,177)	84,029	$ (0.09)	$ (13,812)	83,243	$ (0.17)

For the three and six month periods ended June 30, 2009 and 2008, diluted net loss per share of Common Stock is the same as basic net loss per share of Common Stock, because the effects of potentially dilutive securities are anti-dilutive.

The Company included the outstanding shares issued under the Share Lending Agreement (17.3 million shares outstanding at June 30, 2009) in the computation of earnings per share (Note 12).

Note 3: Property and Equipment

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

	June 30, 2009	December 31, 2008 As Adjusted – Note 1
Globalstar System:		
Space component	$ 132,982	$ 132,982
Ground component	27,057	26,154
Construction in progress:		
Second-generation satellites, ground and related launch costs	631,780	516,530
Other	824	958
Furniture and office equipment	18,560	16,872
Land and buildings	4,104	3,810
Leasehold improvements	778	687
	816,085	697,993

Accumulated depreciation	(67,159)	(55,729)
	$ 748,926	$ 642,264

Property and equipment consists of an in-orbit satellite constellation (including eight spare satellites launched in 2007), ground equipment, second-generation satellites under construction and related launch costs, second-generation ground component and support equipment located in various countries around the world.

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On June 3, 2009, Globalstar and Thales Alenia Space entered into an amended and restated contract for the construction of 48 low-earth orbit second-generation satellites to incorporate prior amendments, acceleration requests and make other non-material changes to the contract entered into in November 2006. The total contract price, including subsequent additions, is approximately €678.9 million (approximately $936.6 million at a weighted average conversion rate of €1.00 = $1.3797 at June 30, 2009) including approximately €146.8 million which was paid by the Company in U.S. dollars at a fixed conversion rate of €1.00 = $1.2940. Upon completion of the Facility Agreement (See Note 12), amounts in the escrow account became unrestricted and were reclassed to cash and cash equivalents.

In March 2007, the Company and Thales Alenia Space entered into an agreement for the construction of the Satellite Operations Control Centers, Telemetry Command Units and In Orbit Test Equipment (collectively, the "Control Network Facility") for the Company's second-generation satellite constellation. The total contract price for the construction and associated services is €9.2 million (approximately $13.2 million at a weighted average conversion rate of €1.00 = $1.4336) consisting of €4.1 million for the Satellite Operations Control Centers, €3.1 million for the Telemetry Command Units and €2.0 million for the In Orbit Test Equipment, with payments to be made on a quarterly basis through completion of the Control Network Facility in the first quarter of 2010.

In September 2007, the Company and Arianespace (the "Launch Provider") entered into an agreement for the launch of the Company's second-generation satellites and certain pre and post-launch services. Pursuant to the agreement, the Launch Provider agreed to make four launches of six satellites each, and the Company had the option to require the Launch Provider to make four additional launches of six satellites each. The total contract price for the first four launches is approximately $216.1 million. In July 2008, the Company amended its agreement with the Launch Provider for the launch of the Company's second-generation satellites and certain pre and post-launch services. Under the amended terms, the Company could defer payment on up to 75% of certain amounts due to the Launch Provider. The deferred payments incurred annual interest at 8.5% to 12% and become payable one month from the corresponding launch date. In June 2009, the Company and the Launch Provider again amended their agreement reducing the number of optional launches from four to one and modifying the agreement in certain other respects including terminating the deferred payment provisions. Notwithstanding the one optional launch, the Company is free to contract separately with the Launch Provider or another provider of launch services after the Launch Provider's firm launch commitments are fulfilled

In May 2008, the Company and Hughes Network Systems, LLC ("Hughes") entered into an agreement 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 a part of the User Terminal Subsystem (UTS) in various next-generation Globalstar devices. The total contract purchase price of approximately $100.8 million is payable in various increments over a period of 40 months. The Company has the option to purchase additional RANs and other software and hardware improvements at pre-negotiated prices. Future costs associated with certain projects under this contract will be capitalized once the Company has determined that technological feasibility has been achieved on these projects. As of June 30, 2009, the Company had made payments of $5.9 million under this contract and expensed $1.8 million of these payments and capitalized $4.1 million under second-generation ground component.

In October 2008, the Company signed an agreement with Ericsson Federal Inc., a leading global provider of technology and services to telecom operators. According to the $22.7 million contract, Ericsson will work with the Company to develop, implement and maintain a ground interface, or core network, system that will be installed at the Company's satellite gateway ground stations.

As of June 30, 2009 and December 31, 2008, capitalized interest recorded was $50.2 million and $37.4 million, respectively. Interest capitalized during the three and six months ended June 30, 2009 was $6.5 million and $12.8 million, respectively, and $7.3 million and $10.1 million for the three and six months ended June 30, 2008, respectively. Depreciation expense for the three and six months ended June 30, 2009 was $5.5 million and $10.9 million, respectively, and $6.5 million and $11.8 million for the three and six months ended June 30, 2008, respectively.

Note 4: Payables to Affiliates

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

	June 30, 2009	December 31, 2008
QUALCOMM	$ 2,972	$ 2,498
Others	1,110	846
	$ 4,082	$ 3,344

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Thermo incurs certain general and administrative expenses on behalf of the Company, which are charged to the Company. For the three and six month periods ended June 30, 2009, total expenses were approximately $44,000 and $87,000, respectively, and $82,000 and $110,000 for the three and six month periods ended June 30, 2008.

For the three and six month periods ended June 30, 2009, the Company also recorded approximately $126,000 and $253,000, respectively, of non-cash expenses related to services provided by two executive officers of Thermo and the Company who receive no compensation from the Company, which were accounted for as a contribution to capital. The Company recorded $112,000 and $225,000 for the three and six month periods ended June 30, 2008, respectively, in similar charges. The Thermo expense charges are based on actual amounts incurred or upon allocated employee time. Management believes the allocations are reasonable.

Note 5: Other Related Party Transactions

Since 2005, Globalstar has issued separate purchase orders for additional phone equipment and accessories under the terms of previously executed commercial agreements with QUALCOMM. Within the terms of the commercial agreements, the Company paid QUALCOMM approximately 7.5% to 25% of the total order as advances for inventory. As of June 30, 2009 and December 31, 2008, total advances to QUALCOMM for inventory were $9.2 million and $9.2 million, respectively. As of June 30, 2009 and December 31, 2008, the Company had outstanding commitment balances of approximately $49.4 million. On October 28, 2008, the Company amended its agreement with QUALCOMM to extend the term for 12 months and defer delivery of mobile phones and related equipment until April 2010 through July 2011.

On August 16, 2006, the Company entered into an amended and restated credit agreement with Wachovia Investment Holdings, LLC, as administrative agent and swingline lender, and Wachovia Bank, National Association, as issuing lender, which was subsequently amended on September 29 and October 26, 2006. On December 17, 2007, Thermo Funding was assigned all the rights (except indemnification rights) and assumed all the obligations of the administrative agent and the lenders under the amended and restated credit agreement and the credit agreement was again amended and restated. In connection with fulfilling the conditions precedent to funding under the Company's Facility Agreement, in June 2009, Thermo converted the loans outstanding under the credit agreement into equity and terminated the credit agreement. In addition, Thermo and its affiliates deposited $60.0 million in a contingent equity account to fulfill a condition precedent for borrowing under the Facility Agreement, purchased $11.4 million of the Company's 8% convertible senior unsecured notes, provided a $2.2 million short-term loan to Company, and loaned $25.0 million to the Company to fund its debt service reserve account. See Note 12.

During the three and six month periods ended June 30, 2009, the Company purchased approximately $0.7 million and $2.2 million of services and equipment from a company whose non-executive chairman serves as a member of the Company's board of directors. Corresponding purchases made during the three month and six month periods ended June 30, 2008 were $1.7 million and $4.1 million, respectively.

Purchases and other transactions with Affiliates

Total purchases and other transactions from affiliates, excluding interest and capital transactions, are as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
QUALCOMM	$ 607	$ 3,023	$ 1,216	$ 5,904
Other affiliates	837	1,844	2,315	4,252
Total	$ 1,444	$ 4,867	$ 3,531	$ 10,156

Note 6: Income Taxes

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

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On January 1, 2009, the Company adopted FSP APB 14-1, which was effective retrospectively. Prior to the adoption of FSP APB 14-1, the Company had recorded the net tax effect of the conversions and exchanges of the Company's 5.75% Convertible Senior Notes due 2028 (the "Notes") (See Note 12) during the fourth quarter of 2008 against additional-paid-in-capital and reduced its deferred tax assets at December 31, 2008. The adoption of FSP APB 14-1 resulted in the Company recording a gain from the exchanges and conversions of the Notes and reversing the charge taken to additional-paid-in-capital and deferred tax assets. The Company established a valuation allowance to reduce the deferred tax assets to an amount that is more likely than not to be realized. As of December 31, 2008, the Company had established valuation allowances of approximately $125.5 million. Accordingly, at June 30, 2009 and December 31, 2008, net deferred tax assets were $0.

The Company has been notified that one of its subsidiaries and its predecessor, Globalstar L.P., are currently under audit for the 2004 and 2005 tax years. During the audit period, the Company and its subsidiaries were taxed as partnerships. Neither the Company nor any of its subsidiaries, except for the one noted above, are currently under audit by the Internal Revenue Service ("IRS") or by any state jurisdiction in the United States with respect to income taxes. The Company's corporate U.S. tax returns for 2006 and 2007 and U.S. partnership tax returns filed for years before 2006 remain subject to examination by tax authorities. In the Company's international tax jurisdictions, numerous tax years remain subject to examination by tax authorities, including tax returns for 2001 and subsequent years in most of the Company's major international tax jurisdictions.

Note 7: Comprehensive Loss

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

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

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008

Net loss	$ (13,762)	$ (7,177)	$ (35,520)	$ (13,812)
Other comprehensive income (loss):				
Foreign currency translation adjustments	1,490	(409)	1,584	(1,456)
Total comprehensive loss	$ (12,272)	$ (7,586)	$ (33,936)	$ (15,268)

Note 8: Equity Incentive Plan

The Company's 2006 Equity Incentive Plan (the "Equity Plan") is a broad based, long-term retention program intended to attract and retain talented employees and align stockholder and employee interests. Less than 0.1 million restricted stock awards and restricted stock units (including grants to both employees and executives) were granted during the six month period ended June 30, 2009. No grants were made during the three month period ended June 30, 2009. Approximately 1.2 million and 1.9 million restricted stock awards and restricted stock units (including grants to both employees and executives) were granted during the three and six months ended June 30, 2008, respectively. In January 2009, 2.7 million shares of the Company's Common Stock were added to the shares available for issuance under the Equity Plan. Under the various management incentive plans, the Company expects to issue additional shares of its Common Stock equivalent to approximately $8.2 million to employees and executives during the third quarter of 2009.

Note 9: Litigation and Other Contingencies

From time to time, the Company is involved in various litigation matters involving ordinary and routine claims incidental to our business. Management currently believes that the outcome of these proceedings, either individually or in the aggregate, will not have a material adverse effect on the Company's business, results of operations or financial condition. The Company is involved in certain litigation matters as discussed below.

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IPO Securities Litigation. On February 9, 2007, the first of three purported class action lawsuits was filed against the Company, its CEO and CFO in the Southern District of New York alleging that the Company's registration statement related to its initial public offering in November 2006 contained material misstatements and omissions. The Court consolidated the three cases as Ladmen Partners, Inc. v. Globalstar, Inc., et al., Case No. 1:07-CV-0976 (LAP), and appointed Connecticut Laborers' Pension Fund as lead plaintiff. On September 30, 2008, the court granted the Company's motion to dismiss the plaintffs' Second Amended Complaint with prejudice. Plaintiffs filed a notice of appeal to the U.S. Second Circuit Court of Appeals. The parties and the Company's insurer have agreed in principle to a settlement of the litigation. Plaintiffs have filed a motion withdrawing the appeal by consent without prejudice to reinstatement until December 31, 2009 in anticipation of concluding the settlement.

Walsh and Kesler v. Globalstar, Inc. (formerly Stickrath v. Globalstar, Inc.) On April 7, 2007, Kenneth Stickrath and Sharan Stickrath filed a purported class action complaint against the Company in the U.S. District Court for the Northern District of California, Case No. 07-cv-01941. The complaint is based on alleged violations of California Business & Professions Code § 17200 and California Civil Code § 1750, et seq., the Consumers' Legal Remedies Act. In July 2008 the Company filed a motion to deny class certification and a motion for summary judgment. The court deferred action on the class certification issue but granted the motion for summary judgment on December 22, 2008. The court did not, however, dismiss the case with prejudice but rather allowed counsel for plaintiffs to amend the complaint and substitute one or more new class representatives. On January 16, 2009, counsel for the plaintiffs filed a Third Amended Class Action Complaint substituting Messrs. Walsh and Kesler as the named plaintiffs. The Company filed its answer on February 2, 2009. A hearing on the motion to deny class certification is expected to be held in September 2009.

Appeal of FCC S-Band Sharing Decision. This case is Sprint Nextel Corporation's petition in the U.S. Court of Appeals for the District of Columbia Circuit for review of, among others, the FCC's April 27, 2006, decision regarding sharing of the 2495-2500 MHz portion of the Company's radiofrequency spectrum. This is known as "The S-band Sharing Proceeding." The Court of Appeals has granted the FCC's motion to hold the case in abeyance while the FCC considers the petitions for reconsideration pending before it. The Court has also granted the Company's motion to intervene as a party in the case. The Company cannot determine when the FCC might act on the petitions for reconsideration.

Appeal of FCC L-Band Decision. On November 9, 2007, the FCC released a Second Order on Reconsideration, Second Report and Order and Notice of Proposed Rulemaking. In the Report and Order ("R&O") portion of the decision, the FCC effectively decreased the L-band spectrum available to the Company while increasing the L-band spectrum available to Iridium Satellite by 2.625 MHz. On February 5, 2008, the Company filed a notice of appeal of the FCC's decision in the U.S. Court of Appeals for the D.C. Circuit. Briefs were filed and oral argument was held on February 17, 2009. On May 1, 2009, the court issued a decision denying the Company's appeal and affirming the FCC's decision.

Appeal of FCC ATC Decision. On October 31, 2008, the FCC issued an Order granting the Company modified Ancillary Terrestrial Component ("ATC") authority. The modified authority allows the Company and Open Range Communications, Inc. to implement their plan to roll out ATC service in rural areas of the United States. On December 1, 2008, Iridium Satellite filed a petition with the U.S. Court of Appeals for the District of Columbia Circuit for review of the FCC's Order. On the same day, CTIA-The Wireless Association petitioned the FCC to reconsider its Order. The court has granted the FCC's motion to hold the appeal in abeyance pending the FCC's decision on reconsideration.

Patent Infringement. On July 2, 2008, the Company's subsidiary, Spot LLC, received a notice of patent infringement from Sorensen Research and Development. Sorensen asserts that the process used to manufacture the Spot Satellite Personal Tracker violates a U.S. patent held by Sorensen. The manufacturer, Axonn LLC, has assumed responsibility for managing the case under an indemnity agreement with the Company and Spot LLC. Axonn was unable to negotiate a mutually acceptable settlement with Sorensen, and on January 14, 2009, Sorensen filed a complaint against Axonn, Spot LLC and the Company in the U.S. District Court for the Southern District of California. The Company and Axonn filed an answer and counterclaim and a motion to stay the proceeding pending completion of the re-examination of the subject patent. The court granted the motion for stay on July 29, 2009.

YMax Communications Corp. v. Globalstar, Inc. and Spot LLC. On May 6, 2009, YMax Communications Corp. filed a patent infringement complaint against the Company and its subsidiary, Spot LLC, in the Delaware U.S. District Court (Civ. Action No. 09-329) alleging that the SPOT Satellite GPS Messenger service infringes a patent for which YMax is the exclusive licensee. The complaint follows on the heels of an exchange of correspondence between the Company and YMax in which the Company endeavored to explain why the SPOT service does not infringe the YMax patent. Globalstar filed its answer to the complaint on June 26, 2009. The Company does not believe that the complaint has merit and intends to defend itself vigorously.

Sales and Use Tax. The Company is under a sales and use tax examination by the California Board of Equalization for tax years ended 2005, 2006 and 2007. The Company believes that the amount accrued on its books related to sales and use tax contingency is adequate.

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Note 10: Geographic Information

Revenue by geographic location, presented net of eliminations for intercompany sales, was as follows for the three and six month periods ended June 30, 2009 and 2008 (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Service:				
United States	$ 7,414	$ 8,345	$ 13,896	$ 16,675
Canada	3,119	5,351	5,956	11,122
Europe	656	1,027	1,246	2,072
Central and South America	1,288	1,761	2,435	2,418
Others	85	189	160	396
Total service revenue	12,562	16,673	23,693	32,683
Subscriber equipment:				
United States	1,405	3,443	2,928	5,988
Canada	725	1,684	2,102	4,012
Europe	247	588	468	1,419
Central and South America	653	607	977	992
Others	124	4	711	39
Total subscriber equipment revenue	3,154	6,326	7,186	12,450
Total revenue	$ 15,716	$ 22,999	$ 30,879	$ 45,133

Note 11: Derivative Instruments

In March 2008, the FASB issued SFAS 161, “Disclosures about Derivative Instruments and Hedging Activities.” SFAS 161 provides companies with requirements for enhanced disclosures about derivative instruments and hedging activities to enable investors to better understand their effects on a company’s financial position, financial performance, and cash flows. In accordance with the effective date of SFAS 161, the Company adopted the disclosure provisions of SFAS 161 during the quarter ended March 31, 2009.

In July 2006, in connection with entering into its credit agreement with Wachovia, which provided for interest at a variable rate (Note 12), the Company entered into a five-year interest rate swap agreement. The interest rate swap agreement reflected a $100.0 million notional amount at a fixed interest rate of 5.64%. The interest rate swap agreement did not qualify for hedge accounting under FASB’s Statement of Financial Standards No.133, “Accounting for Derivative Instruments and Hedging Activities” (“SFAS No. 133”). The decline in fair value for the three and six months ended June 30, 2008 was charged to “Derivative gain (loss)” in the accompanying Consolidated Statements of Operations. The interest rate swap agreement was terminated on December 10, 2008 by the Company making a payment of approximately $9.2 million.

In June 2009, in connection with entering into the Facility Agreement (See Note 12), which provides for interest at a variable rate, the Company entered into a ten-year interest rate cap agreement. The interest rate cap agreement reflected 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 6 month Libor rate (“Base Rate”) used to calculate the coupon interest on outstanding amounts on the Facility Agreement of 4.00% from the date of issuance through December 2012. Thereafter, the Base Rate 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 then the then 6 month Libor rate. The Company paid an approximately $12.4 million upfront fee for the interest rate cap agreement. The interest rate cap does not qualify for hedge accounting treatment under SFAS 133. The decline in the fair value of the interest rate cap derivative instrument for the three month period ended June 30, 2009, of approximately $4.1 million, was charged to “Derivative gain (loss)” in the accompanying Consolidated Statement of Operations.

The Company recorded the conversion rights and features embedded within the 8.00% Convertible Senior Unsecured Notes (“8.00% Notes”) as a compound embedded derivative liability within Other Long Term Liabilities on its Consolidated Balance Sheet with a corresponding debt discount which is netted against the face value of the 8.00% Notes (Note 12). The Company will amortize the debt discount associated with the compound embedded derivative liability to interest expense over the term of the 8.00% Notes using an effective interest rate method. The fair value of the compound embedded derivative liability will be marked-to-market at the end of each reporting period, with any changes in value reported as “Derivative gain (loss)” in the consolidated statements of operations. The Company determined the fair value of the compound embedded derivative using a Monte Carlo simulation model based upon a risk-neutral stock price model.

Due to the cash settlement provisions in the warrants issued with the 8.00% Notes (Note 12) , the Company recorded the warrants as Other Long Term Liabilities on its Consolidated Balance Sheet with a corresponding debt discount which is netted against the face value of the 8.00% Notes. The Company will amortize the debt discount associated with the warrant liability to interest expense over the term of the warrants using an effective interest rate method. The fair value of the warrant liability will be marked-to-market at the end of each reporting period, with any changes in value reported as Derivative gain (loss) in the Consolidated Statements of Operations. The Company determined the fair value of the Warrant derivative was determined using a Monte Carlo simulation model based upon a risk-neutral stock price model.

The Company determined that the warrants issued in conjunction with the availability fee for the Contingent Equity Agreement (Note 12), were a liability and recorded it as a component of Other Long Term Liabilities, at issuance. The corresponding benefit is recorded in prepaid and other current assets and is being amortized over the one-year availability period.

None of the derivative instruments described above was designated as a hedge. The following tables disclose the fair value of the derivative instruments as of June 30, 2009 and December 31, 2008, and their impact on the Company's unaudited interim consolidated statement of operations for the three and six month periods ended June 30, 2009 and 2008 (in thousands):

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	June 30, 2009		December 31, 2008	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate cap derivative	Other assets, net	$ 8,331	N/A	N/A
Compound embedded conversion option	Other non-current liabilities	(21,272)	N/A	N/A
Warrants issued with 8.00% Notes	Other non-current liabilities	(11,764)	N/A	N/A
Warrants issued with contingent equity agreement	Other non-current liabilities	(6,000)	N/A	N/A
Total		$ (30,705)		$

	Three months ended June 30,			
	2009		2008	
	Location of Gain (loss) recognized in Statement of Operations	Amount of Gain (loss) recognized on Statement of Operations	Location of Gain (loss) recognized in Statement of Operations	Amount of Gain (loss) recognized on Statement of Operations
Interest rate swap derivative	N/A	N/A	Derivative gain (loss)	$ 3,743
Interest rate cap derivative	Derivative gain (loss)	(4,094)	N/A	N/A
Compound embedded conversion option	Derivative gain (loss)	2,270	N/A	N/A
Warrants issued with 8.00% Notes	Derivative gain (loss)	1,027	N/A	N/A
Warrants issued with contingent equity agreement	Derivative gain (loss)	—	N/A	N/A
Total		$ (797)		$ 3,743

	Six months ended June 30,			
	2009		2008	
	Location of Gain (loss) recognized in Statement of Operations	Amount of Gain (loss) recognized on Statement of Operations	Location of Gain (loss) recognized in Statement of Operations	Amount of Gain (loss) recognized on Statement of Operations
Interest rate swap derivative	N/A	N/A	Derivative gain (loss)	$ 204
Interest rate cap derivative	Derivative gain (loss)	(4,094)	N/A	N/A
Compound embedded conversion option	Derivative gain (loss)	2,270	N/A	N/A
Warrants issued with 8.00% Notes	Derivative gain (loss)	1,027	N/A	N/A
Warrants issued with contingent equity agreement	Derivative gain (loss)	—	N/A	N/A
Total		$ (797)		$ 204

Note 12: Borrowings

Current portion of long term debt

Current portion of long term debt consists of $69.2 million and $33.6 million due to the Company's vendors under vendor financing agreements at June 30, 2009 and December 31, 2008, respectively. Details of vendor financing agreements are described later in this Note. Additionally, in June 2009 Thermo Funding loaned the Company $2.2 million as a short term loan payable within one year at an annual interest rate of 12%.

Long Term Debt:

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

	June 30, 2009	December 31, 2008 As Adjusted – Note 1
Amended and Restated Credit Agreement:		
Term Loan	$ —	$ 100,000
Revolving credit loans	—	66,050
Total Borrowings under Amended and Restated Credit Agreement	—	166,050
5.75% Convertible Senior Notes due 2028	50,957	48,670
8.00% Convertible Senior Unsecured Notes	18,817	—
Vendor Financing (long term portion)	—	23,625
Subordinated loan	9,788	—
Total long term debt	$ 79,562	$ 238,345

Borrowings under Facility Agreement

On June 5, 2009, the Company entered into a $586.3 million senior secured facility agreement (the "Facility Agreement") with a syndicate of bank lenders, including BNP Paribas, Natixis, Société Générale, Caylon, Crédit Industriel et Commercial as arrangers and BNP Paribas as the security agent and COFACE agent. Ninety-five percent of the Company's obligations under the agreement are guaranteed by COFACE, the French export credit agency. The initial funding process of the Facility Agreement began on June 29, 2009 and was completed on July 1, 2009. The new facility is comprised of:

- a $563.3 million tranche for future payments and to reimburse the Company for amounts it previously paid to Thales Alenia Space for construction of its second-generation satellites. Such reimbursed amounts will be used by the Company (a) to make payments to Arianespace for launch services, Hughes Networks Systems LLC for ground network equipment, software and satellite interface chips and Ericsson Federal Inc. for ground system upgrades, (b) to provide up to $150 million for the Company's working capital and general corporate purposes and (c) to pay a portion of the insurance premium to COFACE; and

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- a $23 million tranche that will be used to make payments to Arianespace for launch services and to pay a portion of the insurance premium to COFACE.

The facility will mature 96 months after the first repayment date. Scheduled semi-annual principal repayments will begin the earlier of eight months after the launch of the first 24 satellites from the second generation constellation or December 15, 2011. The facility will bear interest at a floating LIBOR rate, plus a margin of 2.07% through December 2012, increasing to 2.25% through December 2017 and 2.40% thereafter. Interest payments will be due on a semi-annual basis beginning December 31, 2009.

The Company's obligations under the facility are guaranteed on a senior secured basis by all of its domestic subsidiaries and are secured by a first priority lien on substantially all of the assets of Globalstar 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 Company may prepay the borrowings without penalty on the last day of each interest period after the full facility has been borrowed or the earlier of seven months after the launch of the second generation constellation or November 15, 2011, but amounts repaid may not be reborrowed. The Company must repay the loans (a) in full upon a change in control or (b) partially (i) if there are excess cash flows on certain dates, (ii) upon certain insurance and condemnation events and (iii) upon certain asset dispositions. The Facility Agreement includes covenants that (a) require the Company to maintain a minimum liquidity amount after the second repayment date, a minimum adjusted consolidated EBITDA, a minimum debt service coverage ratio and a maximum net debt to adjusted consolidated EBITDA ratio, (b) place limitations on the ability of the Company and its subsidiaries to incur debt, create liens, dispose of assets, carry out mergers and acquisitions, make loans, investments, distributions or other transfers and capital expenditures or enter into certain transactions with affiliates and (c) limit capital expenditures incurred by the Company not to exceed $391.0 million in 2009 and $234.0 million in 2010. The Company is permitted to make cash payments under the terms of its 5.75% Convertible Senior Notes due 2028.

Subordinated Loan Agreement

On June 25, 2009, the Company entered into a Loan Agreement with Thermo Funding whereby Thermo Funding agreed to lend the Company $25 million for the purpose of funding the debt service reserve account required under the Facility Agreement. This loan is subordinated to, and the debt service reserve account is pledged to secure, all of the Company's obligations under the Facility Agreement. The loan accrues interest at 12% per annum, which will be capitalized and added to the outstanding principal in lieu of cash payments. The Company will make payments to Thermo Funding only when permitted under the Facility Agreement. The loan becomes due and payable six months after the obligations under the Facility Agreement have been paid in full, the Company has a change in control or any acceleration of the maturity of the loans under the Facility Agreement occurs. As additional consideration for the loan, the Company issued Thermo Funding a warrant to purchase 4,205,608 shares of Common Stock at $0.01 per share with a five-year exercise period. No Common Stock is issuable upon such exercise if such issuance would cause Thermo Funding and its affiliates to own more than 70% of the Company's outstanding voting stock.

Thermo Funding borrowed $20 million of the $25 million loaned to the Company under the Loan Agreement from two Company vendors and also agreed to reimburse another Company vendor if its guarantee of a portion of the debt service reserve account were called. The Company agreed to grant one of these vendors a one-time option to convert its debt into equity of the Company on the same terms as Thermo Funding at the first call (if any) by the Company for funds under the Contingent Equity Agreement (described below).

The Company determined that the warrant was an equity instrument and recorded it as a part of its stockholders' equity with a corresponding debt discount of $5.2 million, which is netted against the face value of the loan. The Company will amortize the debt discount associated with the warrant to interest expense over the term of the loan agreement using an effective interest rate method. At issuance, the Company allocated the proceeds under the subordinated loan agreement to the underlying debt and the warrants based upon their relative fair values.

Contingent Equity Agreement

On June 19, 2009, the Company entered into a Contingent Equity Agreement with Thermo Funding whereby Thermo Funding agreed to deposit $60 million into a contingent equity account to fulfill a condition precedent for borrowing under the Facility Agreement. Under the terms of the Facility Agreement, the Company will be required to make drawings from this account if and to the extent it has an actual or projected deficiency in our ability to meet indebtedness obligations due within a forward-looking 90 day period. Thermo Funding has pledged the contingent equity account to secure the Company's obligations under the Facility Agreement. If the Company makes any drawings from the contingent equity account, it will issue Thermo Funding shares of Common Stock calculated using a price per share equal to 80% of the volume-weighted average closing price of the Common Stock for the 15 trading days immediately preceding the draw. Thermo Funding may withdraw undrawn amounts in the account after the Company has made the second scheduled repayment under the Facility Agreement, which it currently expects to be no later than June 15, 2012.

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The Contingent Equity Agreement also provides that the Company will pay Thermo Funding an availability fee of 10% per year for maintaining funds in the contingent equity account. This fee is payable solely in warrants to purchase Common Stock at $0.01 per share with a five-year exercise period from issuance, with respect to a number of shares equal to the available balance in the contingent equity account divided by $1.37, subject to an annual retroactive adjustment at December 31, 2009, subject to certain conditions limiting the maximum number of shares issuable. The Company issued Thermo Funding a warrant to purchase 4,379,562 shares of Common Stock for this fee at origination of the loan. No Common Stock is issuable if it would cause

Thermo Funding and its affiliates to own more than 70% of the Company's outstanding voting stock. If the Company's Board of Directors and stockholders approve the creation of a class of nonvoting common stock in the future, the Company may issue nonvoting common stock in lieu of Common Stock to the extent issuing Common Stock would cause Thermo Funding and its affiliates to exceed this 70% ownership level.

The Company determined that the warrants issued in conjunction with the availability fee were a liability and recorded it as a component of Other Long Term Liabilities, at issuance. The corresponding benefit is recorded in prepaid and other current assets and will be amortized over the one year of the availability period.

8.00% Convertible Senior Notes

On June 19, 2009, the Company sold $55 million in aggregate principal amount of 8.00% Convertible Senior Unsecured Notes ("8.00% Notes") and warrants ("Warrants") to purchase 15,277,771 shares of the Company's Common Stock at an initial exercise price of $1.80 per share to selected institutional investors (including an affiliate of Thermo Funding) in a direct offering registered under the Securities Act of 1933. The 8.00% Notes are convertible into shares of Common Stock at an initial conversion price of $1.80 per share of Common Stock, subject to adjustment in the manner set forth in the supplemental indenture governing the 8.00% Notes.

The Warrants have full ratchet anti-dilution protection, and the exercise price of the Warrants is subject to adjustment under certain other circumstances. In addition, if the closing price of the Common Stock on September 19, 2010 is less than the exercise price of the Warrants then in effect, the exercise price of the Warrants will be reset to equal the volume-weighted average closing price of the Common Stock for the previous 15 trading days. In the event of certain transactions that involve a change of control ("Fundamental Transactions"), the holders of the Warrants have the right to make the Company purchase the Warrants for cash, subject to certain conditions. The exercise period for the Warrants will begin on December 19, 2009 and end on June 19, 2014.

The 8.00% Notes are subordinated to all of the Company's obligations under the Facility Agreement. The 8.00% Notes are the Company's senior unsecured debt obligations and, except as described in the preceding sentence, rank pari passu with its existing unsecured, unsubordinated obligations, including its 5.75% Convertible Senior Notes due 2028. The 8.00% Notes mature at the later of the tenth anniversary of closing or six months following the maturity date of the Facility Agreement and bear interest at a rate of 8.00% per annum. Interest on the 8.00% Notes is payable in the form of additional Notes or, subject to certain restrictions, in Common Stock at the option of the holder. Interest is payable semi-annually in arrears on June 15 and December 15 of each year, commencing December 15, 2009.

Holders may convert their 8.00% Notes at any time. The initial base conversion price for the 8.00% Notes is $1.80 per share or 555.6 shares of the Company's Common Stock per $1,000 principal amount of the 8.00% Notes, subject to certain adjustments and limitations. In addition, if the volume-weighted average closing price for one share of the Company's Common Stock for the 15 trading days immediately preceding September 19, 2010 ("reset day price") is less than the base conversion price then in effect, the base conversion rate shall be adjusted to equal the reset day price. If the Company issues or sells shares of its Common Stock at a price per share less than the base conversion price on the trading day immediately preceding such issuance or sale subject to certain limitations, the base conversion rate will be adjusted lower based on a formula described in the supplemental indenture governing the 8.00% Notes. However, no adjustment to the base conversion rate shall be made if it would cause the Base Conversion Price to be less than $1.00. If at any time the closing price of the Common Stock exceeds 200% of the conversion price of the 8.00% Notes then in effect for 30 consecutive trading days, all of the outstanding 8.00% Notes will be automatically converted into Common Stock. Upon certain automatic and optional conversions of the 8.00% Notes, the Company will pay holders of the 8.00% Notes a make-whole premium by increasing the number of shares of Common Stock delivered upon such conversion. The number of additional shares per $1,000 principal amount of 8.00% Notes constituting the make-whole premium shall be equal to the quotient of (i) the aggregate principal amount of the 8.00% Notes so converted multiplied by 32.00%, less the aggregate interest paid on such Securities prior to the applicable Conversion Date divided by (ii) 95% of the volume-weighted average Closing Price of the Common Stock for the 10 trading days immediately preceding the Conversion Date.

Subject to certain exceptions set forth in the supplemental indenture, if certain changes of control of the Company or events relating to the listing of the Common Stock occur (a "fundamental change"), the 8.00% Notes are subject to repurchase for cash at the option of the holders of all or any portion of the 8.00% Notes at a purchase price equal to 100% of the principal amount of the 8.00% Notes, plus a make-whole payment and accrued and unpaid interest, if any. Holders that require the Company to repurchase 8.00% Notes upon a fundamental change may elect to receive shares of Common Stock in lieu of cash. Such holders will receive a number of shares equal to (i) the number of shares they would have been entitled to receive upon conversion of the 8.00% Notes, plus (ii) a make-whole premium of 12% or 15%, depending on the date of the fundamental change and the amount of the consideration, if any, received by the Company's shareholders in connection with the fundamental change.

The indenture governing the 8.00% Notes contains customary financial reporting requirements. The indenture also provides that upon certain events of default, including without limitation failure to pay principal or interest, failure to deliver a notice of fundamental change, failure to convert the 8.00% Notes when required, acceleration of other material indebtedness and failure to pay material judgments, either the trustee or the holders of 25% in aggregate principal amount of the 8.00% Notes may declare the principal of the 8.00% Notes and any accrued and unpaid interest through the date of such declaration immediately due and payable. In the case of certain events of bankruptcy or insolvency relating to the Company or its significant subsidiaries, the principal amount of the 8.00% Notes and accrued interest automatically becomes due and payable.

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The Company evaluated the various embedded derivatives resulting from the conversion rights and features within the Indenture for bifurcation from the 8.00% Notes under the provisions of SFAS No. 133, Emerging Issues Task Force Issue No. 07-5, "Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Stock" ("EITF 07-5") and Emerging Issues Task Force Issue No. 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock" ("EITF 00-19"). Based upon its detailed assessment, the Company concluded that the conversion rights and features could not be either excluded from bifurcation as a result of being clearly and closely related to the 8.00% Notes or were not indexed to the Company's Common Stock and could not be classified in stockholders' equity if freestanding. The Company recorded this compound embedded derivative liability as a component of Other Long Term Liabilities on its Consolidated Balance Sheet with a corresponding debt discount which is netted with the face value of the 8.00% Notes. The Company will amortize the debt discount associated with the compound embedded derivative liability to interest expense over the term of the 8.00% Notes using an effective interest rate method. The fair value of the compound embedded derivative liability will be marked-to-market at the end of each reporting period, with any changes in value reported as "Derivative gain (loss)" in the consolidated statements of operations. The Company determined the fair value of the compound embedded derivative using a Monte Carlo simulation model based upon a risk-neutral stock price model.

Due to the cash settlement provisions in the warrants, the Company recorded the warrants as a component of Other Long Term Liabilities on its Consolidated Balance Sheet with a corresponding debt discount which is netted with the face value of the 8.00% Notes. The Company will amortize the debt discount associated with the warrants liability to interest expense over the term of the warrants using an effective interest rate method. The fair value of the warrants liability will be marked-to-market at the end of each reporting period, with any changes in value reported as "Derivative gain (loss)" in the consolidated statements of operations. The Company determined the fair value of the warrants derivative using a Monte Carlo simulation model based upon a risk-neutral stock price model.

The Company allocated the proceeds received from the 8.00% Notes among the conversion rights and features, the detachable Warrants and the remainder to the underlying debt. The Company netted the debt discount associated with the conversion rights and features and Warrants against the face value of the 8.00% Notes to determine the carrying amount of the 8.00% Notes. The accretion of debt discount will increase the carrying amount of the debt over the term of the 8.00% Notes. The Company allocated the proceeds at issuance as follows (in thousands):

Fair value of compound embedded derivative	$	23,542
Fair value of warrants		12,791
Debt		18,667
Face Value of 8.00% Notes	$	55,000

Amended and restated credit agreement

On August 16, 2006, the Company entered into an amended and restated credit agreement with Wachovia Investment Holdings, LLC, as administrative agent and swingline lender, and Wachovia Bank, National Association, as issuing lender, which was subsequently amended on September 29 and October 26, 2006. On December 17, 2007, Thermo Funding was assigned all the rights (except indemnification rights) and assumed all the obligations of the administrative agent and the lenders under the amended and restated credit agreement and the credit agreement was again amended and restated. On December 18, 2008, the Company entered into a First Amendment to Second Amended and Restated Credit Agreement with Thermo Funding, as lender and administrative agent, to increase the amount available to Globalstar under the revolving credit facility from $50.0 million to $100.0 million. In May 2009, $7.5 million outstanding under the $200 million credit agreement was converted into 10 million shares of the Company's Common Stock. As of December 31, 2008, the Company had drawn $66.1 million of the revolving credit facility and the entire $100.0 million delayed draw term loan facility was outstanding.

The delayed draw term loan facility bore an annual commitment fee of 2.0% until drawn or terminated. Commitment fees related to the loans, incurred during the three and six months ended June 30, 2009 were less than $0.1 million and $0.2 million, respectively. Commitment fees for the same periods in 2008 were $0.1 million and $0.2 million, respectively. To hedge a portion of the interest rate risk with respect to the delayed draw term loan, the Company entered into a five-year interest rate swap agreement. The Company terminated this interest rate swap agreement on December 10, 2008 (see Note 11).

On June 19, 2009, Thermo Funding exchanged all of the outstanding secured debt (including accrued interest) owed to it by the Company under the credit agreement, which totaled approximately $180.2 million, for one share of Series A Convertible Preferred Stock (the "Series A Preferred"), and the credit agreement was terminated. The Series A Preferred includes the following terms:

Liquidation Preference. The Series A Preferred has a $0.01 liquidation preference upon any voluntary or involuntary liquidation, dissolution or winding up of the company.

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Dividend Preference. The Series A Preferred has no dividend preference to the Common Stock.

Voting Rights. Subject to the conversion limitation set forth below, Thermo Funding may vote its share of Series A Preferred with holders of the Company's Common Stock, voting as a single class, on an as-converted basis.

Conversion Rights and Limitations. The Series A Preferred is convertible into 126,174,034 shares of Common Stock or any class of nonvoting common stock which the Company may be authorized to issue in the future. Thermo Funding may not convert the preferred stock into Common Stock until August 6, 2009. In addition, no Common Stock is issuable upon such conversion if such issuance would cause Thermo Funding and its affiliates to own more than 70% of the Company's outstanding voting stock. If the Company's Board of Directors and stockholders approve the creation of a class of nonvoting common stock in the future, the Company may issue nonvoting common stock in lieu of common stock to the extent issuing Common Stock would cause Thermo Funding and its affiliates to exceed this 70% ownership level.

Additional Issuances. The Company may not issue additional shares of Series A Preferred or create any other class or series of capital stock that ranks senior to or on parity with the Series A Preferred without the consent of Thermo Funding.

The Company determined that the exchange of debt for Series A Preferred was a capital transaction and did not record any gain as a result of this exchange.

5.75% Convertible Senior Notes due 2028

The Company has issued $150.0 million aggregate principal amount of 5.75% Notes due 2028 pursuant to a Base Indenture and a Supplemental Indenture each dated as of April 15, 2008 ("5.75% Notes").

The Company placed approximately $25.5 million of the proceeds of the offering of the 5.75% Notes in an escrow account that is being used to make the first six scheduled semi-annual interest payments on the 5.75% Notes. The Company pledged its interest in this escrow account to the Trustee as security for these interest payments. At June 30, 2009, the balance in the escrow account was $8.3 million.

Except for the pledge of the escrow account, the 5.75% Notes are senior unsecured debt obligations of the Company. The 5.75% Notes mature on April 1, 2028 and bear interest at a rate of 5.75% per annum. Interest on the Notes is payable semi-annually in arrears on April 1 and October 1 of each year.

Subject to certain exceptions set forth in the Indenture, the Notes are subject to repurchase for cash at the option of the holders of all or any portion of the 5.75% Notes (i) on each of April 1, 2013, April 1, 2018 and April 1, 2023 or (ii) upon a fundamental change, both at a purchase price equal to 100% of the principal amount of the 5.75% Notes, plus accrued and unpaid interest, if any. A fundamental change will occur upon certain changes in the ownership of the Company, or certain events relating to the trading of the Company's Common Stock.

Holders may convert their 5.75% Notes into shares of Common Stock at their option at any time prior to maturity, subject to the Company's option to deliver cash in lieu of all or a portion of the share. The 5.75% Notes are convertible at an initial conversion rate of 166.1820 shares of Common Stock per $1,000 principal amount of 5.75% Notes, subject to adjustment. In addition to receiving the applicable amount of shares of Common Stock or cash in lieu of all or a portion of the shares, holders of 5.75% Notes who convert them prior to April 1, 2011 will receive the cash proceeds from the sale by the Escrow Agent of the portion of the government securities in the escrow account that are remaining with respect to any of the first six interest payments that have not been made on the 5.75% Notes being converted.

Holders who convert their 5.75% Notes in connection with a fundamental change occurring on or prior to April 1, 2013 will be entitled to an increase in the conversion rate as specified in the indenture governing the 5.75% Notes.

Except as described above with respect to holders of 5.75% Notes who convert their 5.75% Notes prior to April 1, 2011, there is no circumstance in which holders could receive cash in addition to the maximum number of shares of common stock issuable upon conversion of the 5.75% Notes.

If the Company makes at least 10 scheduled semi-annual interest payments, the 5.75% Notes are subject to redemption at the Company's option at any time on or after April 1, 2013, at a price equal to 100% of the principal amount of the 5.75% Notes to be redeemed, plus accrued and unpaid interest, if any.

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The indenture governing the 5.75% Notes contains customary financial reporting requirements and also contains restrictions on mergers and asset sales. The indenture also provides that upon certain events of default, including without limitation failure to pay principal or interest, failure to deliver a notice of fundamental change, failure to convert the 5.75% Notes when required, acceleration of other material indebtedness and failure to pay material judgments, either the trustee or the holders of 25% in aggregate principal amount of the 5.75% Notes may declare the principal of the 5.75% Notes and any accrued and unpaid interest through the date of such declaration immediately due and payable. In the case of certain events of bankruptcy or insolvency relating to the Company or its significant subsidiaries, the principal amount of the 5.75% Notes and accrued interest automatically becomes due and payable.

Conversion of 5.75% Notes

In 2008, $36.0 million aggregate principal amount of 5.75% Notes, or 24% of the 5.75% Notes originally issued, were converted into Common Stock. The Company also exchanged an additional $42.2 million aggregate principal amount of 5.75% Notes, or 28% of the 5.75% Notes originally issued for a combination of Common Stock and cash. The Company has issued approximately 23.6 million shares of its Common Stock and paid a nominal amount of cash for fractional shares in connection with the conversions and exchanges. In addition, the holders whose 5.75% Notes were converted or exchanged received an early conversion make whole amount of approximately $9.3 million representing the next five semi-annual interest payments that would have become due on the converted 5.75% Notes, which was paid from funds in an escrow account maintained for the benefit of the holders of 5.75% Notes. In the exchanges, Note holders received additional consideration in the form of cash payments or additional shares of the Company's Common Stock in the amount of approximately $1.1 million to induce exchanges. After these transactions, approximately $71.8 million aggregate principal amount of 5.75% Notes remained outstanding at June 30, 2009.

Common Stock Offering and Share Lending Agreement

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

Pursuant to and upon the terms of the Share Lending Agreement, the Company will issue and lend the Borrowed Shares to the Borrower as a share loan. The Borrowing Agent also is acting as an underwriter (the "Equity Underwriter") with respect to the Borrowed Shares, which are being offered to the public. The Borrowed Shares included approximately 32.0 million shares of Common Stock initially loaned by the Company to the Borrower on separate occasions, delivered pursuant to the Share Lending Agreement and the Underwriting Agreement, and an additional 4.1 million shares of Common Stock that, from time to time, may be borrowed from the Company by the Borrower pursuant to the Share Lending Agreement and the Underwriting Agreement and subsequently offered and sold at prevailing market prices at the time of sale or negotiated prices. The Borrowed Shares are free trading shares. At June 30, 2009, approximately 17.3 million Borrowed Shares remained outstanding.

The Company did not receive any proceeds from the sale of the Borrowed Shares pursuant to the Share Lending Agreement, and it will not reserve any proceeds from any future sale. The Borrower has received all of the proceeds from the sale of Borrowed Shares pursuant to the Share Lending Agreement and will receive all of the proceeds from any future sale. At the Company's election, the Borrower may remit cash equal to the market value of the corresponding Borrowed Shares instead of returning the Borrowed Shares due back to the Company as a result of conversions by 5.75% Note holders. See below.

The Borrowed Shares are treated as issued and outstanding for corporate law purposes, and accordingly, the holders of the Borrowed Shares will have all of the rights of a holder of the Company's outstanding shares, including the right to vote the shares on all matters submitted to a vote of the Company's stockholders and the right to receive any dividends or other distributions that the Company may pay or makes on its outstanding shares of Common Stock. However, under the Share Lending Agreement, the Borrower has agreed:

- To pay, within one business day after the relevant payment date, to the Company an amount equal to any cash dividends that the Company pays on the Borrowed Shares; and

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- To pay or deliver to the Company, upon termination of the loan of Borrowed Shares, any other distribution, in liquidation or otherwise, that the Company makes on the Borrowed Shares.

To the extent the Borrowed Shares the Company initially lent under the share lending agreement and offered in the Common Stock offering have not been sold or returned to it, the Borrower has agreed that it will not vote any such Borrowed Shares. The Borrower has also agreed under the share lending agreement that it will not transfer or dispose of any Borrowed Shares, other than to its affiliates, unless the transfer or disposition is pursuant to a registration statement that is effective under the Securities Act. However, investors that purchase the shares from the Borrower (and any subsequent transferees of such purchasers) will be entitled to the same voting rights with respect to those shares as any other holder of the Company's Common Stock.

On December 18, 2008, the Company entered into Amendment No. 1 to Share Lending Agreement with the Borrower and the Borrowing Agent. Pursuant to Amendment No.1, the Company has the option to request the Borrower to deliver cash instead of returning Borrowed Shares upon any termination of loans at the Borrower's option, at the termination date of the Share Lending Agreement or when the outstanding loaned shares exceed the maximum number of shares permitted under the Share Lending Agreement. The consent of the Borrower is required for any cash settlement, which consent may not be unreasonably withheld, subject to the Borrower's determination of applicable legal, regulatory or self-regulatory requirements or other internal policies. Any loans settled in shares of Company Common Stock will be subject to a return fee based on the stock price as agreed by the Company and the Borrower. The return fee will not be less than $0.005 per share or exceed $0.05 per share.

As a result of this amendment, the Company believes that, under generally accepted accounting principles in the United States as currently in effect, the approximately 17.3 million Borrowed Shares outstanding at June 30, 2009 under the Share Lending Agreement will be considered outstanding for the purpose of computing and reporting its earnings per share. Prior to this amendment, the Company did not consider the Borrowed Shares outstanding for the purpose of computing and reporting its earnings per share due to the substantial elimination of the economic dilution due to contractual provisions that otherwise would have resulted from the issuance of the Borrowed Shares.

The Company evaluated the various embedded derivatives within the Indenture for bifurcation from the Notes under the provisions of FASB's Statement of Financial Standards No.133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), Emerging Issues Task Force Issue No. 01-6, "The Meaning of Indexed to a Company's Own Stock" ("EITF 01-6") and Emerging Issues Task Force Issue No. 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock" ("EITF 00-19"). Based upon its detailed assessment, the Company concluded that these embedded derivatives were either (i) excluded from bifurcation as a result of being clearly and closely related to the 5.75% Notes or are indexed to the Company's Common Stock and would be classified in stockholders' equity if freestanding or (ii) the fair value of the embedded derivatives was estimated to be immaterial.

The Company adopted FSP APB 14-1 on January 1, 2009, and it is applied on a retrospective basis. FSP APB 14-1 calls for a separation of the liability and equity components of the convertible debt instrument. The carrying amount of the liability component is computed by measuring the fair value of a similar liability (including any embedded features other than the conversion option) that does not have an associated equity component. The carrying amount of the equity component is represented by the embedded conversion option by deducting the fair value of the liability component from the initial proceeds ascribed to the convertible debt instrument as a whole. The excess of the principal amount of the liability component over its carrying amount is recorded as debt discount and is amortized to interest cost using the interest method over a period of five years. The adoption of FSP APB 14-1 resulted in a decrease in the Company's long-term debt of approximately $23.1 million; an increase in its stockholders' equity of approximately $28.3 million; and an increase in its net property, plant and equipment of approximately $5.9 million as of December 31, 2008.The adoption of FSP APB 14-1 changed the Company's full year 2008 Consolidated Statement of Operations, because the gains associated with conversions and exchanges of 5.75% Notes in 2008 were recorded in stockholders' equity prior to adoption of this standard. The adoption of FSP APB 14-1 impacted the Company's Consolidated Statement of Operations for the three and six month periods ended June 30, 2008 by reducing the net loss by approximately $0.2 million. At June 30, 2009 and December 31, 2008, the remaining term for amortization associated with debt discount was approximately 45 and 51 months, respectively. The annual effective interest rate utilized for the amortization of debt discount during the three and six month periods ended June 30, 2009 was 9.14. The interest cost associated with the coupon rate on the 5.75% Notes plus the corresponding debt discount amortized during the three and six month periods ended June 30, 2009, was $2.2 million and $4.4 million, respectively, all of which was capitalized. The carrying amount of the equity and liability component, as of June 30, 2009 and December 31, 2008, is presented below (in thousands):

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	June 30, 2009	December 31, 2008
Equity	$ 54,675	$ 54,675
Liability:		
Principal	71,804	71,804
Unamortized debt discount	(20,847)	(23,134)
Net carrying amount of liability	$ 50,957	$ 48,670

Vendor Financing

In July 2008 the Company amended the agreement with the Launch Provider for the launch of the Company's second-generation satellites and certain pre and post-launch services. Under the amended terms, the Company could defer payment on up to 75% of certain amounts due to the Launch Provider. The deferred payments incurred annual interest at 8.5% to 12%. In June 2009, the Company and the Launch Provider again amended their agreement modifying the agreement in certain respects including cancelling the deferred payment provisions. The Company paid all deferred amounts to the vendor in July 2009.

In September 2008 the Company amended its agreement with Hughes for the construction of its 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 a part of the UTS in various next-generation Globalstar devices. Under the amended terms, the Company deferred certain payments due under the contract in 2008 and 2009 to December 2009. The deferred payments incurred annual interest at 10%. In June 2009, the Company and Hughes further amended their agreement modifying the agreement in certain respects including cancelling the deferred payment provisions. The Company paid all deferred amounts to the vendor in July 2009.

Note 13: Fair Value of Financial Instruments

The Company adopted SFAS No. 157 effective January 1, 2008 for financial assets and liabilities measured on a recurring basis. SFAS No. 157 applies to all financial assets and financial liabilities that are being measured and reported on a fair value basis. The adoption of SFAS No. 157 did not impact the consolidated financial statements. SFAS No. 157 requires disclosure that establishes a framework for measuring fair value and expands disclosure about fair value measurements. The statement requires fair value measurement be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted 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;

The Company uses observable pricing inputs including benchmark yields, reported trades, and broker/dealer quotes. The financial assets in Level 2 include the interest rate cap derivative instrument.

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).

The financial liabilities in Level 3 include the compound embedded conversion option in the 8.00% Notes and warrants issued with the 8.00% Notes and contingent equity agreement that are classified as liabilities under SFAS 133. The Company marks-to-market these liabilities at each reporting date with the changes in fair value recognized in the Company's results of operations.

The following table presents the financial instruments that are carried at fair value by the above SFAS No. 157 pricing levels as of June 30, 2009:

		Fair Value Measurements at June 30, 2009 using			
(In Thousands)	December 31, 2008	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance
Other assets:					
Interest rate cap derivative	$ N/A	$ —	$ 8,331	$ —	$ 8,331
Total other assets measured at fair value	N/A	—	$ 8,331	—	8,331
Other non-current liabilities:					
Compound embedded conversion option	N/A	—	—	(21,272)	(21,272)
Warrants issued with 8.00% Notes	N/A	—	—	(11,764)	(11,764)
Warrants issued with contingent equity agreements	N/A	—	—	(6,000)	(6,000)
Total non-current liabilities measured at fair value	$ —	$ —	$ —	$ (39,036)	$ (39,036)

The following table presents a reconciliation for all assets and liabilities measured at fair value on a recurring basis, excluding accrued interest components, using significant unobservable inputs (Level 3) for the year ended March 31, 2009 as follows (amounts in thousands):

	Three Months Ended June 30, 2009
Balance at March 31, 2009	$ —
Issuance of compound embedded conversion option and warrants liabilities	(42,333)
Unrealized gain, included in derivative loss	3,297
Balance at June 30, 2009	$ (39,036)

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Note 14: Subsequent Events

Since June 30, 2009, the Company borrowed approximately $371.2 million of the funds available to it under the Facility Agreement.

Since June 30, 2009, holders of $2.8 million aggregate principal amount of 8% Notes, or less than 5% of the 8% Notes originally issued, have submitted notices of conversion to the trustee in order to convert their 8.00% Notes into shares of Common Stock.

The Company has evaluated subsequent events for potential recognition or disclosure through the issuance of these the consolidated financial statements, which occurred on August 10, 2009.

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

Forward-Looking Statements

Certain statements contained in or incorporated by reference into this Report, other than purely historical information, including, but not limited to, estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions, although not all forward-looking statements contain these identifying words. These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Forward-looking statements, such as the statements regarding our ability to develop and expand our business, our ability to manage costs, our ability to exploit and respond to technological innovation, the effects of laws and regulations (including tax laws and regulations) and legal and regulatory changes, the opportunities for strategic business combinations and the effects of consolidation in our industry on us and our competitors, our anticipated future revenues, our anticipated capital spending (including for future satellite procurements and launches), our anticipated financial resources, our expectations about the future operational performance of our satellites (including their projected operational lives), the expected strength of and growth prospects for our existing customers and the markets that we serve, and our ability to obtain additional financing, if needed 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 Part II. Item 1A. Risk Factors in this Report or incorporated by reference into this Report, including those described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

Although we believe that the forward-looking statements contained or incorporated by reference in this Report are based upon reasonable assumptions, the forward-looking events and circumstances discussed in this Report may not occur, and actual results could differ materially from those anticipated or implied in the forward-looking statements.

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

This "Management's Discussion and Analysis of Financial Condition" should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition" and information included in our Annual Report on Form 10-K for the year ended December 31, 2008.

Overview

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

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

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- favorable market reaction to new pricing plans with lower service charges;
- awareness of the need for remote communication services;
- increased demand for communication services by disaster and relief agencies and emergency first responders;
- improved voice and data transmission quality;
- a general reduction in prices of user equipment; and
- innovative data products and services.

Nonetheless, as further described under Part II. Item 1A "Risk Factors," we face a number of challenges and uncertainties, including:

- *Constellation life and health.* Our current satellite constellation is aging. We successfully launched our eight spare satellites in 2007. All of our satellites launched prior to 2007 have experienced various anomalies over time, one of which is a degradation in the performance of the solid-state power amplifiers of the S-band communications antenna subsystem (our "two-way communication issues"). The S-band antenna provides the downlink from the satellite to a subscriber's phone or data terminal. Degraded performance of the S-band antenna amplifiers reduces the availability of two-way voice and data communication between the affected satellites and the subscriber and may reduce the duration of a call. When the S-band antenna on a satellite ceases to be functional, two-way communication is impossible over that satellite, but not necessarily

over the constellation as a whole. We continue to provide two-way subscriber service because some of our satellites are fully functional but at certain times in any given location it may take longer to establish calls and the average duration of calls may be reduced. There are periods of time each day during which no two-way voice and data service is available at any particular location. The root cause of our two-way communication issues is unknown, although we believe it may result from irradiation of the satellites in orbit caused by the space environment at the altitude that our satellites operate.

The decline in the quality of two-way communication does not affect adversely our one-way Simplex data transmission services, including our SPOT satellite GPS messenger products and services, which utilize only the L-band uplink from a subscriber's Simplex terminal to the satellites. The signal is transmitted back down from the satellites on our C-band feeder links, which are functioning normally, not on our S-band service downlinks.

We continue to work on plans, including new products and services and pricing programs to mitigate the effects of reduced service availability upon our customers and operations until our second-generation satellites are deployed. See "Part II, Item 1A. Risk Factors—Our satellites have a limited life and some have failed, which causes our network to be compromised and which materially and adversely affects our business, prospects and profitability".

- *The economy.* The current recession and its effects on credit markets and consumer spending is adversely affecting sales of our products and services.

- *Competition and pricing pressures.* We face increased competition from both the expansion of terrestrial-based cellular phone systems and from other mobile satellite service providers. For example, Inmarsat plans to commence offering satellite services to handheld devices in the United States in 2010, and several competitors, such as ICO Global and TerreStar, are constructing or have launched geostationary satellites that provide mobile satellite service. Increased numbers of competitors, and the introduction of new services and products by competitors, increases competition for subscribers and pressures all providers, including us, to reduce prices. Increased competition may result in loss of subscribers, decreased revenue, decreased gross margins, higher churn rates, and, ultimately, decreased profitability and cash.

- *Technological changes.* It is difficult for us to respond promptly to major technological innovations by our competitors because substantially modifying or replacing our basic technology, satellites or gateways is time-consuming and very expensive. Approximately 77% of our total assets at June 30, 2009 represented fixed assets. Although we plan to procure and deploy our second-generation satellite constellation and upgrade our gateways and other ground facilities, we may nevertheless become vulnerable to the successful introduction of superior technology by our competitors.

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Capital expenditures. We have incurred significant capital expenditures during 2007 through June 30, 2009 and we expect to incur additional significant expenditures through 2013 under the following commitments:

- We estimate that the capitalized expenditures related to procuring and deploying our second-generation satellite constellation and upgrading our gateways and other ground facilities will cost approximately $1.29 billion (at a weighted average conversion rate of €1.00=$1.3460 including total contract values for Thales, the Launch Provider, Hughes and Ericsson and excluding launch costs for the second 24 satellites, internal costs and capitalized interest), which we expect will be reflected in capital expenditures through 2013. The following obligations are included in this amount:

- In June 2009, we and Thales Alenia Space France entered into an amended and restated contract for the construction of our second-generation satellites to incorporate prior amendments, acceleration requests and make other non-material changes to the contract entered into in November 2006. The total contract price, including subsequent additions, will be approximately €678.9 million (approximately $936.6 million at a weighted average conversion rate of €1.00 = $1.3797 at June 30, 2009, including approximately €146.8 million which was paid by us in U.S. dollars at a fixed conversion rate of €1.00 = $1.2940). We have made payments in the amount of approximately €298.9 million (approximately $400.5 million) through June 30, 2009 under this contract.

- In March 2007, we entered into a €9.2 million (approximately $13.2 million at a weighted average conversion rate of €1.00 = $1.4336) agreement with Thales Alenia Space for the construction of the Satellite Operations Control Centers, Telemetry Command Units and In Orbit Test Equipment (collectively, the "Control Network Facility") for our second-generation satellite constellation. We have made aggregate payments under this contract of approximately €8.2 million (approximately $11.8 million) through June 30, 2009.

- In September 2007, we entered into a contract with our Launch Provider for the launch of our second-generation satellites and certain pre and post-launch services. Pursuant to the contract, as amended, our Launch Provider will make four firm launches of six satellites each and up to two replacement launches and one optional launch of six satellites each, not to exceed a total of six launches. The total contract price for the first four launches is $216.1 million. In July 2008, we amended our agreement with our Launch Provider for the launch of our second-generation satellites and certain pre and post-launch services. Under the amended terms, we could defer payment on up to 75% of certain amounts due to the Launch Provider. The deferred payments incurred annual interest at 8.5% to 12% and become payable one month before the corresponding launch date. In June 2009, we and the Launch Provider again amended the agreement in certain respects including cancelling the deferred payment provisions. We paid all deferred amounts to the vendor in July 2009.

- In May 2008, we 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 our satellite gateway ground stations and satellite interface chips to be a part of the User Terminal Subsystem (UTS) in our various next-generation devices. The total contract purchase price of approximately $100.8 million is payable in various increments over a period of 40 months. We have the option to purchase additional RANs and other software and hardware improvements at pre-negotiated prices. We have made aggregate payments under this contract of approximately $5.9 million through June 30, 2009. We expensed $1.8 million of these payments and capitalized $4.1 million as second-generation ground component.

- In October 2008, we signed an agreement with Ericsson Federal Inc., a leading global provider of technology and services to telecom operators. According to the $22.7 million contract, Ericsson will work with us to develop, implement and maintain a ground interface, or core network, system that will be installed at our satellite gateway ground stations. The all Internet protocol (IP) based core network system is wireless 3G/4G compatible and will link our radio access network to the public-switched telephone network (PSTN) and/or Internet. Design of the new core network system is now underway.

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

During the first quarter of 2009, we adopted various cost cutting measures, including reducing worldwide labor and non-labor costs. We will continue to assess our operations and may continue to reduce costs by eliminating additional labor costs that we deem necessary to reduce further our cash outflow in the short term.

- *Introduction of new products.* We work continuously with the manufacturers of the products we sell to offer our customers innovative and improved products. Virtually all engineering, research and development costs of these new products are paid by the manufacturers. However, to the extent the costs are reflected in increased inventory costs to us, and we are unable to raise our prices to our subscribers correspondingly, our margins and profitability would be reduced.

  Simplex Products (Personal Tracking Services and Emergency Messaging). In early November 2007, we introduced the SPOT satellite GPS messenger, aimed at attracting both the recreational and commercial markets that require personal tracking, emergency location and messaging solutions for users that require these services beyond the range of traditional terrestrial and wireless communications. Using the Globalstar Simplex network and web-based mapping software, this device provides consumers with the capability to trace or map the location of the user on Google Maps™. The product enables users to transmit messages to specific preprogrammed email addresses, phone or data devices, and to request assistance in the event of an emergency. On July 21, 2009, we introduced our SPOT 2.0 with new features and improvied functionality. We are continuing to work on additional SPOT-like applications.

- SPOT Satellite GPS Messenger Addressable Market

  We believe the addressable market for our SPOT satellite GPS messenger products and services in North America alone is approximately 50 million units consisting primarily of outdoor enthusiasts. Our objective is to capture 2-3% of that market in the next few years. The reach of our Simplex System, on which our SPOT satellite GPS messenger products and services rely, covers approximately 60% of the world population. We intend to market our SPOT satellite GPS messenger products and services aggressively in our overseas markets including South and Central America, Western Europe, and through independent gateway operators in their respective territories.

- SPOT Satellite GPS Messenger Pricing

  We intend the pricing for SPOT satellite GPS messenger products and services and equipment to be very attractive in the consumer marketplace. Annual service fees, depending whether they are for domestic or international service, currently range from $99.99 to approximately $117.00 for our basic level plan, and $149.98 to approximately $168.00 with additional tracking capability. The equipment is sold to end users at $149.99 to approximately $333.00 per unit (subject to foreign currency rates). Our distributors set their own retail prices for SPOT satellite GPS messenger equipment and service.

- SPOT Satellite GPS Messenger Distribution

  We are distributing and selling our SPOT satellite GPS messenger through a variety of existing and new distribution channels. We have signed distribution agreements with a number of “Big Box” retailers and other similar distribution channels including Amazon.com, Bass Pro Shops, Best Buy, Pep Boys, Big 5 Sporting Goods, Big Rock Sports, Cabela’s, Campmor, London Drug, Gander Mountain, REI, Sportsman’s Warehouse, Wal-Mart.com, West Marine, DBL Distribution, D.H. Distributions, and CWR Electronics. We currently sell SPOT satellite GPS messenger products through approximately 9,000 distribution points and expect to reach 10,000 in 2009. We also sell directly using our existing sales force into key vertical markets and through our direct e-commerce website (*www.findmespot.com*).

SPOT satellite GPS messenger products and services have been on the market for only twenty months in North America and their commercial introduction and their commercial success globally cannot be assured.

- *Fluctuations in currency rates.* A substantial portion of our revenue (33% and 35% for the three and six month periods ended June 30, 2009, respectively) is denominated in foreign currencies. In addition, a substantial majority of our obligations under the contracts for our second-generation constellation and related control network facility are denominated in Euros. Any decline in the relative value of the U.S. dollar may adversely affect our revenues and increase our capital expenditures. See “Item 3. Quantitative and Qualitative Disclosures about Market Risk” for additional information.

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- *Ancillary Terrestrial Component (ATC).* ATC is the integration of a satellite-based service with a terrestrial wireless service resulting in a hybrid mobile satellite service. The ATC network would extend our services to urban areas and inside buildings in both urban and rural areas where satellite services currently are impractical. We believe we are at the forefront of ATC development and expect to be the first market entrant through our contract with Open Range described below. In addition, we are considering a range of options for rollout of our ATC services. We are exploring selective opportunities with a variety of media and communication companies to capture the full potential of our spectrum and U.S. ATC license.

On October 31, 2007, we entered into an agreement with Open Range Communications, Inc. that permits Open Range to deploy service in certain rural geographic markets in the United States under our ATC authority. Open Range will use our spectrum to offer dual mode mobile satellite based and terrestrial wireless WiMAX services to over 500 rural American communities. On December 2, 2008, we amended our agreement with Open Range. The amended agreement reduced our preferred equity commitment to Open Range from $5 million to $3 million (which investment was made in the form of bridge loans that converted into preferred equity at the closing of Open Range's equity financing). Under the agreement as amended, Open Range will have the right to use a portion of our spectrum within the United States and, if Open Range so elects, it can use the balance of our spectrum authorized for ATC services, to provide these services. Open Range has options to expand this relationship over the next six years, some of which are conditional upon Open Range electing to use all of the licensed spectrum covered by the agreement. Commercial availability is expected to begin in selected markets in 2009. The initial term of the agreement of up to 30 years is co-extensive with our ATC authority and is subject to renewal options exercisable by Open Range. Either party may terminate the agreement before the end of the term upon the occurrence of certain events, and Open Range may terminate it at any time upon payment of a termination fee that is based upon a percentage of the remaining lease payments. Based on Open Range's business plan used in support of its $267 million loan under a federally authorized loan program, the fixed and variable payments to be made by Open Range over the initial term of 30 years indicate a value for this agreement between $0.30—$0.40/MHz/POP. Open Range satisfied the conditions to implementation of the agreement on January 12, 2009 when it completed its equity and debt financing, consisting of a $267 million broadband loan from the Department of Agriculture Rural Utilities Program and equity financing of $100 million. Open Range has remitted to us its initial down payment of $2 million. Open Range's annual payments in the first six years of the agreement will range from approximately $0.6 million to up to $10.3 million, assuming it elects to use all of the licensed spectrum covered by the agreement. The amount of the payments that we will receive from Open Range will depend on a number of factors, including the eventual geographic coverage of and the number of customers on the Open Range system.

In addition to our agreement with Open Range, we hope to exploit additional ATC monetization strategies and opportunities in urban markets or in suburban areas that are not the subject of our agreement with Open Range. Our system is flexible enough to allow us to use different technologies and network architectures in different geographic areas.

Service and Subscriber Equipment Sales Revenues. The table below sets forth amounts and percentages of our revenue by type of service and equipment sales for the three and six month periods ended June 30, 2009 and 2008 (dollars in thousands).

	Three months ended June 30, 2009		Three months ended June 30, 2008		Six months ended June 30, 2009		Six months ended June 30, 2008	
	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue
Service Revenue:								
Mobile	$ 6,780	43%	$ 12,020	52%	$ 13,286	43%	$ 23,223	51%
Fixed	636	4	946	4	1,250	4	1,897	4
Data	144	1	171	1	290	1	426	1
Simplex	2,998	19	1,522	7	5,562	18	2,401	5
IGO	469	3	868	4	836	3	1,728	4
Other(1)	1,535	10	1,146	4	2,469	8	3,008	7
Total Service Revenue	12,562	80	16,673	72	23,693	77	32,683	72
Subscriber Equipment Sales:								
Mobile	606	4	1,816	8	1,619	5	4,340	10
Fixed	36	—	422	2	113	—	891	2
Data and Simplex	2,445	16	2,328	10	4,296	14	4,535	10
Accessories	67	—	1,760	8	1,158	4	2,684	6
Total Subscriber Equipment Sales	3,154	20	6,326	28	7,186	23	12,450	28
Total Revenue	$ 15,716	100%	$ 22,999	100%	$ 30,879	100%	$ 45,133	100%

(1) Includes engineering services and activation fees

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Operating Loss. We realized an operating loss of $30.2 million for the six month period ended June 30, 2009, compared to an operating loss of $23.6 million for the same period in 2008. We attribute the increase in operating loss principally to lower service revenue.

Subscribers and ARPU for the three and six months ended June 30, 2009 and 2008. The following table set forth our average number of subscribers and ARPU for retail, IGO and Simplex customers for the three and six months ended June 30, 2009 and 2008. The following numbers are subject to immaterial rounding inherent in calculating averages.

	Three months ended June 30,			Six months ended June 30,		
	2009	2008	% Net Change	2009	2008	% Net Change
Average number of subscribers for the period:						
Retail	112,922	120,729	(6)%	113,693	118,855	(4)
IGO	71,378	78,730	(9)	72,381	82,640	(12)
Simplex	179,877	105,127	71	171,393	96,480	78
ARPU (monthly):						

Retail	$ 25.80	$ 38.57	(33)	$ 24.44	$ 38.36	(36)
IGO	$ 2.19	$ 3.68	(40)	$ 1.93	$ 3.49	(45)
Simplex	$ 5.53	$ 4.78	16	$ 5.40	$ 4.12	31

	June 30, 2009	June 30, 2008	% Net Change
Ending number of subscribers:			
Retail	112,113	119,641	(6)%
IGO	69,491	77,929	(11)
Simplex	189,879	118,341	60
Total	371,483	315,911	18%

The total number of net subscribers increased from approximately 316,000 at June 30, 2008 to approximately 371,000 at June 30, 2009. Although we experienced a net increase in our total customer base of 18% from June 30, 2008 to June 30, 2009, our total service revenue decreased for the same period. This is due primarily to reduction of our prices in response to our two-way communication issues in addition to the change in our product mix.

Independent Gateway Acquisition Strategy

Currently, 13 of the 26 gateways in our network are owned and operated by unaffiliated companies, which we call independent gateway operators, some of whom operate more than one gateway. We have no financial interest in these independent gateway operators other than arms' length contracts for wholesale minutes of service. Some of these independent gateway operators have been unable to grow their businesses adequately due in part to limited resources. Old Globalstar initially developed the independent gateway operator acquisition strategy to establish operations in multiple territories with reduced demands on its capital. In addition, there are territories in which for political or other reasons, it is impractical for us to operate directly. We sell services to the independent gateway operators on a wholesale basis and they resell them to their customers on a retail basis.

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We have acquired, and intend to continue to pursue the acquisition of, independent gateway operators when we believe we can do so on favorable terms and the current independent operator has expressed a desire to sell its assets to us, subject to capital availability. We believe that these acquisitions can enhance our results of operations in three respects. First, we believe that, with our greater financial and technical resources, we can grow our subscriber base and revenue faster than some of the independent gateway operators. Second, we realize greater margin on retail sales to individual subscribers than we do on wholesale sales to independent gateway operators. Third, we believe expanding the territory we serve directly will better position us to market our services directly to multinational customers who require a global communications provider.

However, acquisitions of independent gateway operators do require us to commit capital for acquisition of their assets, as well as management resources and working capital to support the gateway operations, and therefore increase our risk in operating in these territories directly rather than through the independent gateway operators. In addition, operating the acquired gateways increases our marketing, general and administrative expenses. Our Facility Agreement limits to $25.0 million the aggregate amount of cash we may invest in foreign acquisitions without the consent of our lenders and requires us to satisfy certain conditions in connection with any acquisition.

In March 2008, we acquired an independent gateway operator that owns three satellite gateway ground stations in Brazil for $6.5 million, paid in shares of our Common Stock. We also incurred transaction costs of $0.3 million related to this acquisition. We are unable to predict the timing or cost of further acquisitions because independent gateway operations vary in size and value. On June 24, 2009, we entered into a business transfer agreement with LG Dacom, the independent gateway operator in Korea, to acquire its gateway and other Globalstar assets for approximately $1 million in cash.

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 unit, 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 of our retail, IGO and Simplex businesses;
- operating income, which is an indication of our performance;
- EBITDA, which is an indicator of our financial performance; and
- capital expenditures, which are an indicator of future revenue growth potential and cash requirements.

Critical Accounting Policies and Estimates

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

Revenue Recognition

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

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We bill monthly access fees to retail customers and resellers, representing the minimum monthly charge for each line of service based on its associated rate plan, on the first day of each monthly bill cycle. We bill airtime minute fees in excess of the monthly access fees in arrears on the first day of each monthly billing cycle. To the extent that billing cycles fall during the course of a given month and a portion of the monthly services has not been delivered at month end, we prorate fees and defer fees associated with the undelivered portion of a given month. Under certain annual plans, where customers prepay for minutes, we defer revenue until the minutes are used or the prepaid time period expires. Unused minutes accumulate until they expire, usually one year after activation. In addition, we offer other annual plans under which the customer is charged an annual fee to access our system. We recognize these fees on a straight-line basis over the term of the plan. In some cases, we charge a per minute rate whereby we recognize the revenue when each minute is used.

Occasionally we have granted to customers credits which are expensed or charged against deferred revenue when granted.

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

We also provide certain engineering services to assist customers in developing new technologies related to our system. We record the revenues associated with these services when the services are rendered, and we record the expenses when incurred. We record revenues and costs associated with long term engineering contracts on the percentage-of-completion basis of accounting.

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

Our annual plans (sometimes called Liberty plans) require users to pre-pay usage charges for the entire plan period, generally 12 months, which results in the deferral of certain of our revenues. Under our revenue recognition policy for these annual plans, we defer revenue until the earlier of when the minutes are used or when these minutes expire. We recognize any unused minutes as revenue at the expiration of a plan. Most of our customers have not used all the minutes that are available to them or have not used them at the pace anticipated, which has caused us to defer a portion of our service revenue.

During the second quarter of 2007, we first introduced an unlimited airtime usage service plan (called the Unlimited Loyalty plan) which allowed existing and new customers to use unlimited satellite voice minutes for anytime calls for a fixed monthly or annual fee. Since the second quarter of 2007, we have introduced a number of similarly structured plans that incorporated a declining price schedule that reduced the fixed monthly fee at the completion of each calendar year through the duration of the customer agreement, which ends on June 30, 2010 (with an option to extend for one additional year). We record revenue for these plans on a monthly basis based on a straight line average derived by computing the total fees charged over the term of the customer agreement and dividing it by the number of the months. If a customer cancels prior to the ending date of the customer agreement, we recognize the balance in deferred revenue. The Unlimited Loyalty Plan is no longer offered to new customers.

We sell SPOT satellite GPS messenger services as 1 or 2 year annual plans and bill them to the customer at the time the customer activates the service. We defer revenue on such annual service plans upon activation and recognize it ratably over the service term.

At June 30, 2009 and December 31, 2008, our deferred revenue aggregated approximately $23.2 million (with $3.1 million included in non-current liabilities) and $20.6 million (with $1.3 million included in non-current liabilities), respectively.

Subscriber equipment revenue represents the sale of fixed and mobile user terminals, accessories and SPOT satellite GPS messenger product. We recognize revenue upon shipment provided title and risk of loss have passed to the customer, persuasive evidence of an arrangement exists, the fee is fixed and determinable and collection is probable.

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

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Inventory

Inventory consists of purchased products, including fixed and mobile user terminals, accessories and gateway spare parts. We state inventory transactions at the lower of cost or market. At the end of each quarter, we review product sales and returns from the previous twelve months and write off any excess and obsolete inventory. Cost is computed using the first-in, first-out (FIFO) method. We record inventory allowances for inventories with a lower market value or that are slow moving in the period of determination.

Globalstar System, Property and Equipment

Our Globalstar System assets include costs for the design, manufacture, test and launch of a constellation of low earth orbit satellites, including eight satellites previously held as ground spares which we launched in May and October 2007, which we refer to as the space component, and primary and backup terrestrial control centers and gateways, which we refer to as the ground component. We recognize loss from an in-orbit failure of a satellite as an expense in the period it is determined that the satellite is not recoverable. We regard these recently launched satellites as part of the second-generation constellation which will be supplemented by the 48 second-generation satellites on order. We estimate these 48 second-generation satellites will have an in-orbit life of 15 years.

We review the carrying value of the Globalstar System for impairment whenever events or changes in circumstances indicate that the recorded value of the space component and ground component may not be recoverable. We look to current and future undiscounted cash flows, excluding financing costs, as primary indicators of recoverability. If we determine an impairment exists, we calculate any related impairment loss based on fair value. We believe our two-way telecommunications services, or Duplex services, after the launch of our second- generation constellation, and Simplex services will generate sufficient undiscounted cash flow after our second-generation system becomes fully operational to justify our carrying value for our second-generation costs. We expect to begin providing services from our second-generation system in 2010.

We began depreciating the satellites previously recorded as spare satellites and subsequently incorporated into the Globalstar System on the date each satellite was placed into service (the “In-Service Date”) over an estimated life of eight years.

Income Taxes

Until January 1, 2006, we were taxed as a partnership for U.S. tax purposes. Generally, our taxable income or loss, deductions and credits were passed through to our members. Effective January 1, 2006, we elected to be taxed as a corporation, and thus subject to the provisions as prescribed under Subchapter C of the Internal Revenue Code. We also began accounting for income taxes under Statement of Financial Accounting Standards (“SFAS”) No. 109 “*Accounting for Income Taxes*” (February 1997).

SFAS No. 109 also requires that when an enterprise changes its tax status from non-taxable to taxable, the effect of recognizing deferred tax assets and liabilities is included in income from continuing operations in the period of change. As a result of our election to be taxed as a corporation effective January 1, 2006, we recognized gross deferred tax assets and gross deferred tax liabilities of approximately $204.2 million and $0.1 million, respectively.

On January 1, 2009, we adopted FSP APB 14-1, which was effective retrospectively. Prior to the adoption of FSP APB 14-1, we had recorded the net tax effect of the conversions and exchanges of our 5.75% Convertible Senior Notes due 2028 (“5.75% Notes”) during the fourth quarter of 2008 against additional-paid-in-capital and reduced our deferred tax asset at December 31, 2008. The adoption of FSP APB 14-1 resulted in our recording a gain from the exchanges and conversions of the Notes.

At December 31, 2008, we recognized gross deferred tax assets of approximately $125.5 million. We also established a valuation allowance to reduce the deferred tax assets to an amount that is more likely than not to be realized. As of December 31, 2008, we had established valuation allowances of approximately $125.5 million. Accordingly, at June 30, 2009 and December 31, 2008, net deferred tax assets were $0.

Second-Generation Satellites and Launch Costs and Ground Component

In November, 2006, we entered into a contract with Thales Alenia Space to construct 48 low-earth orbit satellites. We entered into an additional agreement with Thales Alenia Space in March 2007 for the construction of the Satellite Operations Control Centers, Telemetry Command Units and In Orbit Test Equipment (collectively, the “Control Network Facility”) for our second-generation satellite constellation.

In September 2007, we and our Launch Provider entered into an agreement for the launch of our second-generation satellites and certain pre and post-launch services. Pursuant to the agreement as amended, our Launch Provider will make four launches of six satellites each, and we have the option to require our Launch Provider to make one additional launch of six satellites.

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In May 2008, we 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 our satellite gateway ground stations and satellite interface chips to be a part of the User Terminal Subsystem (UTS) in our various next-generation Globalstar devices. The total contract purchase price of approximately $100.8 million is payable in various increments over a period of 40 months. We have the option to purchase additional RANs and other software and hardware improvements at pre-negotiated prices. A portion of the payments made under this contract is recognized as an expense.

In October 2008, we signed an agreement with Ericsson, a leading global provider of technology and services to telecom operators. According to the $22.7 million contract, Ericsson will work with us to develop, implement and maintain a ground interface, or core network, system that will be installed at our satellite gateway ground stations. The all Internet protocol (IP) based core network system is wireless 3G/4G compatible and will link our radio access network to the public-switched telephone network (PSTN) and/or Internet. Design of the new core network system is now underway.

We will begin to depreciate these assets once they are completed and placed into service.

Pension Obligations

We have a company-sponsored retirement plan covering certain current and past U.S.-based employees. Until June 1, 2004, substantially all of Old Globalstar’s and our employees and retirees who participated and/or met the vesting criteria for the plan were participants in the Retirement Plan of Space Systems/Loral, Inc. (the “Loral Plan”), a defined benefit pension plan. The accrual of benefits in the Old Globalstar segment of the Loral Plan was curtailed, or frozen, by the administrator of the Loral Plan as of October 23, 2003. Prior to October 23, 2003, benefits for the Loral Plan were generally based upon compensation, length of service with the company and age of the participant. On June 1, 2004, the assets and frozen pension obligations of the segment attributable to our employees were transferred into a new Globalstar Retirement Plan (the “Globalstar Plan”). The Globalstar Plan remains frozen and

participants are not currently accruing benefits beyond those accrued as of October 23, 2003. Our funding policy is to fund the Globalstar Plan in accordance with the Internal Revenue Code and regulations.

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

We determine the discount rate used to measure plan liabilities as of the December 31 measurement date for the U.S. pension plan. The discount rate reflects the current rate at which the associated liabilities could be effectively settled at the end of the year. In estimating this rate, we look at rates of return on fixed-income investments of similar duration to the liabilities in the plan that receive high, investment grade ratings by recognized ratings agencies. Using these methodologies, we determined a discount rate of 5.75% to be appropriate as of December 31, 2008, which is a decrease of 0.25 percentage points from the rate used as of December 31, 2007. An increase of 1.0% in the discount rate would have decreased our plan liabilities as of December 31, 2008 by $1.5 million and a decrease of 1.0% could have increased our plan liabilities by $1.8 million.

A significant element in determining our pension expense in accordance with SFAS No. 158 is the expected return on plan assets, which is based on historical results for similar allocations among asset classes. For the U.S. pension plan, our assumption for the expected return on plan assets was 7.5% for 2008.

We defer the difference between the expected return and the actual return on plan assets and, under certain circumstances, amortize it over future years of service. Therefore, the net deferral of past asset gains (losses) ultimately affects future pension expense. This is also true of changes to actuarial assumptions. As of December 31, 2008, we had net unrecognized pension actuarial losses of $5.2 million. These amounts represent potential future pension and postretirement expenses that would be amortized over average future service periods.

Derivative Instruments

Prior to December 10, 2008, we utilized a derivative instrument in the form of an interest rate swap agreement and a forward contract for purchasing foreign currency to minimize our risk from interest rate fluctuations related to our variable rate credit agreement and minimize our risk from fluctuations related to the foreign currency exchange rates, respectively. We used the interest rate swap agreement and the forward contract for purchasing foreign currency to manage risk and not for trading or other speculative

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purposes. At the end of each accounting period, we recorded the derivative instrument on our balance sheet as either an asset or a liability measured at fair value. The interest rate swap agreement and the forward contract for purchasing foreign currency did not qualify for hedge accounting treatment. Changes in the fair value of the interest rate swap agreement and the forward contract for purchasing foreign currency were recognized as “Derivative gain (loss) “ and “Other Income” over the life of the agreements, respectively. We terminated the interest swap agreement on December 10, 2008 by making a payment of approximately $9.2 million.

In June 2009, in connection with entering into the Facility Agreement (See Note 12 in Item 1 Notes to Unaudited Interim Consolidated Financial Statements in Part I — Financial Information), which provides for interest at a variable rate, we entered into a ten-year interest rate cap agreement. The interest rate cap agreement reflected a $586.3 million notional amount at interest rates that provide coverage to us for any exposures resulting from escalating interest rates over the term of the Facility Agreement. We paid approximately $12.4 million fee for the interest rate cap agreement upfront and recorded it in “Other Assets” on our consolidated balance sheet. The interest rate cap did not qualify for hedge accounting treatment under SFAS 133. We will recognize the changes in the fair value of the interest rate cap derivative as “Derivative gain (loss)” in the accompanying Consolidated Statement of Operations over the life of the agreement.

We recorded the conversion rights and features embedded within the 8.00% Convertible Senior Unsecured Notes (“8.00% Notes”) as a compound embedded derivative liability within Other long term liabilities on our Consolidated Balance Sheet with a corresponding debt discount which is netted against the face value of the 8.00% Notes (See Note 12 of Item 1 Notes to unaudited interim Consolidated Financial in Part I – Financial Information). We will amortize the debt discount associated with the compound embedded derivative liability to interest expense over the term of the Notes using an effective interest rate method. The fair value of the compound embedded derivative liability will be marked-to-market at the end of each reporting period, with any changes in value reported as “Derivative gain (loss)” in the consolidated statements of operations. We determined the fair value of the compound embedded derivative using a Monte Carlo simulation model based upon a risk-neutral stock price model.

Due to the cash settlement provisions in the warrants issued with the 8.00% Notes (Note 12), we recorded the warrants as Other long term liabilities on its Consolidated Balance Sheet with a corresponding debt discount which is netted with the face value of the 8.00% Notes. We will amortize the debt discount associated with the warrant liability to interest expense over the term of the Warrants using an effective interest rate method. The fair value of the warrant liability will be marked-to-market at the end of each reporting period, with any changes in value reported as “Derivative gain (loss)” in the consolidated statements of operations. We determined the fair value of the warrant derivative using a Monte Carlo simulation model based upon a risk-neutral stock price model.

We determined that the warrants issued in conjunction with the availability fee for the Contingent Equity Agreement, were a liability and recorded it as a component of prepaid and other current assets, at issuance. We will amortize the warrant liability to interest expense over one year.

None of the derivative instruments described above was designated as a hedge.

Stock-Based Compensation

Effective January 1, 2006, as a result of our initial public offering, we adopted the provisions of Statement of Financial Accounting Standards 123(R), "Share-Based Payment" ("SFAS 123(R)"), and related interpretations, or SFAS 123(R), to account for stock-based compensation using the modified prospective transition method and therefore have not restated our prior period results. Among other things, SFAS 123(R) requires that compensation expense be recognized in the financial statements for both employee and non-employee share-based awards based on the grant date fair value of those awards. Additionally, stock-based compensation expense includes an estimate for pre-vesting forfeitures and is recognized over the requisite service periods of the awards on a straight-line basis, which is generally commensurate with the vesting term.

Results of Operations

Comparison of Results of Operations for the Three Months Ended June 30, 2009 and 2008 (in thousands):

	Three months ended June 30,		
	2009	2008	% Change
Revenue:			
Service revenue	$ 12,562	$ 16,673	(25)%
Subscriber equipment sales	3,154	6,326	(50)
Total revenue	15,716	22,999	(32)
Operating expenses:			
Cost of services (exclusive of depreciation and amortization shown separately below)	7,961	8,607	(8)
Cost of subscriber equipment sales:			
Cost of subscriber equipment sales	2,832	4,118	(31)
Cost of subscriber equipment sales — Impairment of assets	648	349	86
Total cost of subscriber equipment sales	3,480	4,467	(22)
Marketing, general and administrative	11,408	15,482	(26)
Depreciation and amortization	5,468	6,521	(16)
Total operating expenses	28,317	35,077	(19)
Operating loss	(12,601)	(12,078)	4
Other income (expense):			
Interest income	56	1,565	(96)
Interest expense	(3,141)	(301)	944
Derivative gain (loss)	(797)	3,743	N/A
Other income (expense)	2,529	(77)	N/A
Total other income (expense)	(1,353)	4,930	N/A
Income loss before income taxes	(13,954)	(7,148)	95
Income tax (benefit) expense	(192)	29	N/A
Net loss	$ (13,762)	$ (7,177)	92%

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Revenue. Total revenue decreased by approximately $7.3 million, or 32%, to $15.7 million for the three months ended June 30, 2009, from $23.0 million for the three months ended June 30, 2008. We attribute this decrease to lower service revenues as a result of our two-way communication issues and lower subscriber equipment sales. Our service revenue decreased due primarily to price reductions aimed at maintaining our subscriber base despite our two-way communication issues. Our subscriber equipment sales decreased during the three months ended June 30, 2009 as compared to the same period in 2008, primarily as a result of lower sales of our duplex products. Our retail ARPU during the three months ended June 30, 2009, decreased by 33% to $25.80 from $38.57 for the same period in 2008. We added over 55,000 net subscribers during the twelve-month period from June 30, 2008 to June 30, 2009.

Service Revenue. Service revenue decreased $4.1 million, or approximately 25%, to $12.6 million for the three months ended June 30, 2009, from $16.7 million for the same period in 2008. Although our subscriber base grew 18% during the twelve-month period ended June 30, 2009, to approximately 371,000, we experienced decreased retail ARPU resulting in lower service revenue. The primary reason for this decrease in our service revenue was the reduction of our prices in response to our two-way communication issues and product mix. The decrease in duplex service revenue was partially offset by increased service revenue from our SPOT Satellite services as a result of additional SPOT service subscribers and prior year SPOT service subscribers renewing their annual subscriptions.

Subscriber Equipment Sales. Subscriber equipment sales decreased by approximately $3.1 million, or 50%, to $3.2 million for the three months ended June 30, 2009, from $6.3 million for the same period in 2008. The decrease was due primarily to lower sales of our duplex products and services during the three months ended June 30, 2009.

Operating Expenses. Total operating expenses decreased $6.8 million, or approximately 19%, to $28.3 million for the three months ended June 30, 2009, from $35.1 million for the same period in 2008. This decrease was due to reductions in our headcount, lower cost of goods sold related to lower sales of subscriber equipment of our duplex products, lower marketing and advertising costs and various other operating expense reductions throughout the Company.

Cost of Services. Our cost of services for the three months ended June 30, 2009 and 2008, were $8.0 million and $8.6 million, respectively. Our cost of services comprises primarily of network operating costs. The decrease was due to reductions in headcount, telecom, subcontractor and maintenance charges offset by higher research and development expenses related to our second generation ground component development.

Cost of Subscriber Equipment Sales. Cost of subscriber equipment sales decreased approximately $1.0 million, or 22%, to $3.5 million for the three months ended June 30, 2009, from $4.5 million for the three months ended June 30, 2008. This decrease was due primarily to lower sales of our duplex products.

Marketing, General and Administrative. Marketing, general and administrative expenses decreased approximately $4.1 million, or 26%, to $11.4 million for the three months ended June 30, 2009, from $15.5 million for the same period in 2008. This decrease was due primarily to reductions in headcount, lower marketing and advertising costs and legal expenses.

Depreciation and Amortization. Depreciation and amortization expense decreased approximately $1.1 million for the three months ended June 30, 2009 from the same period in 2008. The decrease in depreciation expense was due primarily to the first-generation satellite constellation reaching fully-depreciated status at December 31, 2008.

Operating Loss. Operating loss increased approximately $0.5 million, to $12.6 million, for the three months ended June 30, 2009, from $12.1 million for the same period in 2008. The increase was due primarily to the lower service and equipment revenue partially offset by lower operating costs described above.

Interest Income. Interest income decreased by approximately $1.5 million, to $0.1 million, for the three months ended June 30, 2009, from $1.6 million for the same period in 2008. This decrease was due to lower average cash and restricted cash balances on hand.

Interest Expense. Interest expense increased by $2.8 million, to $3.1 million, for the three months ended June 30, 2009, from $0.3 million for the same period in 2008. This increase was due primarily to the higher expense related to our deferred debt issuance costs.

Derivative gain (loss). Derivative losses increased by $4.5 million for the three months ended June 30, 2009 to a loss of $0.8 million, as compared to a gain of $3.7 million during the same period in 2008. This was due primarily to the decrease in the fair value of our interest rate cap agreement as a result of a decrease in market interest rates partially offset by gains in fair value of the compound embedded conversion option and warrants issued with the 8.00% Notes and Contingent Equity Agreement.

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Other Income (Expense). Other income (expense) generally consists of foreign exchange transaction gains and losses. Other income increased by $2.6 million for the three months ended June 30, 2009, as compared to the same period in 2008, due primarily to the favorable change in the exchange rate of the Canadian dollar during the three months ended June 30, 2009.

Income Tax Expense. Income tax benefit for the three months ended June 30, 2009 was $0.2 million compared to an expense of less than $0.1 million during the same period in 2008. The change between periods was a result primarily of an income tax refund we received with respect to our Canadian subsidiary.

Net Loss. Our net loss increased approximately $6.6 million, to a loss of $13.8 million, for the three months ended June 30, 2009, from a net loss of $7.2 million for the same period in 2008. This increase was primarily due to lower service revenue and decreases in other income as described above, offset partially by lower operating expenses as a result of cost reductions.

Comparison of Results of Operations for the Six Months Ended June 30, 2009 and 2008 (in thousands):

	Six months ended June 30,		
	2009	2008	% Change
Revenue:			
Service revenue	$ 23,693	$ 32,683	(28)%
Subscriber equipment sales	7,186	12,450	(42)
Total revenue	30,879	45,133	(32)
Operating expenses:			
Cost of services (exclusive of depreciation and amortization shown separately below)	18,369	16,082	14
Cost of subscriber equipment sales:			
Cost of subscriber equipment sales	5,827	9,099	(36)
Cost of subscriber equipment sales — Impairment of assets	648	413	57
Total cost of subscriber equipment sales	6,475	9,512	(32)
Marketing, general and administrative	25,385	31,230	(19)
Depreciation and amortization	10,892	11,939	(9)
Total operating expenses	61,121	68,763	(11)
Operating loss	(30,242)	(23,630)	28
Other income (expense):			
Interest income	184	2,933	(94)
Interest expense	(3,381)	(1,298)	160
Derivative gain (loss)	(797)	204	N/A
Other income (expense)	(1,446)	8,174	N/A
Total other income (expense)	(5,440)	10,013	N/A
Income loss before income taxes	(35,682)	(13,617)	162
Income tax expense	(162)	195	N/A
Net loss	$ (35,520)	$ (13,812)	157%

Revenue. Total revenue decreased by $14.2 million, or approximately 32%, from $45.1 million for the six months ended June 30, 2008 to $30.9 million for the six months ended June 30, 2009. We attribute this decrease mainly to lower service revenue which we believe stems from lower price service

plans introduced in order to maintain our subscriber base despite our two-way communication issues and from reductions in sales of our duplex equipment. Our retail ARPU during the six months ended June 30, 2009 decreased by 36% to $24.44 from $38.36 for the six months ended June 30, 2008.

Service Revenue. Service revenue decreased $9.0 million, or approximately 28%, from $32.7 million for the six months ended June 30, 2008 to $23.7 million for the six months ended June 30, 2009. Although our overall subscriber base grew 18% to approximately 371,000 over the twelve-month period from June 30, 2008 to June 30, 2009, we experienced decreased retail ARPU. We believe that the two-way communication issues we first reported in February 2007 and related price reductions were the primary reasons for this decrease.

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Subscriber Equipment Sales. Subscriber equipment sales decreased by approximately $5.3 million, or approximately 42%, from $12.5 million for the six months ended June 30, 2008 to $7.2 million for the six months ended June 30, 2009. We attribute this decrease to reduced sales of our duplex products.

Operating Expenses. Total operating expenses decreased $7.6 million, or approximately 11%, from $68.8 million for the six months ended June 30, 2008 to $61.1 million for the six months ended June 30, 2009. This decrease was due to reductions in our headcount, lower cost of goods sold as a result of lower subscriber equipment sales related to our duplex products, and lower marketing and advertising costs and legal expenses, partially offset by higher expenses as a result of the acquisition of our Brazilian subsidiary on March 25, 2008.

Cost of Services. Our cost of services for the six months ended June 30, 2009 and 2008 were $18.4 million and $16.1 million, respectively. Our cost of services is comprised primarily of network operating costs, which are generally fixed in nature. The increase in the cost of services during the six months ended June 30, 2009 is due primarily to higher costs as a result of our Brazilian subsidiary acquisition on March 25, 2008 and higher research and development expenses related to our second-generation ground component development.

Cost of Subscriber Equipment Sales. Cost of subscriber equipment sales decreased $3.0 million, or approximately 32%, from $9.5 million for the six months ended June 30, 2008 to $6.5 million for the six months ended June 30, 2009. This decrease was due primarily to lower sales of our duplex products.

Marketing, General and Administrative. Marketing, general and administrative expenses decreased $5.8 million, or approximately 19%, from $31.2 million for the six months ended June 30, 2008 to $25.4 million for the six months ended June 30, 2009. This decrease was due primarily to reductions in our headcount and lower marketing and advertising costs and legal expenses offset partially by higher costs associated with the acquisition of our subsidiary in Brazil.

Depreciation and Amortization. Depreciation and amortization expense decreased approximately $1.0 million, or approximately 9%, from $11.9 million for the six months ended June 30, 2008 to $10.9 million for the six months ended June 30, 2009. This decrease was due primarily to the first-generation satellite constellation reaching fully-depreciated status at December 31, 2008.

Operating Loss. Our operating loss of $30.2 million for the six months ended June 30, 2009 increased approximately $6.6 million from an operating loss of $23.6 million for the six months ended June 30, 2008. The increase was due primarily to lower revenues partially offset by lower operating expenses.

Interest Income. Interest income decreased by $2.7 million for the six months ended June 30, 2009 to $0.2 million. This decrease was due to smaller cash balances on hand as compared to the prior year.

Interest Expense. Interest expense increased by $2.1 million, to $3.4 million for the six months ended June 30, 2009 from $1.3 million for the six months ended June 30, 2008. This increase was due primarily to higher expense related to our deferred offering costs during the six months ended June 30, 2009.

Derivative gain (loss). Derivative loss increased by $1.0 million for the six months ended June 30, 2009, as compared to the same period in 2008, due primarily to the unfavorable change in the fair value of the interest rate cap derivative instrument.

Other Income (Expense). Other income (expense) generally consists of foreign exchange transaction gains and losses. Other income decreased by $9.6 million for the six months ended June 30, 2009 as compared to the same period in 2008 primarily as a result of less favorable conversion rates for Euro to the U.S. Dollar and the Canadian Dollar to the U.S. Dollar resulting in fewer euro denominated payments made in the six months ended June 30, 2009 and lower balances on our euro denominated escrow account in the current year.

Income Tax Expense(benefit). Income tax benefit for the six months ended June 30, 2009 was $0.2 million compared to an expense of $0.2 million during the same period in 2008. This was primarily a result of an income tax refund we received with respect to our Canadian subsidiary.

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Net Loss. Our net loss increased approximately $21.7 million to a loss of $35.5 million for the six months ended June 30, 2009 from a net loss of $13.8 million for the six months ended June 30, 2008. This increase was due primarily to lower revenues, losses on derivatives and losses associated with foreign exchange gains/losses offset partially by lower operating expenses as described above.

Liquidity and Capital Resources

The following table shows our cash flows from operating, investing, and financing activities for the six months ended June 30, 2009 and 2008:

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Net cash from (used in) operating activities	$ 13,068	$ (14,453)
Net cash used in investing activities	(48,530)	(184,136)

Net cash from financing activities	37,419	195,481
Effect of exchange rate changes on cash	1,723	(8,850)
Net increase (decrease) in cash and cash equivalents	$ 3,680	$ (11,958)

Currently, our principal sources of liquidity are our Facility Agreement (described below) and our existing cash.

At July 1, 2009, our principal short-term liquidity needs were:

- to make payments to procure our second-generation satellite constellation, construct the Control Network Facility and launch related costs, in a total amount not yet determined, but which will include approximately $201.3 million payable to Thales Alenia Space by June 2010 under the purchase contract for our second-generation satellites and €0.9 million payable to Thales Alenia Space by June 2010 under the contract for construction of the Control Network Facility, respectively;
- to make payments related to our launch for the second-generation satellite constellation in the amount of $175.9 million payable to our Launch Provider by June 30, 2010;
- to make payments related to the construction of our second-generation ground component in the amount of $71.8 million by June 30, 2010; and
- to fund our working capital (which was a deficit of $42.6 million at June 30, 2009 excluding vendor financing which will be paid as a part of the items described above).

During the six months ended June 30, 2009 and the year ended December 31, 2008, our principal sources of liquidity were:

Dollars in millions	Six Months Ended June 30, 2009	Year Ended December 31, 2008
Cash on-hand at beginning of period	$ 12.4	$ 37.6
Net proceeds from 5.75% Notes	$ —	$ 145.1
Net proceeds from 8.00% convertible senior unsecured notes	$ 51.3	$ —
Proceeds from Thermo equity purchases	$ 1.0	$ —
Borrowings under Thermo Funding credit agreement and other debt, net	$ 15.0	$ 116.1
Cash generated (used) by operations	$ 13.1	$ (30.6)

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

- cash from our Facility Agreement ($586.3 million was available at June 30, 2009; $215.1 available after draw in July 2009);

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- cash from the issuance of our 8.00% Convertible Senior Unsecured Notes (“8.00% Notes”) providing $51.3 million of net proceeds; and
- excess cash on hand at June 30, 2009.

Our principal long-term liquidity needs are:

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

Net Cash from (used in) Operating Activities

Net cash from operating activities during the six months ended June 30, 2009 increased to a cash flow of $13.1 million from an outflow of $14.5 million in the same period in 2008. This increase was due primarily to favorable changes in operating assets and liabilities offset by lower revenues during the six months ended June 30, 2009, as compared to the same period in 2008.

Net Cash from (used in) Investing Activities

Cash used in investing activities was $48.5 million during the six months ended June 30, 2009, compared to $184.1 million during the same period in 2008. This decrease was primarily the result of reduced payments related to the construction of our second generation constellation during the six months ended June 30, 2009.

Net Cash from Financing Activities

Net cash provided by financing activities decreased by $158.1 million to $37.4 million during the six months ended June 30, 2009, from $195.5 million during the same period in 2008. The decrease was due primarily to timing of cash draws on the funds available to us in the six months ended June 30, 2009 as compared to the six months ended June 30, 2008. During the six months ended June 30, 2008, we borrowed funds under the $150 million

convertible long term debt and $100 million long term debt facilities of the Thermo Funding credit agreement as compared to borrowings of $55.0 million under the 8.00% Notes, $7.8 million from our Thermo Funding revolving credit facility, and $3.3 million in additional debt and capital contributions in the six months ended June 30, 2009. Since June 30, 2009, we borrowed approximately $371.2 million under the Facility Agreement.

Capital Expenditures

In 2005, we commenced capital expenditures for the launch of our eight spare satellites in 2007. In 2008 and 2007, we incurred $0.1 million and $37.6 million (excluding capitalized interest and internal costs), respectively, related to the launch of our eight spare satellites. The total cost for the launch of the spare satellites was approximately $124.0 million exclusive of capitalized interest and internal costs. As of December 31, 2008, substantially all related payments had been made.

In the fourth quarter of 2006, we entered into a contract with Thales Alenia Space for our second-generation satellite constellation. On June 3, 2009, we and Thales Alenia Space entered into an amended and restated contract for the construction of the second generation satellites to incorporate prior amendments, acceleration requests and make other non-material changes to the contract entered into in November 2006. The total contract price, including subsequent additions, is €678.9 million (approximately $936.6 million at a weighted average conversion rate of €1.00 = $1.3797 at June 30, 2009, including approximately €146.8 million which was paid by us in U.S. dollars at a fixed conversion rate of €1.00 = $1.2940). We have made payments in the amount of approximately $400.5 million in related costs through June 30, 2009.

In March 2007, we entered into an agreement with Thales Alenia Space for the construction of the Satellite Operations Control Centers, Telemetry Command Units and In Orbit Test Equipment (collectively, the “Control Network Facility”) for our second-generation satellite constellation. This agreement complements the second-generation satellite construction contract with Thales Alenia Space for the construction of 48 low-earth orbit satellites and allows Thales Alenia Space to coordinate all aspects of the second-generation satellite constellation project, including the transition of first-generation software and hardware to equipment

for the second generation. The total contract price for the construction and associated services is €9.2 million (approximately $13.2 million at a conversion rate of €1.00 = $1.4336) consisting of €4.1 million for the Satellite Operations Control Centers, €3.1 million for the Telemetry Command Units and €2.0 million for the In Orbit Test Equipment, with payments to be made on a quarterly basis through completion of the Control Network Facility in the first quarter of 2010. We have made payments in the amount of approximately €8.2 million (approximately $11.8 million) through June 30, 2009.

In September 2007, we entered into a contract with our Launch Provider for the launch of our second-generation satellites and certain pre and post-launch services. Pursuant to the contract, as amended, our Launch Provider will make four firm launches of six satellites each, and up to two replacement launches and one optional launch of six satellites, not to exceed a total of six launches. The total contract price for the first four launches is $216.1 million. As of June 30, 2009, we have made payments in the aggregate amount of approximately $26.3 million associated with our launch services contract. The anticipated time period for the first four launches ranges from as early as the first quarter of 2010 through the end of 2010 and the optional launch is available from the first quarter in 2011 through the end of 2013. Prolonged delays due to postponements by us or our Launch Provider may result in adjustments to the payment schedule.

In May, 2008, we 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 our satellite gateway ground stations and satellite interface chips to be a part of the User Terminal Subsystem (UTS) in our various next-generation devices. The total contract purchase price of approximately $100.8 million is payable in various increments over a period of 40 months. We have the option to purchase additional RANs and other software and hardware improvements at pre-negotiated prices. As of June 30, 2009, we have made payments in the aggregate amount of approximately $5.9 million associated with this contract. We expensed $1.8 million of these payments and capitalized $4.1 million as second-generation ground component.

On October 8, 2008, we signed an agreement with Ericsson, a leading global provider of technology and services to telecom operators. According to the $22.7 million contract, Ericsson will work with us to develop, implement and maintain a ground interface, or core network, system that will be installed at our satellite gateway ground stations. The all Internet protocol (IP) based core network system is wireless 3G/4G compatible and will link our radio access network to the public-switched telephone network (PSTN) and/or Internet. Design of the new core network system is now underway. The agreement represents the final significant ground network infrastructure component for our next-generation of advanced IP-based satellite voice and data services.

The cost for the satellites, launches and gateway upgrades under these contracts with Thales Alenia Space, Hughes, Ericsson and our Launch Provider are included in the estimated $1.29 billion (the majority of which is denominated in Euros at a weighted average conversion rate of € 1.00=$1.3460 and excluding launch costs for the second 24 satellites, internal costs and capitalized interest) of capital expenditures which we currently anticipate will be required to procure and deploy our second-generation satellite constellation and related gateway upgrades. Since the fourth quarter of 2006, we have used portions of the proceeds from sales of Common Stock to Thermo Funding, the proceeds from our initial public offering, the net proceeds from the sale of the 5.75% Notes and borrowings under our credit facility with Thermo Funding to fund the approximately $571.3 million (excluding internal costs) incurred through June 30, 2009. We plan to fund the balance of the capital expenditures through the use of our new Facility Agreement and proceeds from our new 8.00% Notes, additional debt and equity financings (if necessary) and cash flow from operations once we have deployed our second-generation satellite constellation.

The amount of actual and contractual capital expenditures related to the construction of the second-generation constellation and satellite operations control centers, ground component and related costs and the launch services contracts is presented in the table below (in millions):

Contract	Currency of Payment	Payments through June 30, 2009	Estimated Future Payments				
			2009	2010	2011	Thereafter	Total
Thales Alenia Second Generation Constellation	EUR	€ 298.9	€ 94.2	€ 59.7	€ —	€ 226.1	€ 678.9
Thales Alenia Satellite Operations Control Centers	EUR	€ 8.2	€ 1.0	€ —	€ —	€ —	€ 9.2
Arianespace Launch Services	USD	$ 26.3	$ 131.3	$ 58.5	$ —	$ —	$ 216.1
Hughes second-generation ground component	USD	$ 5.9	$ 29.1	$ 60.1	$ 5.7	$ —	$ 100.8

(including research and development expense)								
Ericsson	USD	$ —	$ 1.0	$ 5.9	$ 13.0	$ 2.8	$ 22.7	

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The exchange rate on June 30, 2009 was €1.00 = $1.4048.

Cash Position and Indebtedness

As of June 30, 2009, our total cash and cash equivalents were $16.0 million and we had total indebtedness of $160.4 million compared to total cash and cash equivalents and total indebtedness at December 31, 2008 of $12.4 million and $271.9 million, respectively. Since June 30, 2009, we drew approximately $371.2 million in loans under our Facility Agreement.

Facility Agreement

Credit Facility

On June 5, 2009, we entered into a $586.3 million senior secured facility agreement (the "Facility Agreement") with a syndicate of bank lenders, including BNP Paribas, Natixis, Société Générale, Caylon, Crédit Industriel et Commercial as arrangers and BNP Paribas as the security agent and COFACE agent. Ninety-five percent of our obligations under the agreement are guaranteed by COFACE, the French export credit agency. The initial funding process of the COFACE Facility Agreement began on June 29, 2009 and was completed on July 1, 2009. The new facility is comprised of:

- a $563.3 million tranche for future payments to and to reimburse us for amounts we previously paid to Thales Alenia Space for construction of our second-generation satellites. Such reimbursed amounts will be used by us (a) to make payments to Arianespace for launch services, Hughes Networks Systems LLC for ground network equipment, software and satellite interface chips and Ericsson Federal Inc. for ground system upgrades, (b) to provide up to $150 million for our working capital and general corporate purposes and (c) to pay a portion of the insurance premium to COFACE; and

- a $23 million tranche that will be used to make payments to Arianespace for launch services and to pay a portion of the insurance premium to COFACE.

The facility will mature 96 months after the first repayment date. Scheduled semi-annual principal repayments will begin the earlier of eight months after the launch of the first 24 satellites from the second generation constellation or December 15, 2011. The facility bears interest at a floating LIBOR rate, capped at 4%, plus 2.07% through December 2012, increasing to 2.25% through December 2017 and 2.40% thereafter. Interest payments will be due on a semi-annual basis.

The Facility Agreement requires that:

- we not permit our capital expenditures (other than those funded with cash proceeds from insurance and condemnation events, equity issuances or the issuance of our stock to acquire certain assets) to exceed $391.0 million in 2009 and $234.0 million in 2010 (with unused amounts permitted to be carried over to subsequent years)

- after the second scheduled interest payment, we maintain a minimum liquidity of $5.0 million;

- we achieve for each period the following minimum adjusted consolidated EBITDA:

Period	Minimum Amount
1/1/09-12/31/09	$ (25.0) million
7/1/09-6/30/10	$ (21.0) million
1/1/10-12/31/10	$ (10.0) million
7/1/10-6/30/11	$ 10.0 million
1/1/11-12/31/11	$ 25.0 million
7/1/11-6/30/12	$ 35.0 million
1/1/12-12/31/12	$ 55.0 million
7/1/12-6/30/12	$ 65.0 million
1/1/13-12/31/13	$ 78.0 million

- beginning in 2011, we maintain a minimum debt service coverage ratio of 1.00:1, gradually increasing to a ratio of 1.50:1 through 2019;

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- beginning in 2012, we maintain a maximum net debt to adjusted consolidated EBITDA ratio of 9.90:1, gradually decreasing to 2.50:1 through 2019.

At June 30, 2009, we were in compliance with the covenants of the Facility Agreement.

Our obligations under the facility are guaranteed on a senior secured basis by all of our domestic subsidiaries and are secured by a first priority lien on substantially all of our assets and those of our domestic subsidiaries (other than FCC licenses), including patents and trademarks, 100% of the equity of our domestic subsidiaries and 65% of the equity of certain foreign subsidiaries.

We pay the borrowings without penalty on the last day of each interest period after the full facility has been borrowed or the earlier of seven months after the launch of the second generation constellation or November 15, 2011, but amounts repaid may not be reborrowed. We must repay the loans (a) in full upon a change in control or (b) partially (i) if there are excess cash flows on certain dates, (ii) upon certain insurance and condemnation events and (iii) upon certain asset dispositions. The Facility Agreement includes covenants that (a) require us to maintain a minimum liquidity amount after the second repayment date, a minimum adjusted consolidated EBITDA, a minimum debt service coverage ratio and a maximum net debt to adjusted consolidated EBITDA ratio, (b) place limitations on our ability and our subsidiaries to incur debt, create liens, dispose of assets, carry out mergers and acquisitions, make loans, investments, distributions or other transfers and capital expenditures or enter into certain transactions with affiliates and (c) limit capital expenditures incurred by us not to exceed $391.0 million in 2009 and $234.0 million in 2010. We are permitted to make cash payments under the terms of our 5.75% Notes.

Subordinated Loan Agreement

On June 25, 2009, we entered into a Loan Agreement with Thermo Funding whereby Thermo Funding agreed to lend us $25 million for the purpose of funding the debt service reserve account required under the Facility Agreement. This loan is subordinated to, and the debt service reserve account is pledged to secure, all of our obligations under the Facility Agreement. The loan accrues interest at 12% per annum, which will be capitalized and added to the outstanding principal in lieu of cash payments. We will make payments to Thermo Funding only when permitted under the Facility Agreement. The loan becomes due and payable six months after the obligations under the Facility Agreement have been paid in full, we have a change in control or any acceleration of the maturity of the loans under the Facility Agreement occurs. As additional consideration for the loan, we issued Thermo Funding a warrant to purchase 4,205,608 shares of Common Stock at $0.01 per share with a five-year exercise period. No Common Stock is issuable upon such exercise if such issuance would cause Thermo Funding and its affiliates to own more than 70% of our outstanding voting stock.

We determined that the warrant was an equity instrument and recorded it as a part of its stockholders' equity with a corresponding debt discount of $5.2 million, which is netted with the face value of the loan. We will amortize the debt discount associated with the warrant to interest expense over the term of the loan agreement using an effective interest rate method. At issuance, we allocated the proceeds under the subordinated loan agreement to the underlying debt and the warrants based upon their relative fair values.

Contingent Equity Agreement

On June 19, 2009, we entered into a Contingent Equity Agreement with Thermo Funding whereby Thermo Funding agreed to deposit $60 million into a contingent equity account to fulfill a condition precedent for borrowing under the Facility Agreement. Under the terms of the Facility Agreement, we will be required to make drawings from this account if and to the extent we have an actual or projected deficiency in our ability to meet indebtedness obligations due within a forward-looking 90 day period. Thermo Funding pledged the contingent equity account to secure our obligations under the Facility Agreement. If we make any drawings from the contingent equity account, we will issue Thermo Funding shares of our Common Stock calculated using a price per share equal to 80% of the volume-weighted average closing price of the Common Stock for the 15 trading days immediately preceding the draw. Thermo Funding may withdraw any undrawn amounts in the account after we have made the second scheduled repayment under the Facility Agreement, which we currently expect to be no later than June 15, 2012.

The Contingent Equity Agreement also provides that we will pay Thermo Funding an availability fee of 10% per year for maintaining funds in the contingent equity account. This fee is payable solely in warrants to purchase Common Stock at $0.01 per share with a five-year exercise period from issuance, with respect to a number of shares equal to the available balance in the contingent equity account divided by $1.37, subject to an annual retroactive adjustment at December 31,2009, subject to certain conditions limiting the maximum number of shares issuable. We issued Thermo Funding a warrant to purchase 4,379,562 shares for this fee at origination of the loan. No Common Stock is issuable if it would cause Thermo Funding and its affiliates to own more than 70% of our outstanding voting stock. If our Board of Directors and stockholders approve the creation of a class of nonvoting common stock in the future, we may issue nonvoting common stock in lieu of Common Stock to the extent issuing Common Stock would cause Thermo Funding and its affiliates to exceed this 70% ownership level.

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We determined that the warrants issued in conjunction with the availability fee were a liability and recorded it as a component of prepaid expenses and other current assets, at issuance. We will amortize the warrant liability to interest expense over one year.

8.00% Convertible Senior Notes

On June 19, 2009, we sold $55 million in aggregate principal amount of 8.00% Convertible Senior Unsecured Notes ("8.00% Notes") and warrants ("Warrants") to purchase 15,277,771 shares of our Common Stock at an initial exercise price of $1.80 per share to selected institutional investors (including an affiliate of Thermo Funding) in a direct offering registered under the Securities Act of 1933. The 8.00% Notes are convertible into shares of Common Stock at an initial conversion price of $1.80 per share of Common Stock, subject to adjustment in the manner set forth in the supplemental indenture governing the 8.00% Notes.

The Warrants have full ratchet anti-dilution protection, and the exercise price of the Warrants is subject to adjustment under certain other circumstances. In addition, if the closing price of the Common Stock on September 19, 2010 is less than the exercise price of the Warrants then in effect, the exercise price of the Warrants will be reset to equal the volume-weighted average closing price of the Common Stock for the previous 15 trading days. In the event of certain transactions that involve change of control ("Fundamental Transactions"), the holders of the Warrants have the right to make us purchase the Warrants for cash, subject to certain conditions. The exercise period for the Warrants will begin on December 19, 2009 and end on June 19, 2014.

The 8.00% Notes are subordinated to all of our obligations under the Facility Agreement. The 8.00% Notes are our senior unsecured debt obligations and, except as described in the preceding sentence, rank pari passu with its existing unsecured, unsubordinated obligations, including our 5.75% Convertible Senior Notes due 2028. There is no sinking fund for the 8.00% Notes. The 8.00% Notes mature at the later of the tenth anniversary of closing or six moths following the maturity date of the Facility Agreement and bear interest at a rate of 8.00% per annum. Interest on the 8.00% Notes is payable in the form of additional 8.00% Notes or, subject to certain restrictions, in Common Stock at the option of the holder. Interest is payable semi-annually in arrears on June 15 and December 15 of each year, commencing December 15, 2009.

Holders may convert their 8.00% Notes at any time. The initial base conversion price for the 8.00% Notes is $1.80 per share or 555.6 shares of our Common Stock per $1,000 principal amount of the 8.00% Notes, subject to certain adjustments and limitations. In addition, if the volume-weighted average closing price for one share of our Common Stock for the 15 trading days immediately preceding September 19, 2010 ("reset day price") is less than the base conversion price then in effect, the base conversion rate shall be adjusted to equal the reset day price. If we issue or sell shares of our Common Stock at a price per share less than the base conversion price on the trading day immediately preceding such issuance or sale subject to certain limitations, the base conversion rate will be adjusted lower based on a formula described in the supplemental indenture governing the 8.00% Notes. If at any time the closing price of the Common Stock exceeds 200% of the conversion price of the 8.00% Notes then in effect for 30 consecutive trading days, all of the outstanding 8.00% Notes will be automatically converted into Common Stock. Upon certain automatic and optional conversions of the 8.00% Notes, we will pay holders of the 8.00% Notes a make-whole premium by increasing the number of shares of Common Stock delivered upon such conversion. The number of additional shares per $1,000 principal amount of 8.00% Notes constituting the make-whole premium shall be equal to the quotient of (i) the aggregate principal amount of the 8.00% Notes so converted multiplied by 32.00%, less the aggregate interest paid on such 8.00% Notes prior to the applicable Conversion Date divided by (ii) 95% of the volume-weighted average Closing Price of the Common Stock for the 10 trading days immediately preceding the Conversion Date.

Subject to certain exceptions set forth in the supplemental indenture, if certain changes of control of us or events relating to the listing of the Common Stock occur (a "fundamental change"), the 8.00% Notes are subject to repurchase for cash at the option of the holders of all or any portion of the 8.00% Notes at a purchase price equal to 100% of the principal amount of the 8.00% Notes, plus a make-whole payment and accrued and unpaid interest, if any. Holders that require us to repurchase 8.00% Notes upon a fundamental change may elect to receive shares of Common Stock in lieu of cash. Such holders will receive a number of shares equal to (i) the number of shares they would have been entitled to receive upon conversion of the 8.00% Notes, plus (ii) a make-whole premium of 12% or 15%, depending on the date of the fundamental change and the amount of the consideration, if any, received by our shareholders in connection with the fundamental change.

The indenture governing the 8.00% Notes contains customary financial reporting requirements. The indenture also provides that upon certain events of default, including without limitation failure to pay principal or interest, failure to deliver a notice of fundamental change, failure to convert the 8.00% Notes when required, acceleration of other material indebtedness and failure to pay material judgments, either the trustee or the holders of 25% in aggregate principal amount of the 8.00% Notes may declare the principal of the 8.00% Notes and any accrued and unpaid interest through the date of such declaration immediately due and payable. In the case of certain events of bankruptcy or insolvency relating to us or our significant subsidiaries, the principal amount of the 8.00% Notes and accrued interest automatically becomes due and payable.

We evaluated the various embedded derivatives resulting from the conversion rights and features within the Indenture for bifurcation from the 8.00% Notes under the provisions of SFAS No. 133, Emerging Issues Task Force Issue No. 07-5, "Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Stock ("EITF 07-5") and Emerging Issues Task Force Issue No. 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock" ("EITF 00-19"). Based upon its detailed assessment, we concluded that the conversion rights and features could not be either excluded from bifurcation as a result of being clearly and closely related to the 8.00% Notes or were not indexed to our Common Stock and could not be classified in stockholders' equity if freestanding. We recorded this compound embedded derivative liability as a component of

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Other Long Term Liabilities on our Consolidated Balance Sheet with a corresponding debt discount which is netted with the face value of the 8.00% Notes. We will amortize the debt discount associated with the compound embedded derivative liability to interest expense over the term of the 8.00% Notes using an effective interest rate method. The fair value of the compound embedded derivative liability will be marked-to-market at the end of each reporting period, with any changes in value reported as "Derivative gain (loss)" in the consolidated statements of operations. We determined the fair value of the compound embedded derivative was using a lattice valuation methodology incorporating a Monte Carlo simulation model.

Due to the cash settlement provisions in the warrants, we recorded the warrants as a liability as a component of Other long term liabilities on our consolidated balance sheet with a corresponding debt discount which is netted against the face value of the Notes. We amortized the debt discount associated with the warrants liability to interest expense over the term of the Warrants using an effective interest rate method. The fair value of the warrants liability will be marked-to-market at the end of each reporting period, with any changes in value reported as "Derivative gain (loss)" in the consolidated statements of operations. We determined the fair value of the Warrants derivative using a lattice valuation methodology incorporating a Monte Carlo simulation model.

We allocated the proceeds received from the 8.00% Notes among the conversion rights and features, the detachable Warrants, the beneficial conversion feature and the remainder, if any, to the underlying debt. We netted the debt discount associated with the conversion rights and features and with the face value of the 8.00% Notes to determine the carrying amount of the 8.00% Notes. The accretion of each debt discount will increase the carrying amount of the debt over the term of the 8.00% Notes. We allocated the proceeds at issuance as follows (in thousands):

Fair value of compound embedded derivative	$	23,542
Fair value of warrants		12,791
Debt		18,667
Face Value of 8.00% Notes	$	55,000

5.75% Convertible Senior Notes due 2028

We have issued $150.0 million aggregate principal amount of 5.75% Senior Convertible Notes due 2028 pursuant to a base indenture and a supplemental indenture each dated as of April 15, 2008 ("5.75% Notes").

We placed approximately $25.5 million of the proceeds of the offering of the 5.75% Notes in an escrow account that is being used to make the first six scheduled semi-annual interest payments on the 5.75% Notes. We pledged its interest in this escrow account to the Trustee as security for these interest payments. At June 30, 2009, the balance in the escrow account was $8.3 million.

Except for the pledge of the escrow account, the 5.75% Notes are our senior unsecured debt obligations. The 5.75% Notes mature on April 1, 2028 and bear interest at a rate of 5.75% per annum. Interest on the 5.75% Notes is payable semi-annually in arrears on April 1 and October 1 of each year.

Subject to certain exceptions set forth in the Indenture, the Notes are subject to repurchase for cash at the option of the holders of all or any portion of the Notes (i) on each of April 1, 2013, April 1, 2018 and April 1, 2023 or (ii) upon a fundamental change, both at a purchase price equal to 100% of the principal

amount of the Notes, plus accrued and unpaid interest, if any. A fundamental change will occur upon certain changes in the our ownership, or certain events relating to the trading of our Common Stock.

Holders may convert their 5.75% Notes into shares of Common Stock, subject to our option to deliver cash in lieu of all or a portion of the shares at their option at any time prior to maturity. The 5.75% Notes are convertible at an initial conversion rate of 166.1820 shares of Common Stock per $1,000 principal amount of 5.75% Notes, subject to adjustment. In addition to receiving the applicable amount of shares of Common Stock or cash in lieu of all or a portion of the shares, holders of 5.75% Notes who convert them prior to April 1, 2011 will receive the cash proceeds from the sale by the Escrow Agent of the portion of the government securities in the escrow account that are remaining with respect to any of the first six interest payments that have not been made on the 5.75% Notes being converted.

Holders who convert their 5.75% Notes in connection with a fundamental change occurring on or prior to April 1, 2013 will be entitled to an increase in the conversion rate as specified in the indenture governing the 5.75% Notes.

Except as described above with respect to holders of 5.75% Notes who convert their 5.75% Notes prior to April 1, 2011, there is no circumstance in which holders could receive cash in addition to the maximum number of shares of common stock issuable upon conversion of the 5.75% Notes.

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If we make at least 10 scheduled semi-annual interest payments, the 5.75% Notes are subject to redemption at the our option at any time on or after April 1, 2013, at a price equal to 100% of the principal amount of the 5.75% Notes to be redeemed, plus accrued and unpaid interest, if any.

The indenture governing the 5.75% Notes contains customary financial reporting requirements and also contains restrictions on mergers and asset sales. The indenture also provides that upon certain events of default, including without limitation failure to pay principal or interest, failure to deliver a notice of fundamental change, failure to convert the 5.75% Notes when required, acceleration of other material indebtedness and failure to pay material judgments, either the trustee or the holders of 25% in aggregate principal amount of the 5.75% Notes may declare the principal of the 5.75% Notes and any accrued and unpaid interest through the date of such declaration immediately due and payable. In the case of certain events of bankruptcy or insolvency relating to our or our significant subsidiaries, the principal amount of the 5.75% Notes and accrued interest automatically becomes due and payable.

Conversion of 5.75% Notes

In 2008, $36.0 million aggregate principal amount of 5.75% Notes, or 24% of the 5.75% Notes originally issued, were converted into Common Stock. We also exchanged an additional $42.2 million aggregate principal amount of Notes, or 28% of the 5.75% Notes originally issued for a combination of Common Stock and cash. We have issued approximately 23.6 million shares of Common Stock and paid a nominal amount of cash for fractional shares in connection with the conversions and exchanges. In addition, the holders whose 5.75% Notes were converted or exchanged received an early conversion make whole amount of approximately $9.3 million representing the next five semi-annual interest payments that would have become due on the converted 5.75% Notes, which was paid from funds in an escrow account maintained for the benefit of the holders of 5.75% Notes. In the exchanges, 5.75% Note holders received additional consideration in the form of cash payments or additional shares of our Common Stock in the amount of approximately $1.1 million to induce exchanges. After these transactions, approximately $71.8 million aggregate principal amount of 5.75% Notes remained outstanding at June 30, 2009.

Common Stock Offering and Share Lending Agreement

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

Pursuant to and upon the terms of the Share Lending Agreement, we will issue and lend the Borrowed Shares to the Borrower as a share loan. The Borrowing Agent also is acting as an underwriter (the “Equity Underwriter”) with respect to the Borrowed Shares, which are being offered to the public. The Borrowed Shares included approximately 32.0 million shares of Common Stock initially loaned by us to the Borrower on separate occasions, delivered pursuant to the Share Lending Agreement and the Underwriting Agreement, and an additional 4.1 million shares of Common Stock that, from time to time, may be borrowed from the Company by the Borrower pursuant to the Share Lending Agreement and the Underwriting Agreement and subsequently offered and sold at prevailing market prices at the time of sale or negotiated prices. The Borrowed Shares are free trading shares. At June 30, 2009, approximately 17.3 million Borrowed Shares remained outstanding.

We did not receive any proceeds from the sale of the Borrowed Shares pursuant to the Share Lending Agreement, and it will not reserve any proceeds from any future sale. The Borrower has received all of the proceeds from the sale of Borrowed Shares pursuant to the Share Lending Agreement and will receive all of the proceeds from any future sale. At our election, the Borrower may remit cash equal to the market value of the corresponding Borrowed Shares instead of returning the Borrowed Shares due back to us as a result of conversions by Note holders. See below.

The Borrowed Shares are treated as issued and outstanding for corporate law purposes, and accordingly, the holders of the Borrowed Shares will have all of the rights of a holder of our outstanding shares, including the right to vote the shares on all matters submitted to a vote of our tockholders and the right to receive any dividends or other distributions that we may pay or makes on our outstanding shares of Common Stock. However, under the Share Lending Agreement, the Borrower has agreed:

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- To pay, within one business day after the relevant payment date, to us n amount equal to any cash dividends that the Company pays on the Borrowed Shares; and

- To pay or deliver to us, upon termination of the loan of Borrowed Shares, any other distribution, in liquidation or otherwise, that we make on the Borrowed Shares.

To the extent the Borrowed Shares we initially lent under the share lending agreement and offered in the Common Stock offering have not been sold or returned to it, the Borrower has agreed that it will not vote any such Borrowed Shares. The Borrower has also agreed under the share lending agreement that it will not transfer or dispose of any Borrowed Shares, other than to its affiliates, unless the transfer or disposition is pursuant to a registration statement that is effective under the Securities Act. However, investors that purchase the shares from the Borrower (and any subsequent transferees of such purchasers) will be entitled to the same voting rights with respect to those shares as any other holder of our Common Stock.

On December 18, 2008, we entered into Amendment No. 1 to Share Lending Agreement with the Borrower and the Borrowing Agent. Pursuant to Amendment No.1, we have the option to request the Borrower to deliver cash instead of returning Borrowed Shares upon any termination of loans at the Borrower's option, at the termination date of the Share Lending Agreement or when the outstanding loaned shares exceed the maximum number of shares permitted under the Share Lending Agreement. The consent of the Borrower is required for any cash settlement, which consent may not be unreasonably withheld, subject to the Borrower's determination of applicable legal, regulatory or self-regulatory requirements or other internal policies. Any loans settled in shares of our Common Stock will be subject to a return fee based on the stock price as agreed by us and the Borrower. The return fee will not be less than $0.005 per share or exceed $0.05 per share.

As a result of this amendment, we believe that, under generally accepted accounting principles in the United States as currently in effect, the approximately 17.3 million Borrowed Shares outstanding at June 30, 2009 under the Share Lending Agreement will be considered outstanding for the purpose of computing and reporting its earnings per share. Prior to this amendment, we did not consider the Borrowed Shares outstanding for the purpose of computing and reporting our earnings per share due to the substantial elimination of the economic dilution due to contractual provisions that otherwise would have resulted from the issuance of the Borrowed Shares.

We evaluated the various embedded derivatives within the Indenture for bifurcation from the 5.75% Notes under the provisions of FASB's Statement of Financial Standards No.133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), Emerging Issues Task Force Issue No. 01-6, "The Meaning of Indexed to a Company's Own Stock" ("EITF 01-6") and Emerging Issues Task Force Issue No. 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock" ("EITF 00-19"). Based upon its detailed assessment, the Company concluded that these embedded derivatives were either (i) excluded from bifurcation as a result of being clearly and closely related to the 5.75% Notes or are indexed to our Common Stock and would be classified in stockholders' equity if freestanding or (ii) the fair value of the embedded derivatives was estimated to be immaterial.

We adopted FSP APB 14-1 on January 1, 2009, and it is applied on a retrospective basis. FSP APB 14-1 calls for a separation of the liability and equity components of the convertible debt instrument. The carrying amount of the liability component is computed by measuring the fair value of a similar liability (including any embedded features other than the conversion option) that does not have an associated equity component. The carrying amount of the equity component is represented by the embedded conversion option by deducting the fair value of the liability component from the initial proceeds ascribed to the convertible debt instrument as a whole. The excess of the principal amount of the liability component over its carrying amount is recorded as debt discount and is amortized to interest cost using the interest method over a period of five years. The adoption of FSP APB 14-1 resulted in a decrease in our long-term debt of approximately $23.1 million; an increase in its stockholders' equity of approximately $28.3 million; and an increase in its net property, plant and equipment of approximately $5.9 million as of December 31, 2008.The adoption of FSP APB 14-1 changed the our full year 2008 Consolidated Statement of Operations, because the gains associated with conversions and exchanges of 5.75% Notes in 2008 were recorded in stockholders' equity prior to adoption of this standard. The adoption of FSP APB 14-1 impacted our Consolidated Statement of Operations for the three and six month periods ended June 30, 2008 by reducing the net loss by approximately $0.2 million. At June 30, 2009 and December 31, 2008, the remaining term for amortization associated with debt discount was approximately 45 and 51 months, respectively. The annual effective interest rate utilized for the amortization of debt discount during the three and six month periods ended June 30, 2009 was 9.14. The interest cost associated with the coupon rate on the 5.75% Notes plus the corresponding debt discount amortized during the three and six month periods ended June 30, 2009, was $2.2 million and $4.4 million, respectively, all of which was capitalized. The carrying amount of the equity and liability component, as of June 30, 2009 and December 31, 2008, is presented below (in thousands):

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	June 30, 2009	December 31, 2008
Equity	$ 54,675	$ 54,675
Liability:		
Principal	71,804	71,804
Unamortized debt discount	(20,847)	(23,134)
Net carrying amount of liability	$ 50,957	$ 48,670

Credit Agreement

On August 16, 2006, we entered into an amended and restated credit agreement with Wachovia Investment Holdings, LLC, as administrative agent and swingline lender, and Wachovia Bank, National Association, as issuing lender, which was subsequently amended on September 29 and October 26, 2006. On December 17, 2007, Thermo Funding was assigned all the rights (except indemnification rights) and assumed all the obligations of the administrative agent and the lenders under the amended and restated credit agreement and the credit agreement was again amended and restated. On December 18, 2008, we entered into a First Amendment to Second Amended and Restated Credit Agreement with Thermo Funding, as lender and administrative agent, to increase the amount available to us under the revolving credit facility from $50 million to $100 million. We have also borrowed an aggregate of $100.0 million under the term loan facility of the credit agreement. In May 2009, $7.5 million of the credit agreement was converted into 10 million shares of our common stock.

To hedge a portion of the interest rate risk with respect to the delayed draw term loans, we entered into a five-year interest rate swap agreement. See "Note 11: Interest rate derivative" of the Notes to the unaudited interim consolidated financial statements in Part I, Item 1 of this Report. Upon the assumption of the credit agreement by Thermo Funding, the interest rate swap agreement was amended to require us to provide collateral in cash and securities equal to

the negative value of the interest rate swap. On December 10, 2008, we terminated the interest rate swap agreement by making a payment of approximately $9.2 million.

On June 19, 2009, Thermo Funding exchanged all of the outstanding secured debt (including accrued interest) owed to it by us under the credit agreement, which totaled approximately $180.2 million, for one share of Series A Convertible Preferred Stock (the "Series A Preferred"), and the credit agreement was terminated. The Series A Preferred includes the following terms:

Liquidation Preference. The Series A Preferred has a $0.01 liquidation preference upon any voluntary or involuntary liquidation, dissolution or winding up of the company.

Dividend Preference. The Series A Preferred has no dividend preference to the Common Stock.

Voting Rights. Subject to the conversion limitation set forth below, Thermo Funding may vote its share of Series A Preferred with holders of our Common Stock, voting as a single class, on an as-converted basis.

Conversion Rights and Limitations. The Series A Preferred is convertible into 126,174,034 shares of Common Stock or any class of nonvoting common stock which we may be authorized to issue in the future. In addition, no Common Stock is issuable upon such conversion if such issuance would cause Thermo Funding and its affiliates to own more than 70% of our outstanding voting stock. If our Board of Directors and stockholders approve the creation of a class of nonvoting common stock in the future, we may issue nonvoting common stock in lieu of common stock to the extent issuing Common Stock would cause Thermo Funding and its affiliates to exceed this 70% ownership level.

Additional Issuances. We may not issue additional shares of Series A Preferred or create any other class or series of capital stock that ranks senior to or on parity with the Series A Preferred without the consent of Thermo Funding.

We determined that the exchange of debt for Series A Preferred was a capital transaction and did not record any gain as a result of this exchange.

Contractual Obligations and Commitments

At June 30, 2009, we have a remaining commitment to purchase a total of $49.4 million of mobile phones, services and other equipment under various commercial agreements with QUALCOMM. We expect to fund this remaining commitment from our working capital, funds generated by our operations, and, if necessary, additional capital from the issuance of equity or debt or a combination thereof. On October 28, 2008, we and QUALCOMM amended our agreement to extend the term for 12 months and defer delivery of mobile phones and related equipment until 2011.

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Effective August 10, 2007 (the "Effective Date"), our board of directors, upon recommendation of the Compensation Committee, approved the concurrent termination of our Executive Incentive Compensation Plan and awards of restricted stock or restricted stock units under our 2006 Equity Incentive Plan to five executive officers (the "Participants"). Each Award Agreement provides that the recipient will receive awards of restricted Common Stock or restricted stock units, which upon vesting, each entitle him to one share of our Common Stock. Total benefits per Participant (valued at the grant date) are approximately $6.0 million, which represents an increase of approximately $1.5 million in potential compensation compared to the maximum potential benefits under the Executive Incentive Compensation Plan. However, the new Award Agreements extend the vesting period by up to two years and provide for payment in shares of Common Stock instead of cash, thereby enabling us to conserve our cash for capital expenditures for the procurement and launch of our second-generation satellite constellation and related ground station upgrades. One of the original five Participants left our employ in January 2009 and agreed to provide consulting services through December 31, 2009. If he fulfills all the terms of the consulting agreement, he will receive all but $750,000 of the original compensation in accordance with a modified vesting schedule.

In November 2006, we and Thales Alenia Space entered into a definitive contract pursuant to which Thales Alenia Space will construct 48 low-earth-orbit satellites in two batches (the first of 25, including a proto-flight model satellite, and the second of 23) for our second-generation satellite constellation. In June 2009, we and Thales Alenia Space France entered into an amended and restated contract for the construction of the second generation satellites to incorporate prior amendments, acceleration requests and make other non-material changes to the contract entered into in November 2006. Under the contract, Thales Alenia Space also will provide launch support services and mission operations support services. We have contracted separately with our Launch Provider for launch services and will do so for launch insurance for the satellites. The total contract price, including subsequent additions, will be approximately €678.9 million, (approximately $936.6 million at a weighted average conversion rate of €1.00 = $1.3797 at June 30, 2009 including approximately €146.8 million which was paid by us in U.S. dollars at a fixed conversion rate of €1.00 = $1.2940. We are also obligated to pay Thales Alenia Space up to $75.0 million in bonus payments depending upon the fulfillment of various conditions, including our cumulative EBITDA exceeding certain projections, Thales Alenia Space's achievement of the specified delivery schedule and satisfactory operation of the satellites after delivery. The approximately €12.4 million ($16.0 million paid by us to Thales Alenia Space pursuant to an Authorization to Proceed dated October 5, 2006, as amended, was credited against payments to be made by us under the contract. We have established and maintained an escrow account with a commercial bank to secure our payment obligations under the contract. The initial escrow deposit was €40.0 million. We and Thales Alenia Space entered into the escrow agreement on December 21, 2006. Upon completion of the Facility agreement, amounts in the escrow account became unrestricted and was reclassed to cash and cash equivalents

In March 2007, we entered into an agreement with Thales Alenia Space for the construction of the Satellite Operations Control Centers, Telemetry Command Units and In Orbit Test Equipment (collectively, the "Control Network Facility") for our second-generation satellite constellation. This agreement complements the second-generation satellite construction contract with Thales Alenia Space for the construction of 48 low-earth orbit satellites and allows Thales Alenia Space to coordinate all aspects of the second-generation satellite constellation project, including the transition of first-generation software and hardware to equipment for the second generation. The total contract price for the construction and associated services is €9.2 million (approximately $13.2 million at a weighted average conversion rate of €1.00 = $1.4336) consisting of €4.1 million for the Satellite Operations Control Centers, €3.1 million for the Telemetry Command Units and €2.0 million for the In Orbit Test Equipment, with payments to be made on a quarterly basis through completion of the Control Network Facility in the first quarter of 2010. We have the option to terminate the contract if excusable delays affecting Thales Alenia Space's ability to perform the contract total six consecutive months or at its convenience. If we terminate the contract, we must pay Thales Alenia Space the lesser of its unpaid costs for work performed by Thales Alenia Space and its subcontractors or payments for the next two quarters following termination. If Thales Alenia Space has not completed the Control Network Facility acceptance review within sixty days of the due date, we will be entitled to certain liquidated damages. Failure to complete the Control Network Facility acceptance review on or before six months after the due date results in a default by Thales Alenia Space,

entitling us to a refund of all payments, except for liquidated damage amounts previously paid or with respect to items where final delivery has occurred. The Control Network Facility, when accepted, will be covered by a limited one-year warranty. The contract contains customary arbitration and indemnification provisions. We have made payments in the amount of approximately €8.2 million (approximately $11.8 million) through June 30, 2009.

In September 2007, we entered into a contract with Arianespace (our "Launch Provider") for the launch of our second-generation satellites and certain pre and post-launch services. Pursuant to the contract, as amended, our Launch Provider will make four firm launches of six satellites each, and up to two replacement launches and one optional launch of six satellites each, not exceed a total of six launches. The total contract price for the first four launches is $216.1 million. The cost for the launch of the first 24 satellites under this contract is included in the estimated $1.29 billion (at a weighted average conversion rate of €1.00=$1.3460) to procure and deploy our second-generation satellite constellation and related gateway upgrades. The anticipated launch windows for

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the first four launches ranges from as early as the first quarter of 2010 through the end of 2010 and the optional launch is available from the first quarter in 2011 through the end of 2013. Prolonged delays due to postponements by us or our Launch Provider may result in adjustments to the payment schedule. On July 5, 2008, we amended our agreement with our Launch Provider for the launch of our second-generation satellites and certain pre and post-launch services. Under the amended terms, we could defer payment on up to 75% of certain amounts due to the Launch Provider. The deferred payments incurred annual interest at 8.5% to 12% and become payable one month before the corresponding launch date. In June 2009, we and the Launch Provider again amended their agreement modifying the agreement in certain respects including cancelling the deferred payment provisions. We paid all deferred payment amounts under to the vendor in July 2009.As of June 30, 2009, we had incurred $26.3 million associated with the launch services contract.

In May 2008, we 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 our satellite gateway ground stations and satellite interface chips to be a part of the User Terminal Subsystem (UTS) in our various next-generation devices. The total contract purchase price of approximately $100.8 million is payable in various increments over a period of 40 months. We have the option to purchase additional RANs and other software and hardware improvements at pre-negotiated prices. As of June 30, 2009, we have made payments in the amount of approximately $5.9 million associated with this contract. We expensed $1.8 million of these payments and capitalized $4.1 million as second-generation ground component.

In October 2008, we signed an agreement with Ericsson, a leading global provider of technology and services to telecom operators. According to the $22.7 million contract, Ericsson will work with us to develop, implement and maintain a ground interface, or core network, system that will be installed at our satellite gateway ground stations. The all Internet protocol (IP) based core network system is wireless 3G/4G compatible and will link our radio access network to the public-switched telephone network (PSTN) and/or Internet. Design of the new core network system is now underway. The agreement represents the final significant ground network infrastructure component for our next-generation of advanced IP-based satellite voice and data services.

Off-Balance Sheet Transactions

We have no material off-balance sheet transactions.

Recently Issued Accounting Pronouncements

The information provided under "Note 1: The Company and Summary of Significant Accounting Policies — Recent Accounting Pronouncements" of the notes to unaudited interim consolidated financial statements in Part I, Item 1 of this Report is incorporated herein by reference.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our services and products are sold, distributed or available in over 120 countries. Our international sales are made primarily in U.S. dollars, Canadian dollars, 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. However, our Facility Agreement requires us to do so on terms reasonably acceptable to the COFACE agent not later than 90 days after the end of any quarter in which more than 25% of our revenue is originally denominated in a single currency other than U.S. or Canadian dollars.

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

Our exposure to fluctuations in currency exchange rates has increased significantly as a result of portions of our contracts for the construction of our second-generation constellation satellite and the related control network facility, which are payable primarily in Euros. A 1.0% decline in the relative value of the U.S. dollar, on the remaining balance related to these contracts of approximately €227.0 million on June 30, 2009, would result in $3.2 million of additional payments. See "Note 3: Property and Equipment" of the unaudited interim consolidated financial statements in Part I, Item 1 of this Report.

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Our interest rate risk arises from our variable rate debt under our Facility Agreement, under which loans bear interest at a floating rate based on the LIBOR. In order to minimize the interest rate risk, we completed an arrangement with the lenders under the Facility Agreement to limit the interest to which we are exposed. The interest rate cap provides limits on the 6 month Libor rate ("Base Rate") used to calculate the coupon interest on outstanding amounts on the Facility Agreement of 4.00% from the date of issuance through December 2012. Thereafter, the Base Rate is 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 then the then 6 month Libor rate. The applicable margin from the base rate

ranges from 2.07% to 2.4% through the termination date of the facility. Assuming that we borrowed the entire $586.3 million under the Facility Agreement, a 1.0% change in interest rates would result in a change to interest expense of approximately $5.9 million annually.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Our management, with the participation of our 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, 2009, the end of the period covered by this Report. The evaluation included certain internal control areas in which we have made and are continuing to make changes to improve and enhance controls. This evaluation was based on the guidelines established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Based on this evaluation, our chief executive officer and chief financial officer concluded that as of June 30, 2009 our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

We believe that the consolidated financial statements included in this Report fairly present, in all material respects, our consolidated financial position and results of operations as of and for the three and six months ended June 30, 2009.

(b) Changes in internal control over financial reporting.

As of June 30, 2009, 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 CEO and CFO concluded that there were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2009, 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

We are involved in certain litigation matters as discussed elsewhere in this Report. For more detailed information on litigation matters outstanding please see Note 9 of the Notes to unaudited interim consolidated financial statements in Part I, Item 1 of this Report. From time to time, we are involved in various other litigation matters involving ordinary and routine claims incidental to our business. Management currently believes that the outcome of these proceedings, either individually or in the aggregate, will not have a material adverse effect on our business, results of operations or financial conditions.

Item 1A. Risk Factors

You should carefully consider the risks described below, as well as all of the information in this Report and our other past and future filings 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 below may adversely affect our business in ways we do not currently anticipate. Our business, financial condition or results of operations could be materially adversely affected by any of these risks.

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Risks Related to Our Business

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

Our indebtedness could adversely affect our financial condition. If the $586.3 million in committed facilities under our Facility Agreement had been drawn fully and our 8% Notes had been outstanding in addition to our 5.75% Notes, at June 30, 2009, our indebtedness would have been $862.7 million. This would have resulted in an annual interest expense of approximately $94.9 million, assuming an interest rate of 11.0%.

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

Our ability to make scheduled payments on or to refinance indebtedness obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to sell assets, seek additional capital or seek to restructure or refinance our indebtedness. These alternative measures may not be successful or feasible. Our Facility Agreement restricts our ability to sell assets. Even if we could consummate those sales, the proceeds that we realize from them may not be adequate to meet any debt service obligations then due.

We have a short operating history. Our predecessor incurred substantial losses. Our operating results have fluctuated, with operating losses in three of the last five years, and may continue to do so.

We acquired the assets of Old Globalstar in December 2003 in a proceeding under the Bankruptcy Code. Prior to that time, Old Globalstar incurred substantial losses, including operating losses of $260.7 million in 2003. Since our acquisition of the Globalstar business, we incurred an operating loss of

$3.5 million in 2004, had operating profits of $21.9 million in 2005 and $15.7 million in 2006, and incurred operating losses of $24.6 million and $57.7 million in 2007 and 2008 respectively. Largely as a result of problems with our two-way communications services, we incurred an operating loss of $35.5 million during the six months ended June 30, 2009. We expect that our operating results will continue to be volatile, at least until we have deployed and placed into service our second-generation satellite constellation.

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

Since the first Old Globalstar satellites were launched in 1998, ten satellites have failed in orbit and have been retired, and we expect others to fail in the future. We consider a satellite "failed" only when it can no longer provide any communications service, and we do not intend to undertake any further efforts to return it to service. Six of these satellite failures have been attributed to anomalies of the S-band antenna. In-orbit failure may result from various causes, including component failure, loss of power or fuel, inability to control positioning of the satellite, solar or other astronomical events, including solar radiation and flares, the quality of construction, gradual degradation of solar panels, the durability of components, and collision with other satellites or space debris. Radiation induced failure of satellite components may result in damage to or loss of a satellite before the end of its currently expected life.

As a result of the issues described above, some of our in-orbit satellites may not be fully functioning at any given time. As discussed below, all of our current satellites launched before 2007 have experienced degradation or failures of some type, mainly of their S-band downlink communications capabilities. Except for the ten satellites that have been decommissioned, this does not impair their ability to continue to support Simplex data transmissions in the L-band, and accordingly, we do not classify them as "failed."

Although we do not incur any direct cash costs related to the failure of a satellite, if a satellite fails, we record an impairment charge reflecting its net book value. There are some remote tools we use to remedy certain types of problems affecting the performance of our satellites, but the physical repair of satellites in space is not feasible. We do not insure our satellites against in-orbit failures, whether such failures are caused by internal or external factors.

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S-band Antenna Amplifier Degradation

The degradation of the S-band antenna amplifier in our satellites launched prior to 2007, has negatively affected our ability to provide two-way voice and data communications at all times and in all locations. The S-band antenna provides the downlink from the satellite to a subscriber's phone or data terminal. Degraded performance of the S-band antenna reduces the call completion rate for two-way voice and data communication between the affected satellites and the subscriber and may reduce the duration of a call. When the S-band antenna on a satellite ceases to be functional, two-way communication is impossible over that satellite, but not for simplex service and over the constellation as a whole. The root cause of the degradation in performance of the S-band antenna amplifiers is unknown, although we believe it may result from the satellites being exposed to radiation over their life in orbit. The S-band antenna amplifier degradation does not affect adversely our one-way Simplex data transmission services, which utilize only the L-band uplink from a subscriber's Simplex terminal to the satellites.

In the past, we have reconfigured our constellation and placed less impaired satellites into key orbital positions to maximize our capacity and quality of service. We will continue to do this. We forecast the time and duration of two-way service coverage at any particular location in our service area, and we have made this information available without charge to our customers and service providers, including our wholly owned operating subsidiaries, value added resellers, and IGO's, so that they may work with their subscribers to reduce the impact of the service interruptions in their respective service areas. Nonetheless, we expect the S-band antenna amplifier degradation to continue as our satellites age in orbit. Substantially all of our in-orbit satellites launched prior to 2007 have ceased to be able to provide two-way communications as a result of this degradation.

Accordingly, as the number of in-orbit satellites (other than the eight spare satellites launched in 2007) with properly functioning S-band antenna amplifiers has decreased, even with optimized placement in orbit of the eight spare satellites, increasingly larger coverage gaps have occurred and will continue to occur over areas in which we have provided two-way communications service. This has materially adversely affected our ability to attract new subscribers and maintain our existing subscribers for our two-way communications services, equipment sales of two-way communication devices, retail average revenue per unit, or ARPU, and our results of operations and is likely to have a further material adverse effect on each of these in the future. If our subscriber base declines, our ability to attract and retain subscribers at higher rates when our second-generation constellation is placed in service may be affected adversely.

During the first six months of 2009, our ARPU decreased by 36% to $24.44 from $38.36 for the same period in 2008. In addition, our service revenue declined from $32.7 million to $23.7 million. We believe that customer reaction to the S-band antenna amplifier degradation and our related price reductions have been the primary causes of the reductions in service revenue. If we are unable to maintain our customer base for two-way communications service, our business and profitability may be further materially and adversely affected. In addition, after our second-generation satellite constellation becomes operational, we may face challenges in maintaining our current subscriber base for two-way communications service because we plan then to increase prices, consistent with market conditions, to reflect our improved two-way service and coverage.

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

The FCC licenses us to use a portion of our spectrum to provide ATC services in the United States in combination with our existing communication services. If we can integrate ATC services with our existing business, which will require us to make satisfactory arrangements with terrestrial wireless or other communications service providers, we will be able to use the spectrum currently licensed to us to provide an integrated telecommunications offering incorporating both our satellite and ground station system and a terrestrial-based cellular-like system. If successful, this will allow us to address a broader market for our products and services, thereby increasing our revenue and profitability and the value of our business. However, neither we nor any other company has yet successfully integrated a commercial ATC service with satellite services, and we may be unable to do so.

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

We have entered into an ATC lease agreement with Open Range Communications Inc. We may not be able to establish additional arrangements to exploit our ATC authority at all or on favorable terms and, if such arrangements are established, the other parties may not fulfill their obligations. If we are unable to form additional suitable partnerships or enter into service contracts, joint venture agreements or additional leases, we may not be able to capitalize fully on our plan to deploy ATC services, which would limit our ability to expand our business and reduce our revenues and profitability, and adversely affect the value of our ATC license. In addition, in such event we will lose any resources we have invested in developing ATC services, which may be substantial.

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The FCC rules governing ATC are relatively new and are subject to interpretation. The scope of ATC services that we will be permitted and required to provide under our existing FCC license is unclear and we may be required to seek additional amendments to our ATC license to execute our business plan. The FCC's rules require ATC service providers to demonstrate that their mobile satellite and ATC services satisfy certain gating criteria, such as constituting an "integrated service offering," and maintain at least one in-orbit spare satellite. The FCC reserves the right to rescind ATC authority if the FCC determines that a licensee has failed to provide an "integrated service offering" or to comply with other gating criteria. It is therefore possible that we could lose our existing or future ATC authority, in which case we could lose all or much of our investment in developing ATC services, as well as future revenues from such services.

The development and operation of our ATC system may also infringe on unknown and unidentified intellectual property rights of other persons, which could require us to modify our business plan, thereby increasing our development costs and slowing our time to market. If we are unable to meet the regulatory requirements applicable to ATC services or develop or acquire the required technology, we may not be able to realize our plan to offer ATC services, which would decrease our revenues and profitability.

We have decided to register our second generation satellite constellation with the International Telecommunication Union (the ITU) through France rather than the United States. The French radiofrequency spectrum regulatory agency, ANFR, submitted the technical papers to the ITU on our behalf in July 2009. As with the first generation constellation, we will be required to coordinate our spectrum assignments with other companies that use any portion of our spectrum bands. We cannot predict how long the coordination process will take; however, we are able to use the frequencies during the coordination process in accordance with our national licenses.

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

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

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

- the level of market acceptance and demand for all of our services;
- our ability to introduce new products and services that meet this market demand;
- our ability to retain our existing voice and duplex data customers until we have launched our second-generation satellite constellation;
- our ability to obtain additional business using our existing spectrum resources both in the United States and internationally;
- our ability to control the costs of developing an integrated network providing related products and services;
- our ability to market successfully our new Simplex products and services, especially our SPOT satellite messenger products and services;
- our ability to develop and deploy innovative network management techniques to permit mobile devices to transition between satellite and terrestrial modes;
- our ability to limit the effects of further degradation of, and to maintain the capacity and control of, our existing satellite network;
- our ability to sell the equipment inventory on hand and under commitment to purchase from QUALCOMM;
- our ability to complete the construction, delivery and launch of our second-generation satellites and, once launched, our ability to maintain their health, capacity and control;
- the effectiveness of our competitors in developing and offering similar products and services and in persuading our customers to switch service providers; and

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- with the addition of our retail product line, general economic conditions that affect consumer discretionary spending and consumer confidence, which have declined sharply in the current recession.

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

on a number of factors.

As a result of the factors described above, our customers currently are unable to access our two-way communications service at all times and places. Our ability to generate revenue and positive cash flow, at least until our second- generation satellite constellation is deployed and begins to generate revenue, will depend upon several factors, including:

- whether we can maintain a sufficient number of our existing two-way communications service customers;
- whether we can introduce successfully new product and service offerings; and
- whether we can continue to compete successfully against other mobile satellite service providers.

Our ability to generate revenue and cash flow has been adversely impacted by our need to reduce our prices for two-way communications services as we seek to maintain our customer base in the face of the challenges to our two-way services. We have implemented a new pricing strategy in the United States and Canada designed to stem further diminution of revenue from two-way services described above. Further, our business plan and our ability to return to profitability assume that we will be able to deploy successfully our second-generation satellite constellation. In order to do so, we are dependent on third parties, such as Thales Alenia Space and our Launch Provider, to build and launch our satellites. The construction of these satellites is technically complex and subject to construction and delivery delays that could result from a variety of causes, including the failure of third-party vendors to perform as anticipated and changes in the technical specifications of the satellites. Although we have entered into contracts with Thales Alenia Space that anticipate launch of our second-generation satellites beginning in the first quarter of 2010 into late 2010, and we have arranged with Thales Alenia Space for acceleration of a portion of the initial 24 satellites by up to four months, there can be no assurance that the delivery of these satellites will be timely. We have not arranged an alternative source if Thales Alenia Space is unable or unwilling to fulfill these contracts. If Thales Alenia Space fails to deliver these initial satellites in a timely manner, our ability to meet our projected launch schedule would be materially adversely affected, and our operations and business plan, which assume a functioning second-generation satellite constellation by 2010, would be materially adversely affected.

We have filed an application with the FCC to modify our constellation license to take account of the technical improvements in our second-generation satellites and to change our approved orbital configuration. If the FCC were not to grant our application as filed, we might not be able to re-establish our duplex services as soon as planned.

A significant delay in placing our new satellites into commercial service will have a material adverse affect in our operations and financial condition which may cause us to receive additional financing. Furthermore, we may not be able to obtain additional financing on favorable terms, or at all.

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

For each of the six months ended June 30, 2009 and 2008, we derived approximately 95% and 87% of our revenue from products and services sold through independent agents, dealers and resellers, including, outside the United States, independent gateway operators. If these third parties are unable to market our products and services successfully, our revenue and profitability may decrease.

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

Although we derive most of our revenue from retail sales to end users in the United States, Canada, a portion of Western Europe, Central America and the northern portion of South America, either directly or through agents, dealers and resellers, we depend on independent gateway operators to purchase, install, operate and maintain gateway equipment, to sell phones and data user terminals, and to market our services in other regions where these independent gateway operators hold exclusive or non-exclusive rights. Not all of the independent gateway operators have been successful and, in some regions, they have not initiated service or sold as much usage as originally anticipated. Some of the independent gateway operators are not earning revenues sufficient to fund their operating costs. If they are unable to continue in business, we will lose the revenue we receive for selling equipment to them and providing services to their customers. Although we have implemented a strategy for the acquisition of certain independent gateway

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operators when circumstances permit, we may not be able to continue to implement this strategy on favorable terms and may not be able to realize the additional efficiencies that we anticipate from this strategy. In some regions it is impracticable to acquire the independent gateway operators either because local regulatory requirements or business or cultural norms do not permit an acquisition, because the expected revenue increase from an acquisition would be insufficient to justify the transaction, or because the independent gateway operator will not sell at a price acceptable to us. In those regions, our revenue and profits may be adversely affected if those independent gateway operators do not fulfill their own business plans to increase substantially their sales of services and products.

Our success in generating sufficient cash from operations to fund a portion of the cost of our second-generation satellite constellation will depend on the market acceptance and success of our current and future products and services, which may not occur.

In 2007, we launched new products to expand the scope of our Simplex services. On November 1, 2007, we introduced the SPOT satellite messenger, aimed at both recreational and commercial customers who require personal tracking, emergency location and messaging solutions that operate beyond the range of traditional terrestrial and wireless communications.

We plan on introducing additional Duplex and Simplex products and services. However, we cannot predict with certainty the potential longer term demand for these products and services or the extent to which we will be able to meet demand. Our business plan assumes growing our Duplex subscriber base beyond levels achieved in the past, rapidly growing our Simplex subscriber base and returning the business to profitability. However, we may not be able to generate sufficient positive cash flow from our operations to enable us to fund a portion of the cost of our second-generation satellite constellation. Among other things, end user acceptance of our Duplex and Simplex will depend upon:

- the actual size of the addressable market;

- our ability to provide attractive service offerings at competitive prices to our target markets;
- the cost and availability of user equipment, including the data modems that operate on our network;
- the effectiveness of our competitors in developing and offering alternate technologies or lower priced services; and
- general and local economic conditions, which have been adversely affected by the current recession.

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

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

We have incurred substantial contractual obligations.

As of June 30, 2009, we had aggregate contractual obligations of over $1.29 billion (a substantial portion of which is denominated in Euros) related to the procurement and deployment of our second-generation satellite constellation and related ground installations, the purchase of mobile phones and related equipment and other contractual obligations. The nature of these purchases requires us to enter into long-term fixed price contracts. We could cancel some of these purchase commitments, subject to the incurrence of specified cancellation penalties. We believe we currently have most of the funds necessary to fulfill these purchase commitments and may need to access additional funds through debt and equity issuances.

In addition, our cost of services is comprised primarily of network operating costs, which are generally fixed in nature. Accordingly, we are generally unable to adjust our operating costs or capital expenditures to match fluctuations in our revenue.

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

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

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

The hardware and software we utilize in operating our gateways were designed and manufactured over 10 years ago and portions are becoming obsolete. We have contracted to replace the hardware and software beginning in 2011; however the original equipment may become less reliable as it ages and will be more difficult and expensive to service. Although we maintain inventories of spare parts, it nonetheless may be difficult or impossible to obtain all necessary replacement parts for the hardware before the new equipment and software is fully deployed. We expect to face competition in the future from companies using new technologies and new satellite systems. The space and communications industries are subject to rapid advances and innovations in technology. New technology could render our system obsolete or less competitive by satisfying consumer demand in more attractive ways or through the introduction of incompatible standards. Particular technological developments that could adversely affect us include the deployment by our competitors of new satellites with greater power, greater flexibility, greater efficiency or greater capabilities, as well as continuing improvements in terrestrial wireless technologies. We have had to commit, and must continue to commit, to make significant capital expenditures to keep up with technological changes and remain competitive. Customer acceptance of the services and products that we offer will continually be affected by technology-based differences in our product and service offerings. New technologies may be protected by patents and therefore may not be available to us.

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

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

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

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

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

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

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An FCC decision to license a second CDMA operator in our band, or to take other steps that would reduce our existing spectrum allocation or impose additional spectrum sharing agreements on us, could adversely affect our services and operations.

Under the FCC's plan for mobile satellite services in our frequency bands, we must share frequencies in the United States with other licensed mobile satellite services operators. To date, there are no other authorized CDMA-based mobile satellite services operators and no pending applications for authorization. However the FCC or other regulatory authorities may require us to share spectrum with other systems that are not currently licensed by the United States or any other jurisdiction. The FCC's decision to reduce the number of channels we have available in our L-band may impair our ability to grow over the long term.

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

Our business plan may include forming strategic partnerships to maximize value for our spectrum, network assets and combined service offerings in the United States and internationally. Value that we may be able to realize from such partnerships will depend in part on the value ascribed to our spectrum. Valuations of spectrum in other frequency bands historically have been volatile, and we cannot predict at what amount a future partner may be willing to value our spectrum and other assets. In addition, to the extent that the FCC takes action that makes additional spectrum available or promotes the more flexible use or greater availability (e.g., via spectrum leasing or new spectrum sales) of existing satellite or terrestrial spectrum allocations, the availability of such additional spectrum could reduce the value of our spectrum authorizations and business.

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

Satellite-based Competitors

There are currently four other satellite operators providing services similar to ours on a global or regional basis: Iridium, Inmarsat and its subsidiary ACeS, SkyTerra, and Thuraya. In addition, ICO Global Communications (Holdings) Limited launched a satellite in 2008, TerreStar Corporation launched a satellite in 2009 and SkyTerra plan to launch their new satellites in the next year. The provision of satellite-based products and services is subject to downward price pressure when the capacity exceeds demand.

Although we believe there is currently no commercially available product comparable in size, price and functionality to our SPOT satellite messenger, other providers of satellite-based products could introduce their own similar products if the SPOT satellite messenger is successful, which may materially adversely affect our business plan. In addition, we may face competition from new competitors or new technologies. With so many companies targeting many of the same customers, we may not be able to retain successfully our existing customers and attract new customers and as a result may not grow our customer base and revenue.

Terrestrial Competitors

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

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

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ATC Competitors

We also expect to compete with a number of other satellite companies that plan to develop ATC integrated networks. For example, SkyTerra and ICO Global have received licenses from the FCC to operate an ATC network. Other competitors are expected to seek approval from the FCC to operate ATC services. Any of these competitors could offer an integrated satellite and terrestrial network before we do, could combine with terrestrial networks that provide them with greater financial or operational flexibility than we have, or could offer an ATC network that customers prefer over ours.

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

We may lose customers due to competition, consolidation, regulatory developments, business developments affecting our customers or their customers, the constellation degradation or for other reasons. Our top 10 customers for the six months ended June 30, 2009 and 2008 accounted for, in the aggregate, approximately 10% and 11% of our total revenues of $30.9 million and $45.1 million, respectively. For the six months ended June 30, 2009 and 2008, revenues from our largest customer were $0.5 million or 2%, and $0.9 million or 2% of our total revenues, respectively. If we fail to maintain our relationships with our major customers, if we lose them and fail to replace them with other similar customers, or if we experience reduced demand from our major customers, our profitability could be significantly reduced through the loss of these revenues. In addition, we may be required to record additional costs to the extent that amounts due from these customers become uncollectible. More generally, our customers may fail to renew or may cancel their service contracts with us, which could negatively affect future revenues and profitability.

Our customers include multiple agencies of the U.S. government. Service sales to U.S. government agencies constituted approximately 7% and 13% of our total service revenue for the six months ended June 30, 2009 and 2008, respectively. Government sales are made pursuant to individual purchase orders placed from time to time by the governmental agencies and are not related to long-term contracts. U.S. government agencies may terminate their business with us at any time without penalty and are subject to changes in government budgets and appropriations.

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

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

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

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

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

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

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

Our business depends on technical knowledge, and we believe that our future success is based, in part, on our ability to keep up with new technological developments and incorporate them in our products and services. We own or have the right to use our patents, work products, inventions, designs, software, systems and similar know-how. Although we have taken diligent steps to protect that information, the information may be disclosed to others or others may independently develop similar information, systems and know-how. Protection of our information, systems and know-how may result in litigation, the cost of which could be substantial. Third parties may assert claims that our products or services infringe on their proprietary rights. Any such claims, if made, may prevent or limit our sales of products or services or increase our costs of sales. Thus far, two companies have filed lawsuits against us for allegedly infringing with their patent rights. See "Item 1—Legal Proceedings." Additional claims could be made in the future.

We license much of the software we require to support critical gateway operations from third parties, including QUALCOMM and Space Systems/Loral Inc. This software was developed or customized specifically for our use. We also license software to support customer service functions, such as billing, from third parties which developed or customized it specifically for our use. If the third party licensors were to cease to support and service the software, or the licenses were to no longer be available on commercially reasonable terms, it may be difficult, expensive or impossible to obtain such services from alternative vendors. Replacing such software could be difficult, time consuming and expensive, and might require us to obtain substitute technology with lower quality or performance standards or at a greater cost.

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

Although our most economically important geographic markets currently are the United States and Canada, we have substantial markets for our mobile satellite services in, and our business plan includes, developing countries or regions that are underserved by existing telecommunications systems, such as rural Venezuela, Brazil and Central America. Developing countries are more likely than industrialized countries to experience market, currency and

interest rate fluctuations and may have higher inflation. In addition, these countries present risks relating to government policy, price, wage and exchange controls, social instability, expropriation and other adverse economic, political and diplomatic conditions.

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

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

Our operations involve transactions in a variety of currencies. Sales denominated in foreign currencies primarily involve the Canadian dollar and the Euro. A substantial majority of our obligations are denominated in Euros. Accordingly, our operating results may be significantly affected by fluctuations in the exchange rates for these currencies, and increases in the value of the Euro compared to the U.S. dollar have effectively substantially increased the Euro-denominated costs of procuring our second-generation satellite constellation and related ground facilities. Further declines in the dollar will exacerbate this problem. A 1% decline in the dollar vis-à-vis the Euro would increase our committed purchase obligations by approximately $5.9 million. Approximately 36% and 37% of our total sales were to retail customers in Canada, Europe, Venezuela and Brazil (which we added in the first quarter of 2008) during 2008 and 2007, respectively. Our results of operations for 2008 and 2007 reflected losses of $4.5 million and $8.2 million, respectively, on foreign currency transactions. Our exposure to fluctuations in currency exchange rates has increased significantly as a result of our satellite contracts. We may be unable to offset unfavorable currency movements as they adversely affect our revenue and expenses or to hedge them effectively. Our inability to do so could have a substantial negative impact on our operating results and cash flows.

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

We operate in various foreign tax jurisdictions. We believe that we have complied in all material respects with our obligations to pay taxes in these jurisdictions. However, our position is subject to review and possible challenge by the taxing authorities of these jurisdictions. If the applicable taxing authorities were to challenge successfully our current tax positions, or if there were changes in the manner in which we conduct our activities, we could become subject to material unanticipated tax liabilities. We may also become subject to additional tax liabilities as a result of changes in tax laws, which could in certain circumstances have a retroactive effect. As a result of our acquisition of an independent gateway operator in Brazil during 2008, we are exposed to potential pre-acquisition tax liabilities estimated at approximately $11.1 million, for which we are fully indemnified by the seller. We may also be exposed to potential pre-acquisition liabilities for which we may not be fully indemnified by the seller or the seller may fail to perform its indemnification obligations.

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

We depend on QUALCOMM as the exclusive manufacturer of phones using the IS 41 CDMA North American standard, which incorporates QUALCOMM proprietary technology. QUALCOMM may terminate its business relationship with us when its current contractual obligations are completed in approximately two years. In addition, we currently have a maintenance and support contract with QUALCOMM that ends in 2009. If QUALCOMM terminates any one of these relationships, we may not be able to find a replacement supplier or perform the maintenance and support ourselves. Although we have contracted with Hughes and Ericsson to provide new hardware and software for our ground component, there could be a substantial period of time in which their products or services are not available and QUALCOMM no longer supports its products and services.

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

Pursuing strategic transactions may cause us to incur additional risks.

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

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

Restrictive covenants in our Facility Agreement impose restrictions that may limit our operating and financial flexibility.

Our Facility Agreement contains a number of significant restrictions and covenants that limit our ability to:

- incur or guarantee additional indebtedness;
- pay dividends or make distributions to our stockholders;
- make investments, acquisitions or capital expenditures;
- repurchase or redeem capital stock or subordinated indebtedness;

- grant liens on our assets;
- incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us;
- enter into transactions with our affiliates;
- merge or consolidate with other entities or transfer all or substantially all of our assets; and

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- transfer or sell assets.

Complying with these restrictive covenants, as well as the financial covenants in the Facility Agreement and those that may be contained in any agreements governing future indebtedness, may impair our ability to finance our operations or capital needs or to take advantage of other favorable business opportunities. Our ability to comply with these covenants will depend on our future performance, which may be affected by events beyond our control. If we violate any of these covenants and are unable to obtain waivers, we would be in default under the agreement and payment of the indebtedness could be accelerated. The acceleration of our indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross-default or cross-acceleration provisions. If our indebtedness is accelerated, we may not be able to repay our indebtedness or borrow sufficient funds to refinance it. Even if we are able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to us. If our indebtedness is in default for any reason, our business, financial condition and results of operations could be materially and adversely affected. In addition, complying with these covenants may also cause us to take actions that are not favorable to holders of the common stock and may make it more difficult for us to successfully execute our business plan and compete against companies who are not subject to such restrictions. Furthermore, our ability to draw on our credit facility is subject to conditions, including that no default is continuing or would be likely to result from a proposed plan.

Risks Related to Our Common Stock

Recessionary indicators and continued volatility in global economic conditions and the financial markets have adversely affected and may continue to affect adversely sales of our SPOT satellite messenger.

The volatility and disruption to the financial markets has reached unprecedented levels and has significantly adversely impacted global economic conditions. As a result, consumer confidence and demand have declined substantially. These conditions could lead to further reduced consumer spending in the foreseeable future, especially for discretionary travel and related products. A substantial portion of the potential addressable market for our SPOT satellite messenger products and services relates to recreational users, such as mountain climbers, campers, kayakers, sport fishermen and wilderness hikers. These potential customers may reduce their activities due to economic conditions, which could adversely affect our business, financial condition, results of operations and liquidity. These disruptions have had and may continue to have a material adverse effect on the market price of our Common Stock.

Failure to satisfy NASDAQ Global Select Market listing requirements may result in our common stock being removed from listing on the NASDAQ Global Select Market.

Our Common Stock is currently listed on the NASDAQ Global Select Market under the symbol “GSAT.” For continued inclusion on the NASDAQ Global Select Market, we must generally maintain, among other requirements, either (a) stockholders’ equity of at least $10 million, a minimum closing bid price of $1.00 per share and a market value of our public float of at least $5 million; or (b) market capitalization of at least $50 million, a minimum closing bid price of $1.00 per share and a market value of our public float of at least $15 million. If we fail to meet the minimum closing bid price or the minimum market value standards described above for at least 30 consecutive trading days, our Common Stock could be at risk of being removed from listing on the NASDAQ Global Select Market. If our Common Stock were removed from listing on the NASDAQ Global Select Market, our Common Stock may be transferred to the NASDAQ Capital Market if we satisfy the listing criteria for the NASDAQ Capital Market, or trading of our Common Stock may be conducted in the over-the-counter market in the so-called “pink sheets” or, if available, the National Association of Securities Dealer’s “Electronic Bulletin Board.” Consequently, broker-dealers may be less willing or able to sell and/or make a market in our Common Stock, which may make it more difficult for shareholders to dispose of, or to obtain accurate quotations for the price of, our Common Stock. Removal of our Common Stock from listing on the NASDAQ Global Select Market may also make it more difficult for us to raise capital through the sale of our securities.

In addition, if our Common Stock is not listed on a U.S. national stock exchange, such as NASDAQ, or approved for quotation and trading on a national automated dealer quotation system or established automated over-the-counter trading market, holders of our 5.75% Convertible Senior Notes and our 8% Convertible Senior Unsecured Notes will have the option to require us to repurchase the Notes, which we may not have sufficient financial resources to do.

We do not expect to pay dividends on our common stock in the foreseeable future.

We do not expect to pay cash dividends on our common stock. Any future dividend payments are within the discretion of our board of directors and will depend on, among other things, our results of operations, working capital requirements, capital expenditure requirements, financial condition, contractual restrictions, business opportunities, anticipated cash needs, provisions of applicable law and other factors that our board of directors may deem relevant. We may not generate sufficient cash from operations in the future to pay dividends on our common stock. Our Facility Agreement currently prohibits the payment of cash dividends.

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The market price of our common stock is volatile and there is a limited market for our shares.

The trading price of our common stock is subject to wide fluctuations. Factors affecting the trading price of our common stock may include:

- actual or anticipated variations in our operating results;
- further failure in the performance of our current or future satellites or a delay in the launch of our second-generation satellites;
- changes in financial estimates by research analysts, or any failure by us to meet or exceed any such estimates, or changes in the recommendations of any research analysts that elect to follow our common stock or the common stock of our competitors;
- actual or anticipated changes in economic, political or market conditions, such as recessions or international currency fluctuations;
- actual or anticipated changes in the regulatory environment affecting our industry;
- actual or anticipated sales of common stock by our controlling stockholder or others;
- changes in the market valuations of our industry peers; and
- announcements by us or our competitors of significant acquisitions, strategic partnerships, divestitures, joint ventures or other strategic initiatives.

The trading price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. You may be unable to resell your shares of our common stock at or above the initial purchase price. Additionally, because we are a controlled company there is a limited market for our common stock and we cannot assure you that a trading market will develop further or be maintained.

Trading volume for our common stock historically has been low. Sales of significant amounts of shares of our common stock in the public market could lower the market price of our stock.

The future issuance of additional shares of our common stock could cause dilution of ownership interests and adversely affect our stock price.

We may in the future issue our previously authorized and unissued securities, resulting in the dilution of the ownership interests of our current stockholders. We are currently authorized to issue 800 million shares of common stock, of which approximately 141.2 million were issued and outstanding as of June 30, 2009 and 658.8 million were available for future issuance, of which approximately 197.7 million shares are reserved for specific future issuances. The potential issuance of such additional shares of common stock, whether directly or pursuant to any conversion right of any convertible securities, may create downward pressure on the trading price of our common stock. We may also issue additional shares of our common stock or other securities that are convertible into or exercisable for common stock for capital raising or other business purposes. Future sales of substantial amounts of common stock, or the perception that sales could occur, could have a material adverse effect on the price of our common stock.

We have issued and may issue shares of preferred stock or debt securities with greater rights than our common stock.

Subject to the rules of The NASDAQ Global Select Market, our certificate of incorporation authorizes our board of directors to issue one or more series of preferred stock and set the terms of the preferred stock without seeking any further approval from holders of our common stock. Currently, there are 100 million shares of preferred stock authorized and one share of Series A Convertible Preferred Stock issued which has a $0.01 liquidity preference and is convertible into shares of Common Stock. Any preferred stock that is issued may rank ahead of our common stock in terms of dividends, priority and liquidation premiums and may have greater voting rights than holders of our common stock.

If persons engage in short sales of our common stock, the price of our common stock may decline.

Selling short is a technique used by a stockholder to take advantage of an anticipated decline in the price of a security. A significant number of short sales or a large volume of other sales within a relatively short period of time can create downward pressure on the market price of a security. Further sales of common stock could cause even greater declines in the price of our common stock due to the number of additional shares available in the market, which could encourage short sales that could further undermine the value of our common stock. Holders of our securities could, therefore, experience a decline in the value of their investment as a result of short sales of our common stock.

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Provisions in our charter documents and credit agreement and provisions of Delaware law may discourage takeovers, which could affect the rights of holders of our common stock.

Provisions of Delaware law and our amended and restated certificate of incorporation, amended and restated bylaws and our Facility Agreement and indentures could hamper a third party's acquisition of us or discourage a third party from attempting to acquire control of us. These provisions include:

- the absence of cumulative voting in the election of our directors, which means that the holders of a majority of our common stock may elect all of the directors standing for election;
- the ability of our board of directors to issue preferred stock with voting rights or with rights senior to those of the common stock without any further vote or action by the holders of our common stock;
- the division of our board of directors into three separate classes serving staggered three-year terms;
- the ability of our stockholders, at such time when Thermo does not own a majority of our outstanding capital stock entitled to vote in the election of directors, to remove our directors only for cause and only by the vote of at least $66^{2}/_{3}$% of the outstanding shares of capital stock entitled to vote in the election of directors;
- prohibitions, at such time when Thermo does not own a majority of our outstanding capital stock entitled to vote in the election of directors, on our stockholders acting by written consent;

- prohibitions on our stockholders calling special meetings of stockholders or filling vacancies on our board of directors;

- the requirement, at such time when Thermo does not own a majority of our outstanding capital stock entitled to vote in the election of directors, that our stockholders must obtain a super-majority vote to amend or repeal our amended and restated certificate of incorporation or bylaws;

- change of control provisions in our Facility Agreement, which provide that a change of control will constitute an event of default and, unless waived by the lenders, will result in the acceleration of the maturity of all indebtedness under the credit agreement;

- change of control provisions relating to our 5.75% Convertible Senior Notes and 8% Convertible Senior Unsecured Notes, which provide that a change of control will permit holders of the Notes to demand immediate repayment; and

- change of control provisions in our 2006 Equity Incentive Plan, which provide that a change of control may accelerate the vesting of all outstanding stock options, stock appreciation rights and restricted stock.

We also are subject to Section 203 of the Delaware General Corporation Law, which, subject to certain exceptions, prohibits us from engaging in any business combination with any interested stockholder, as defined in that section, for a period of three years following the date on which that stockholder became an interested stockholder. This provision does not apply to Thermo, which became our principal stockholder prior to our initial public offering.

These provisions also could make it more difficult for you and our other stockholders to elect directors and take other corporate actions, and could limit the price that investors might be willing to pay in the future for shares of our common stock.

We are controlled by Thermo, whose interests may conflict with yours.

As of June 30, 2009, Thermo owned approximately 53% of our outstanding common stock. Additionally, Thermo owns Series A Preferred Stock, warrants and 8.00% Notes that may be converted into or exercised for additional shares of Common Stock. Thermo is able to control the election of all of the members of our board of directors and the vote on substantially all other matters, including significant corporate transactions such as the approval of a merger or other transaction involving our sale.

We have depended substantially on Thermo to provide capital to finance our business. In 2006 and 2007, Thermo Funding purchased an aggregate of $200 million of our Common Stock at prices substantially above market. On December 17, 2007, Thermo Funding assumed all of the obligations and was assigned all of the rights (other than indemnification rights) of the administrative agent and the lenders under our amended and restated credit agreement. In connection with fulfilling the conditions precedent to our Facility Agreement, in June 2009, Thermo agreed to convert the loans outstanding under the credit agreement into equity and terminate the credit agreement. In addition, Thermo and its affiliates deposited $60.0 million in a contingent equity account to fulfill a condition precedent for borrowing under the Facility Agreement, purchased $11.4 million of our 8% Notes, and loaned us $25.0 million to fund our debt service reserve account under the Facility Agreement.

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Thermo is controlled by James Monroe III, our chairman. Through Thermo, Mr. Monroe holds equity interests in, and serves as an executive officer or director of, a diverse group of privately-owned businesses not otherwise related to us. Although Mr. Monroe receives no compensation from us, he has advised us that he intends to devote whatever portion of his time is necessary to perform his duties as our chairman. We do reimburse Thermo and Mr. Monroe for certain expenses they incur in connection with our business.

The interests of Thermo may conflict with the interests of our other stockholders. Thermo may take actions it believes will benefit its equity investment in us or loans to us even though such actions might not be in your best interests as a holder of our common stock.

As a "controlled company," as defined in the NASDAQ Marketplace Rules, we qualify for, and rely on, exemptions from certain corporate governance requirements.

Thermo owns Common Stock representing more than a majority of the voting power in election of our directors. As a result, we are considered a "controlled company" within the meaning of the corporate governance standards in the NASDAQ Marketplace Rules. Under these rules, a "controlled company" may elect not to comply with certain corporate governance requirements, including the requirement that a majority of its board of directors consist of independent directors, the requirement that it have a nominating/corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities and the requirement that it have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities. We have elected to be treated as a controlled company and thus utilize these exemptions. As a result, we do not have a majority of independent directors nor do we have compensation and nominating/corporate governance committees consisting entirely of independent directors. Accordingly, you do not have the same protection afforded to stockholders of companies that are subject to all of the NASDAQ Marketplace corporate governance requirements.

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

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

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

The pre-emptive rights offering will be made pursuant to a registration statement filed with, and potentially reviewed by, the SEC. After giving effect to waivers that we have already received, up to 785,328 shares of our Common Stock may be purchased if the pre-emptive rights offering is fully subscribed. Such shares may be purchased at approximately $16.17 per share, regardless of the trading price of our Common Stock. The nature of the pre-emptive rights offering may negatively affect the trading price of our Common Stock.

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Item 4. Submission of Matters to a Vote of Security Holders

After approval of certain transactions by our Board of Directors, on June 24, 2009 we obtained written consent of these actions from affiliates of James Monroe III, our principal stockholder, who collectively held 76,405,771 shares of our common stock, representing the right to vote approximately 54% of the total issued and outstanding shares on that date. We were required to obtain stockholder approval in compliance with Nasdaq Stock Market Listing Rules. These resolutions:

1. Approved the issuance of $55 million aggregate principal amount of our 8% Convertible Senior Unsecured Notes, the issuance of additional Notes and shares of Common Stock to pay interest on the Notes, the issuance of Common Stock issuable upon conversion of the Notes, the issuance to purchasers of the Notes of warrants to purchase 15,277,771 shares of Common Stock, and the issuance of Common Stock upon the exercise of the warrants, all in accordance with the terms of the Indenture dated as of April 15, 2008 between the Company and U.S. Bank, National Association, as trustee, as supplemented by the Second Supplemental Indenture dated June 19, 2009 between the Company and U.S. Bank, National Association, as trustee, and the warrants issued on June 19, 2009, as applicable.
2. Approved the issuance of one share of our Series A Convertible Preferred Stock, convertible into 126,174,034 shares of Common Stock (or, if a class of nonvoting common stock is created in the future, shares of nonvoting common stock) to Thermo Funding in exchange for the full amount of $180,176,520.30 in secured debt (including accrued interest) outstanding under the Second Amended and Restated Credit Agreement by and between us and Thermo Funding dated as of December 17, 2007, as amended.
3. Approved the issuance to Thermo Funding of shares of Common Stock at a price that is 80% of the then-current market price in exchange for funds drawn by us, if any, under the $60 million contingent equity facility provided by Thermo Funding pursuant to the Contingent Equity Agreement between us and Thermo Funding dated as of June 19, 2009, as required by the Accounts Agreement between us, Thermo Funding and BNP Paribas dated as of June 5, 2009.
4. Approved the issuance to Thermo Funding of warrants to purchase Common Stock (or, if such a class of stock is created in the future, nonvoting common stock) in respect of the availability fee for amounts maintained in the contingent equity account in accordance with the terms of the Contingent Equity Agreement.
5. Approved the issuance to Thermo Funding of warrants to purchase 4,205,608 shares of Common Stock in accordance with the terms of the Loan Agreement between the Company and Thermo Funding dated as of June 25, 2009, and the issuance of the shares of Common Stock subject to the warrants upon their exercise thereof.

We informed our stockholders of these actions by delivery of an Information Statement on Schedule 14C. The stockholder consent became effective on August 6, 2009.

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Item 6. Exhibits

Number	Description
3.1	Certificate of Designation for Series A Convertible Preferred Stock
4.1	Warrant issued to Thermo Funding Company LLC pursuant to the Contingent Equity Agreement dated as of June 19, 2009
4.2	Form of Warrant for issuances to Thermo Funding Company LLC pursuant to the Loan Agreement dated as of June 25, 2009.
10.1	COFACE Facility Agreement between Globalstar, Inc., BNP Paribas Societe General, Natixis, Calyon and Credit Industrial et Commercial dated June 5, 2009
10.2†	Amended and Restated Satellite Construction Contract between Globalstar, Inc. and Thales Alenia Space dated June 3, 2009
10.3	Conversion Agreement between Globalstar, Inc. and Thermo Funding Company LLC dated as of June 19, 2009
10.4	Contingent Equity Agreement between Globalstar, Inc. and Thermo Funding Company LLC dated as of June 19, 2009
10.5	Loan Agreement between Globalstar, Inc. and Thermo Funding Company LLC dated as of June 25, 2009
10.6†	Amendment No. 2 to Launch Services Contract between Globalstar, Inc. and Arianespace dated June 24, 2009
31.1	Section 302 Certification of the Chief Executive Officer
31.2	Section 302 Certification of the Chief Financial Officer
32.1	Section 906 Certifications

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

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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, 2009

By: /s/Peter J. Dalton
Peter J. Dalton
Chief Executive Officer

Date: August 10, 2009

By: /s/ FUAD AHMAD
Fuad Ahmad
Senior Vice President and Chief Financial Officer

GLOBALSTAR, INC.

CERTIFICATE OF DESIGNATION
OF
SERIES A CONVERTIBLE PREFERRED STOCK

(Pursuant to Section 151 of the Delaware General Corporation Law)

Globalstar, Inc., a Delaware corporation (the "Corporation"), in accordance with the provisions of Section 103 of the Delaware General Corporation Law (the "DGCL") does hereby certify that, in accordance with Section 141(c) of the DGCL, the following resolution was duly adopted by the Board of Directors of the Corporation as of June 17, 2009:

RESOLVED, that the Board of Directors of the Corporation pursuant to authority expressly vested in it by the provisions of the Amended and Restated Certificate of Incorporation of the Corporation, hereby authorizes the issuance of a series of Preferred Stock designated as the Series A Convertible Preferred Stock, par value $0.0001 per share, of the Corporation and hereby fixes the designation, number of shares, powers, preferences, rights, qualifications, limitations and restrictions thereof (in addition to any provisions set forth in the Certificate of Incorporation of the Corporation which are applicable to the Preferred Stock of all classes and series) as follows:

SERIES A CONVERTIBLE PREFERRED STOCK

1. Designation, Amount and Par Value. The following series of preferred stock shall be designated as the Corporation's Series A Convertible Preferred Stock (the "Series A Preferred Stock"), and the number of shares so designated shall be one. Each share of Series A Preferred Stock shall have a par value of $0.0001 per share.

2. Definitions. In addition to the terms defined elsewhere in this Certificate of Designations the following terms have the meanings indicated:

"Affiliate" means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person.

"Bankruptcy Event" means any of the following events: (a) the Corporation or a Subsidiary of the Corporation commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Corporation or any Subsidiary thereof; (b) there is commenced against the Corporation or any Subsidiary any such case or proceeding that is not dismissed within sixty (60) days after commencement; (c) the Corporation or any Subsidiary is adjudicated insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is entered; (d) the Corporation or any Subsidiary suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within sixty (60) days; (e) the Corporation or any Subsidiary makes a general assignment for the benefit of creditors; (f) the Corporation or any Subsidiary fails to pay, or states that it is unable to pay or is unable to pay, its debts generally as they become due; (g) the Corporation or any Subsidiary calls a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts; or (h) the Corporation or any Subsidiary, by any act or failure to act, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any corporate or other action for the purpose of effecting any of the foregoing.

"Business Day" means any day other than Saturday, Sunday, any day which shall be a federal legal holiday in the United States or any day on which banking institutions in The State of New York are authorized or required by law or other governmental action to close.

"Common Stock" means the common stock of the Corporation, par value $0.0001 per share, and any securities into which such common stock may hereafter be reclassified; provided, however, that Common Stock does not include Nonvoting Common Stock.

"Conversion Agreement" means the Conversion Agreement, dated as of June 17, 2009, among the Corporation and Thermo Funding Company LLC, as amended from time to time.

"Conversion Notice" has the meaning set forth in Section 7(a).

"Conversion Shares" means 126,174,034 shares of Common Stock, or such combination of Common Stock and Nonvoting Common Stock required to remain below the Maximum Percentage.

"Equity Conditions" means, with respect to a specified issuance of Common Stock, that each of the following conditions is satisfied: (i) the number of authorized but unissued and otherwise unreserved shares of Common Stock is sufficient for such issuance; (ii) no Bankruptcy Event has occurred; and (iii) the conversion of the Series A Preferred Stock is permitted by the Trading Market and all other applicable laws, rules and regulations.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fundamental Transaction" means the occurrence of any of the following in one or a series of related transactions: (i) an acquisition after the date of the Conversion Agreement by an individual or legal entity or "group" (as described in Rule 13d-5(b)(1) under the Exchange Act) of more than fifty percent (50%) of the voting rights or voting equity interests in the Corporation (excluding Thermo Funding Company LLC and its Affiliates); (ii) a merger or consolidation of the Corporation or any Subsidiary or a sale of

all or substantially all of the assets of the Corporation in one or a series of related transactions, unless following such transaction or series of transactions, the holders of the Corporation's securities prior to the first such transaction continue to hold at least half of the voting rights or voting equity interests in of the surviving entity or acquirer of such assets; (iii) a recapitalization, reorganization or other transaction involving the Corporation or any Subsidiary that constitutes or results in a transfer of more than one half of the voting rights or voting equity interests in the Corporation; (iv) consummation of a "Rule 13e-3 transaction" as defined in Rule 13e-3 under the Exchange Act with respect to the Corporation; (v) any tender offer or exchange offer (whether by the Corporation or another Person) is completed pursuant to which holders of more than fifty percent (50%) of the outstanding Common Stock tender or exchange their shares for other securities, cash or property (excluding Thermo Funding Company LLC and its Affiliates); or (vi) the Corporation effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property.

"Holder" means any holder of Series A Preferred Stock.

"Junior Securities" means the Common Stock, the Nonvoting Common Stock and all other equity of the Corporation that by their terms rank junior to the Series A Preferred Stock as to dividends and/or upon liquidation.

"Liquidation Event" means any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary.

"Nonvoting Common Stock" means any class of nonvoting common stock of the Corporation approved by the Board of Director of the Corporation and for which Stockholder Approval is obtained, and any securities into which such nonvoting common stock may hereafter be reclassified.

"Original Issue Date" means the date of the first issuance of any shares of the Series A Preferred Stock, regardless of the number of transfers of any particular shares of Series A Preferred Stock and regardless of the number of certificates that may be issued to evidence shares of Series A Preferred Stock.

"Person" means any individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Securities and Exchange Commission having substantially the same effect as such Rule.

"Series A Preferred Stock" has the meaning set forth in Section 1.

"Securities Act" means the Securities Act of 1933, as amended.

"Stockholder Approval" means the approval by the holders of a majority of the Company's Common Stock of an amendment to the Amended and Restated Certificate of Incorporation of the Corporation creating a class of Non-Voting Common Stock with number and terms designated by the Corporation's Board of Directors in accordance with Delaware General Corporation Law and the rules of the Nasdaq Stock Market, as applicable.

"Subsidiary" means any "significant subsidiary" of the Corporation as defined in Rule 1-02(w) of Regulation S-X promulgated by the Commission.

"Trading Day" means (i) a day on which the Common Stock is traded on a Trading Market (other than the OTC Bulletin Board), or (ii) if the Common Stock is not listed or quoted on a Trading Market (other than the OTC Bulletin Board), a day on which the Common Stock is traded in the over-the-counter market, as reported by the OTC Bulletin Board, or (iii) if the Common Stock is not listed or quoted on any Trading Market, a day on which the Common Stock is quoted in the over-the-counter market as reported by the Pink Sheets LLC (or any similar organization or agency succeeding to its functions of reporting prices); provided, that in the event that the Common Stock is not listed or quoted as set forth in (i), (ii) and (iii) hereof, then Trading Day shall mean a Business Day.

"Trading Market" means whichever of the New York Stock Exchange, the NASDAQ Global Select Market, the NASDAQ Global Market, the NASDAQ Capital Market or OTC Bulletin Board on which the Common Stock is listed or quoted for trading on the date in question.

"Underlying Shares" means the shares of Common Stock or Nonvoting Common Stock issuable upon conversion of the shares of Series A Preferred Stock.

3. Dividends. The Holders of the shares of Series A Preferred Stock shall be entitled to receive dividends (**"Dividends"**) at the same rate, if any, paid to the holders of Common Stock.

4. Registration of Issuance and Ownership of Series A Preferred Stock. The Corporation shall register the issuance and ownership of shares of the Series A Preferred Stock, upon records to be maintained by the Corporation or its Transfer Agent for that purpose (the **"Series A Preferred Stock Register"**), in the name of the record Holders thereof from time to time. The Corporation may deem and treat the registered Holder of shares of Series A Preferred Stock as the absolute owner thereof for the purpose of any conversion hereof or any distribution to such Holder, and for all other purposes, absent actual notice to the contrary.

5. Registration of Transfers. The Corporation shall register the transfer of any shares of Series A Preferred Stock in the Series A Preferred Stock Register, upon surrender of certificates evidencing such Shares to the Corporation at its address specified herein. Upon any such registration or transfer, a new certificate evidencing the shares of Series A Preferred Stock so transferred shall be issued to the transferee and a new certificate evidencing the remaining portion of the shares not so transferred, if any, shall be issued to the transferring Holder.

6. Liquidation.

(a) In the event of any Liquidation Event, the Holders of Series A Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of Junior Securities by reason of their ownership thereof, an amount per share in cash equal to the greater of (i) $.01, plus all declared but unpaid dividends on such Series A Preferred Stock as of the date of such event, and (ii) the amount per share that would be payable to a holder of Series A Preferred Stock had all shares of Series A Preferred Stock been converted to Underlying Shares immediately prior to such Liquidation Event (the **"Series A Stock Liquidation Preference"**).

(b) After the Holders have been paid the full Series A Stock Liquidation Preference to which they are entitled, the Holders will have no right or claim to any of the assets or funds of the Corporation.

(c) The Corporation shall provide written notice of any Liquidation Event or Fundamental Transaction to the Holder not less than fifteen (15) days prior to the payment date or effective date thereof, provided that such information shall be made known to the public prior to or in connection with such notice being provided to the Holder. At the request of any Holder, which must be delivered prior to the effective date of a Fundamental Transaction (or, if later, within five (5) Trading Days after such Holder receives notice of such Fundamental Transaction from the Corporation), such Fundamental Transaction will be treated as a Liquidation Event with respect to such Holder for the purposes of this Section 6.

(d) In the event that, immediately prior to the closing of a Liquidation Event the cash distributions required by Section 6(a) have not been made, the Corporation shall forthwith either: (i) cause such closing to be postponed until such time as such cash distributions have been made, or (ii) cancel such transaction, in which event the rights, preferences and privileges of the holders of the Series A Preferred Stock shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the date of the first notice by the Corporation delivered pursuant to Section 6(c).

7. Conversion.

(a) Conversion at Option of Holder. At the option of any Holder, the share of Series A Preferred Stock held by such Holder may be converted into the Conversion Shares. Subject to the limitations set forth in Section 7(b) and Section 7(c), a Holder may convert shares of Series A Preferred Stock into Common Stock pursuant to this paragraph at any time and from time to time after the Original Issue Date, by delivering to the Corporation a conversion notice (the **"Conversion Notice"**), in the form attached hereto as Exhibit A, appropriately completed and duly signed, and the date any such Conversion Notice is delivered to the Corporation (as determined in accordance with the notice provisions hereof) is a **"Conversion Date."**

(b) Conversion Limitation. Notwithstanding anything to the contrary contained herein, the aggregate number of shares of Common Stock that may be acquired by the Holder upon any conversion of the Series A Preferred Stock shall be limited to the extent necessary to insure that, following such conversion (or other issuance), the total number of

shares of Common Stock then beneficially owned by such Holder and its Affiliates and any other Persons whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) of the Exchange Act, does not exceed 50% (or 70%, is such Person is Thermo Funding Company LLC) (the **"Maximum Percentage"**) of the total voting power of all outstanding Voting Stock of the Corporation. For such purposes, beneficial ownership shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(c) Stockholder Approval. Notwithstanding anything to the contrary contained herein, none of the shares of Series A Preferred Stock may be converted into or exchanged for shares of Common Stock or Nonvoting Common Stock until the Stockholder Approval has occurred.

8. Mechanics of Conversion.

(a) The number of Underlying Shares issuable upon any conversion of shares of Series A Preferred Stock hereunder shall be the Conversion Shares.

(b) Upon conversion of any shares of Series A Preferred Stock, the Corporation shall promptly (but in no event later than three (3) Trading Days after the Conversion Date) issue or cause to be issued and cause to be delivered to or upon the written order of the Holder and in such name or names as the Holder may designate a certificate for the Underlying Shares issuable upon such conversion. The Holder agrees to the imprinting of a restrictive legend on any such certificate evidencing any of the Underlying Shares, until such time as the Underlying Shares are no longer required to contain such legend or any other legend. Certificates evidencing the Underlying Shares shall not be required to contain such legend or any other legend (i) while a registration statement covering the resale of the Underlying Shares is effective under the Securities Act, (ii) following any sale of such Underlying Shares pursuant to Rule 144 if the Holder Provides the Corporation with a legal opinion reasonably acceptable to the Corporation to the effect that the Underlying Shares can be sold under Rule 144, (iii) if the Underlying Shares are eligible for sale under Rule 144 without any volume limitation, or (iv) if the Holder provides the Corporation with a legal opinion reasonably acceptable to the Corporation to the effect that the legend is not required under applicable requirements of the Securities Act (including controlling judicial interpretations and pronouncements issued by the Staff of the SEC). The Holder, or any Person so designated by the Holder to receive Underlying Shares, shall be deemed to have become holder of record of such Underlying Shares as of the Conversion Date. If the shares are then not required to bear a restrictive legend, the Corporation shall, upon request of the Holder, deliver Underlying Shares hereunder electronically through The Depository Trust Corporation (**"DTC"**) or another established clearing corporation performing similar functions, and shall credit the number of shares of Common Stock to which the Holder shall be entitled to the Holder's or its designee's balance account with DTC through its Deposit Withdrawal Agent Commission System.

(c) A Holder shall deliver the original certificate(s) evidencing the Series A Preferred Stock being converted in connection with the conversion of such Series A Preferred Stock. Upon surrender of a certificate following one or more partial conversions, the Corporation shall promptly deliver to the Holder a new certificate representing the remaining shares of Series A Preferred Stock.

(d) The Corporation's obligations to issue and deliver Underlying Shares upon conversion of Series A Preferred Stock in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by any Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by any Holder or any other Person of any obligation to the Corporation or any violation or alleged violation of law by any Holder or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Corporation to any Holder in connection with the issuance of such Underlying Shares.

9. Voting Rights. Except as provided in Section 7(b) or otherwise provided herein or as required by applicable law, the Holders of the Series A Preferred Stock shall be entitled to vote on all matters on which holders of Common Stock are entitled to vote, including, without limitation, the election of directors. For such purposes, each Holder shall be entitled to a number of votes in respect of the Underlying Shares owned by it equal to the number of shares of Common Stock into which such shares of Series A Preferred Stock are convertible as of the record date for the determination of stockholders entitled to vote on such matter, or if no record date is established, at the date such vote is taken or any written consent of stockholders is solicited. Except as otherwise provided herein, in any relevant agreement or as required by applicable law, the holders of the Series A Preferred Stock and Common Stock, respectively, shall vote together as a single class on all matters submitted to a vote or consent of stockholders; *provided* that so long as any Underlying Shares are outstanding, the Corporation shall not, without the affirmative vote of the Holders of a majority of the Underlying Shares then outstanding, (a) alter or change adversely the powers, preferences or rights given to the Series A Preferred Stock or alter or amend this Certificate of Designation (whether by merger, reorganization, consolidation or otherwise), (b) authorize or create any class of stock ranking as to dividends, redemption or distribution of assets upon a Liquidation Event or Fundamental Transaction senior to or *pari passu* with the Series A Preferred Stock, (c) amend its certificate of incorporation or other charter documents so as to affect adversely any rights of the Holders (whether by merger, reorganization, consolidation or otherwise), (d) increase the authorized number of shares of Series A Preferred Stock, (e) pay or declare any dividend or make any distribution on any Junior Securities, except pro rata stock dividends on the Common Stock payable in additional shares of Common Stock, or (f) enter into any agreement with respect to the foregoing.

10. Priority. The Series A Preferred Stock, whether now or hereafter issued, shall, with respect to rights on liquidation, winding up or dissolution, whether voluntary or involuntary, rank senior to the Common Stock of the Corporation and to any other series of Preferred Stock established hereafter by the Board of Directors the terms of which shall specifically provide that such series shall rank junior to the Series A Preferred Stock with respect to rights on liquidation, winding up or dissolution. The Corporation shall not, without the prior approval of Holders of the shares of Series A Preferred Stock then outstanding, voting as a separate class, issue any additional shares of the Series A Preferred Stock, or create any other class or series of capital stock that ranks senior to or on a parity with the Series A Preferred Stock.

11. Charges, Taxes and Expenses. Issuance of certificates for shares of Series A Preferred Stock and for Underlying Shares issued on conversion of (or otherwise in respect of) the Series A Preferred Stock shall be made without charge to the Holders for any issue or transfer tax, withholding tax, transfer agent fee or other incidental tax or expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Corporation. The Holder shall be responsible for all other tax liability that may arise as a result of holding or transferring the Series A Preferred Stock or receiving Underlying Shares in respect of the Series A Preferred Stock.

12. Replacement Certificates. If any certificate evidencing Series A Preferred Stock or Underlying Shares is mutilated, lost, stolen or destroyed, or a Holder fails to deliver such certificate as may otherwise be provided herein, the Corporation shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof, or in lieu of and substitution for such certificate, a new certificate, but only upon receipt of evidence reasonably satisfactory to the Corporation of such loss, theft or destruction (in such case) and, in each case, customary and reasonable indemnity, if requested. Applicants for a new certificate under such circumstances shall also comply with such other reasonable regulations and procedures and pay such other reasonable third-party costs as the Corporation may prescribe.

13. Reservation of Underlying Shares. The Corporation covenants that it shall at all times reserve and keep available out of the aggregate of its authorized but unissued and otherwise unreserved Common Stock or Nonvoting Common Stock (after receipt of Stockholder Approval), solely for the purpose of enabling it to issue Underlying Shares as required hereunder, the number of Underlying Shares which are then issuable and deliverable upon the conversion of (and otherwise in respect of) all outstanding Series A Preferred Stock, free from preemptive rights or any other contingent purchase rights of persons other than the Holder. The Corporation covenants that all Underlying Shares so issuable and deliverable shall, upon issuance in accordance with the terms hereof, be duly and validly authorized, issued and fully paid and nonassessable. The Corporation covenants that it shall use its reasonable efforts to satisfy each of the Equity Conditions. The Corporation has reserved, or after Stockholder Approval of the Nonvoting Common Stock, will reserve, from its duly authorized capital stock the maximum number of shares of Common Stock and Nonvoting Common Stock issuable upon conversion of the Series A Preferred Stock.

14. Fractional Shares. The Corporation shall not be required to issue or cause to be issued fractional shares of Common Stock or Nonvoting Common Stock on conversion of Series A Preferred Stock. If any fractional share of a Common Stock or Nonvoting Common Stock would, except for the provisions of this Section, be issuable upon conversion of Series A Preferred Stock, the number of shares of Common Stock or Nonvoting Common Stock to be issued will be rounded up to the nearest whole share.

15. Notices. Any and all notices or other communications or deliveries hereunder (including without limitation any Conversion Notice) shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in this Section prior to 4:30 p.m. (New York City time) on a Trading Day, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number

specified in this Section on a day that is not a Trading Day or later than 4:30 p.m. (New York City time) on any Trading Day, (iii) the Trading Day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. The addresses for such communications shall be: (i) if to the Corporation, to 461 South Milpitas Boulevard, Bldg 5, Milpitas, CA 95035, Attention: Chief Financial Officer, or (ii) if to a Holder, to the address or facsimile number appearing on the Corporation's stockholder records or such other address or facsimile number as such Holder may provide to the Corporation in accordance with this Section.

16. Miscellaneous.

(a) The headings herein are for convenience only, do not constitute a part of this Certificate of Designations and shall not be deemed to limit or affect any of the provisions hereof.

(b) No provision of this Certificate of Designations may be amended, except in a written instrument signed by the Corporation and Holders of at least a majority of the shares of Series A Preferred Stock then outstanding. Any of the rights of the Holders of Series A Preferred Stock set forth herein, including any Equity Conditions or any other similar conditions for the Holders' benefit, may be waived by the affirmative vote of Holders of at least a majority of the shares of Series A Preferred Stock then outstanding. No waiver of any default with respect to any provision, condition or requirement of this Certificate of Designations shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right.

IN WITNESS WHEREOF, Globalstar, Inc. has caused this Certificate of Designations to be duly executed as of this 19th day of June, 2009.

GLOBALSTAR, INC.

By: /s/ Fuad Ahmad
Name: Fuad Ahmad
Title: Senior Vice President and Chief Financial Officer

EXHIBIT A

FORM OF CONVERSION NOTICE

(To be executed by the registered Holder in order to convert shares of Series A Preferred Stock)

The undersigned hereby elects to convert the number of shares of Series A Convertible Preferred Stock indicated below into shares of common stock, par value $0.0001 per share (the **"Common Stock"**), of Globalstar, Inc., a Delaware corporation (the **"Corporation"**), according to the conditions hereof, as of the date written below.

_____
Date to Effect Conversion

_____
Number of shares of Series A Preferred Stock owned prior to Conversion

_____
Number of shares of Series A Preferred Stock to be Converted

_____
Number of shares of Common Stock to be Issued

_____
Number of shares of Nonvoting Common Stock to be Issued

_____
Name of Holder
By: _____
Name: _____
Title: _____

NEITHER THESE SECURITIES NOR THE SECURITIES FOR WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

GLOBALSTAR, INC.

WARRANT

Dated: June 19, 2009

Globalstar, Inc., a Delaware corporation (the "**Company**"), hereby certifies that, for value received, Thermo Funding Company LLC or its registered assigns (the "**Holder**"), is entitled to purchase from the Company up to a number of shares of common stock, $0.0001 par value per share (the "**Common Stock**"), of the Company (each such share, a "**Warrant Share**" and all such shares, the "**Warrant Shares**") calculated as provided below at an exercise price equal to $0.01 per share (as adjusted from time to time as provided in Section 9, the "Exercise Price"), subject to the limitations set forth in Section 11, at any time and from on or after stockholder approval of the Loan Agreement is obtained in accordance with The Nasdaq Stock Market Listing Rules and rules promulgated under the Securities Exchange Act of 1934 (the "**Initial Exercise Date**") and through and including June 19, 2014 (the "**Expiration Date**"), and subject to the following terms and conditions. This Warrant (this "**Warrant**") is issued pursuant to the Contingent Equity Agreement, dated as of June 19, 2009 by and between the Company and Thermo Funding Company LLC (the "**Contingent Equity Agreement**"). Subject to Section 9, the number of Warrant Shares shall be 4,379,562.

1. Definitions. In addition to the terms defined elsewhere in this Warrant, capitalized terms that are not otherwise defined herein have the meanings given to such terms in the Contingent Equity Agreement.

2. Registration of Warrant. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "**Warrant Register**"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of record of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

3. Registration of Transfers. The Company shall register the transfer of any portion of this Warrant in the Warrant Register, upon surrender of this Warrant, with the Form of Assignment attached hereto duly completed and signed, to the Company at its address specified herein. Upon any such registration of transfer, a new warrant to purchase Common Stock, in substantially the form of this Warrant (any such new warrant, a "**New Warrant**"), evidencing

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the portion of this Warrant so transferred shall be issued to the transferee and a New Warrant evidencing the remaining portion of this Warrant not so transferred, if any, shall be issued to the transferring Holder. The acceptance of the New Warrant by the transferee thereof shall be deemed the acceptance by such transferee of all of the rights and obligations of a holder of a Warrant.

4. Exercise and Duration of Warrants.

(a) This Warrant shall be exercisable by the registered Holder at any time and from time to time on or after the Initial Exercise Date and including the Expiration Date. At 6:30 P.M., New York City time on the Expiration Date, the portion of this Warrant not exercised prior thereto shall be and become void and of no value.

(b) A Holder may exercise this Warrant by delivering to the Company (i) an exercise notice, in the form attached hereto (the "**Exercise Notice**"), appropriately completed and duly signed, and (ii) payment in cash of the Exercise Price for the number of Warrant Shares as to which this Warrant is being exercised, and the date such items are delivered to the Company (as determined in accordance with the notice provisions hereof) is an "Exercise Date." The Holder shall not be required to deliver the original Warrant in order to affect an exercise hereunder. Execution and delivery of the Exercise Notice shall have the same effect as cancellation of the original Warrant and issuance of a New Warrant evidencing the right to purchase the remaining number of Warrant Shares.

5. Delivery of Warrant Shares.

(a) Upon exercise of this Warrant, the Company shall promptly (but in no event later than three trading days after the Exercise Date) issue or cause to be issued and cause to be delivered to or upon the written order of the Holder and in such name or names as the Holder may designate, a certificate for the Warrant Shares issuable upon such exercise, free of restrictive legends unless a registration statement covering the resale of the Warrant Shares and naming the Holder as a selling stockholder thereunder is not then effective or the Warrant Shares are not freely transferable without volume restrictions pursuant to Rule 144 under the Securities Act. The Holder, or any person or entity ("**Person**") so designated by the Holder to receive Warrant Shares, shall be deemed to have become the holder of record of such Warrant Shares as of the Exercise Date. The Company shall, upon request of the Holder, use its best efforts to deliver Warrant Shares hereunder electronically through The Depository Trust Company or another established clearing corporation performing similar functions.

(b) This Warrant is exercisable, either in its entirety or, from time to time, for a portion of the number of Warrant Shares. Upon surrender of this Warrant following one or more partial exercises, the Company shall issue or cause to be issued, at its expense, a New Warrant evidencing the right to purchase the remaining number of Warrant Shares.

(c) The Company's obligations to issue and deliver Warrant Shares in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the

recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach

by the Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with the issuance of Warrant Shares. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of this Warrant as required pursuant to the terms hereof.

6. Charges, Taxes and Expenses. Issuance and delivery of certificates for shares of Common Stock upon exercise of this Warrant shall be made without charge to the Holder for any issue or transfer tax, withholding tax, transfer agent fee or other incidental tax or expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the registration of any certificates for Warrant Shares or Warrants in a name other than that of the Holder. The Holder shall be responsible for all other tax liability that may arise as a result of holding or transferring this Warrant or receiving Warrant Shares upon exercise hereof.

7. Replacement of Warrant. If this Warrant is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation hereof, or in lieu of and substitution for this Warrant, a New Warrant, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction and customary and reasonable bond or indemnity, if requested. Applicants for a New Warrant under such circumstances shall also comply with such other reasonable regulations and procedures and pay such other reasonable third-party costs as the Company may prescribe.

8. Reservation of Warrant Shares. The Company covenants that it will at all times reserve and keep available out of the aggregate of its authorized but unissued and otherwise unreserved Common Stock, solely for the purpose of enabling it to issue Warrant Shares upon exercise of this Warrant as herein provided, the number of Warrant Shares which are then issuable and deliverable upon the exercise of this entire Warrant, free from preemptive rights or any other contingent purchase rights of persons other than the Holder (after giving effect to the adjustments and restrictions of Section 9, if any). The Company covenants that all Warrant Shares so issuable and deliverable shall, upon issuance and the payment of the applicable Exercise Price in accordance with the terms hereof, be duly and validly authorized, issued and fully paid and nonassessable. The Company will take all such action as may be necessary to assure that such shares of Common Stock may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of any securities exchange or automated quotation system upon which the Common Stock may be listed.

9. Certain Adjustments. The Exercise Price and number of Warrant Shares issuable upon exercise of this Warrant are subject to adjustment from time to time as set forth in this Section 9.

(a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding, (i) pays a stock dividend on its Common Stock or otherwise makes a

distribution on any class of capital stock that is payable in shares of Common Stock other than dividends or other distributions payable in respect of any series of the Company's preferred stock, (ii) subdivides outstanding shares of Common Stock into a larger number of shares, or (iii) combines outstanding shares of Common Stock into a smaller number of shares, then in each such case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to clause (i) of this paragraph shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution, and any adjustment pursuant to clause (ii) or (iii) of this paragraph shall become effective immediately after the effective date of such subdivision or combination.

(b) Pro Rata Distributions. If the Company, at any time while this Warrant is outstanding, distributes or pays as a dividend to holders of Common Stock (i) evidences of its indebtedness, (ii) any security (other than a distribution of Common Stock covered by the preceding paragraph), (iii) rights or warrants to subscribe for or purchase any security, or (iv) any other asset (in each case, "**Distributed Property**"), then in each such case the Holder shall be entitled upon exercise of this Warrant for the purchase of any or all of the Warrant Shares, to receive the amount of Distributed Property which would have been payable to the Holder had such Holder been the holder of such Warrant Shares on the record date for the determination of stockholders entitled to such Distributed Property. The Company will at all times set aside in escrow and keep available for distribution to such holder upon exercise of this Warrant a portion of the Distributed Property to satisfy the distribution to which such Holder is entitled pursuant to the preceding sentence.

(c) Fundamental Transactions. If, at any time while this Warrant is outstanding, (i) the Company effects any merger or consolidation of the Company with or into another Person, (ii) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (iii) any tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock owning more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the Person or Persons making or affiliated with the Persons making the tender or exchange offer) tender or exchange their shares for other securities, cash or property, or (iv) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (other than as a result of a subdivision or combination of shares of Common Stock covered by Section 9(a) above) (in any such case, a "**Fundamental Transaction**"), then the Holder shall have the right thereafter to receive, upon exercise of this Warrant, the same amount and kind of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of the number of Warrant Shares then issuable upon exercise in full of this Warrant (the "**Alternate Consideration**"). The aggregate Exercise Price for this Warrant will not be affected by any such Fundamental Transaction, but the Company shall apportion such aggregate Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or

property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. At the Holder's request, any successor to the Company or surviving entity in such Fundamental Transaction shall issue to the Holder a new warrant consistent with the foregoing provisions and evidencing the Holder's right to purchase the Alternate Consideration for the aggregate Exercise Price upon exercise thereof. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this paragraph (c) and insuring that the Warrant (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

(d) Calculations. All calculations under this Section 9 shall be made to the nearest cent or the nearest 1/100th of a share, as applicable. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Stock.

(e) Notice of Adjustments. Upon the occurrence of each adjustment pursuant to this Section 9, the Company at its expense will promptly compute such adjustment in accordance with the terms of this Warrant and prepare a certificate setting forth such adjustment, including a statement of the adjusted Exercise Price and adjusted number or type of Warrant Shares or other securities issuable upon exercise of this Warrant (as applicable), describing the transactions giving rise to such adjustments and showing in detail the facts upon which such adjustment is based. Upon written request, the Company will promptly deliver a copy of each such certificate to the Holder.

(f) Notice of Corporate Events. If the Company (i) declares a dividend or any other distribution of cash, securities or other property in respect of its Common Stock, including without limitation any granting of rights or warrants to subscribe for or purchase any capital stock of the Company or any Subsidiary, (ii) authorizes or approves, enters into any agreement contemplating or solicits stockholder approval for any Fundamental Transaction or (iii) authorizes the voluntary dissolution, liquidation or winding up of the affairs of the Company, then the Company shall deliver to the Holder a notice describing the material terms and conditions of such transaction, at least ten calendar days prior to the applicable record or effective date on which a Person would need to hold Common Stock in order to participate in or vote with respect to such transaction, and the Company will take all steps reasonably necessary in order to insure that the Holder is given the practical opportunity to exercise this Warrant prior to such time so as to participate in or vote with respect to such transaction; provided, however, that the failure to deliver such notice or any defect therein shall not affect the validity of the corporate action required to be described in such notice.

10. Payment of Exercise Price. The Holder shall pay the Exercise Price by wire transfer of immediately available funds.

11. Limitation on Exercise.

(a) Notwithstanding anything to the contrary conformed within, this Warrant may not be exercised if after giving effect to such exercise Thermo Capital Partners LLC and its

affiliates would own directly or indirectly Voting Stock (as defined in the First Supplemental Indenture dated as of April 15, 2008 relating to the Company's 5.75% Convertible Senior Notes due 2028) representing 70% or more of the total voting power of all outstanding Voting Stock of the Company.

(b) Notwithstanding anything to the contrary contained herein, this Warrant may not be exercised until the holders of a majority of the Company's outstanding Common Stock have approved the issuance of all of the Common Stock as contemplated by this Warrant and the Contingent Equity Agreement.

12. Fractional Shares. The Company shall not be required to issue or cause to be issued fractional Warrant Shares on the exercise of this Warrant. If any fraction of a Warrant Share would, except for the provisions of this Section 12, be issuable upon exercise of this Warrant, the number of Warrant Shares to be issued will be rounded up to the nearest whole share.

13. Notices. Any and all notices or other communications or deliveries hereunder (including without limitation any Exercise Notice) shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile prior to 6:30 p.m. (New York City time) on a trading day, (ii) the next trading day after the date of transmission, if such notice or communication is delivered via facsimile on a day that is not a trading day or later than 6:30 p.m. (New York City time) on any trading day, (iii) the trading day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

14. Warrant Agent. The Company shall serve as warrant agent under this Warrant. Upon 30 days' notice to the Holder, the Company may appoint a new warrant agent. Any corporation into which the Company or any new warrant agent may be merged or any corporation resulting from any consolidation to which the Company or any new warrant agent shall be a party or any corporation to which the Company or any new warrant agent transfers substantially all of its corporate trust or stockholder services business shall be a successor warrant agent under this Warrant without any further act. Any such successor warrant agent shall promptly cause notice of its succession as warrant agent to be mailed (by first class mail, postage prepaid) to the Holder at the Holder's last address as shown on the Warrant Register.

15. Miscellaneous.

(a) Subject to the restrictions on transfer set forth on the first page hereof, this Warrant may be assigned by the Holder. This Warrant may not be assigned by the Company except to a successor in the event of a Fundamental Transaction. This Warrant shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns. Subject to the preceding sentence, nothing in this Warrant shall be construed to give to any Person other than the Company and the Holder any legal or equitable right, remedy or cause of action under this Warrant. This Warrant may be amended only in writing signed by the Company and the Holder and their successors and assigns.

(b) The Company will not, by amendment of its governing documents or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder against impairment. Without limiting the generality of the foregoing, the Company (i) will not increase the par value of any Warrant Shares above the amount payable therefor on such exercise, (ii) will take all such action as may be reasonably necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares on the exercise of this Warrant, and (iii) will not close its stockholder books or records in any manner which interferes with the timely exercise of this Warrant.

(c) Governing Law; Venue; Waiver Of Jury Trial. All questions concerning the construction, validity, enforcement and interpretation of this warrant shall be governed by and construed and enforced in accordance with the laws of the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in New York County, New York, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the transaction documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party and agrees that such service shall constitute good and sufficient service of process and notice thereof. nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. the company hereby waives all rights to a trial by jury.

(d) The headings herein are for convenience only, do not constitute a part of this Warrant and shall not be deemed to limit or affect any of the provisions hereof.

(e) In case any one or more of the provisions of this Warrant shall be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Warrant shall not in any way be affected or impaired thereby and the parties will attempt in good faith to agree upon a valid and enforceable provision which shall be a commercially reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Warrant.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK,
SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by its authorized officer as of the date first indicated above.

GLOBALSTAR, INC.

By: /s/ Fuad Ahmad
Name: Fuad Ahmad
Title: Senior Vice President and Chief Financial Officer

FORM OF EXERCISE NOTICE

(To be executed by the Holder to exercise the right to purchase shares of Common Stock under the foregoing Warrant)

To Globalstar, Inc.:

The undersigned is the Holder of the Warrant dated , 2009 (the "**Warrant**") issued by Globalstar, Inc., a Delaware corporation (the "**Company**"). Capitalized terms used herein and not otherwise defined have the respective meanings set forth in the Warrant.

1. The Warrant is currently exercisable to purchase a total of Warrant Shares.

2. The undersigned Holder hereby exercises its right to purchase Warrant Shares pursuant to the Warrant.

3. The holder shall pay the sum of $ to the Company in accordance with the terms of the Warrant.

4. Pursuant to this exercise, the Company shall deliver to the holder Warrant Shares in accordance with the terms of the Warrant.

5. Following this exercise, the Warrant shall be exercisable to purchase a total of Warrant Shares.

Dated: ,

Name of Holder:

(Print) _____

By: _____
Name: _____
Title: _____

(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

ACKNOWLEDGED AND AGREED TO this day of , 20
Globalstar, Inc.

By:
Name: _____
Title: _____

FORM OF ASSIGNMENT

[To be completed and signed only upon transfer of Warrant]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto the right represented by the within Warrant to purchase shares of Common Stock of Globalstar, Inc. to which the within Warrant relates and appoints attorney to transfer said right on the books of Globalstar, Inc. with full power of substitution in the premises.

Dated: ,

_____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

_____
Address of Transferee

_____

_____

In the presence of:

_____

FORM OF WARRANT

NEITHER THESE SECURITIES NOR THE SECURITIES FOR WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

GLOBALSTAR, INC.

WARRANT

Dated:

Globalstar, Inc., a Delaware corporation (the "**Company**"), hereby certifies that, for value received, Thermo Funding Company LLC or its registered assigns (the "**Holder**"), is entitled to purchase from the Company up to a number of shares of common stock, $0.0001 par value per share (the "**Common Stock**"), of the Company (each such share, a "**Warrant Share**" and all such shares, the "**Warrant Shares**") calculated as provided below at an exercise price equal to $0.01 per share (as adjusted from time to time as provided in Section 9, the "Exercise Price"), subject to the limitations set forth in Section 11, at any time and from on or after stockholder approval of the Loan Agreement is obtained in accordance with The Nasdaq Stock Market Listing Rules and rules promulgated under the Securities Exchange Act of 1934 (the "**Initial Exercise Date**") and through and including (the "**Expiration Date**"), and subject to the following terms and conditions. This Warrant (this "**Warrant**") is issued pursuant to the Loan Agreement, dated as of June 25, 2009 by and between the Company and Thermo Funding Company LLC (the "**Contribution Agreement**"). Subject to Section 9, the number of Warrant Shares shall be .

1. Definitions. In addition to the terms defined elsewhere in this Warrant, capitalized terms that are not otherwise defined herein have the meanings given to such terms in the Contribution Agreement.

2. Registration of Warrant. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "**Warrant Register**"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of record of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

3. Registration of Transfers. The Company shall register the transfer of any portion of this Warrant in the Warrant Register, upon surrender of this Warrant, with the Form of Assignment attached hereto duly completed and signed, to the Company at its address specified herein. Upon any such registration of transfer, a new warrant to purchase Common Stock, in substantially the form of this Warrant (any such new warrant, a "**New Warrant**"), evidencing the portion of this Warrant so transferred shall be issued to the transferee and a New Warrant evidencing the remaining portion of this Warrant not so transferred, if any, shall be issued to the transferring Holder. The acceptance of the New Warrant by the transferee thereof shall be deemed the acceptance by such transferee of all of the rights and obligations of a holder of a Warrant.

4. Exercise and Duration of Warrants.

(a) This Warrant shall be exercisable by the registered Holder at any time and from time to time on or after the Initial Exercise Date and including the Expiration Date. At 6:30 P.M., New York City time on the Expiration Date, the portion of this Warrant not exercised prior thereto shall be and become void and of no value.

(b) A Holder may exercise this Warrant by delivering to the Company (i) an exercise notice, in the form attached hereto (the "**Exercise Notice**"), appropriately completed and duly signed, and (ii) payment in cash of the Exercise Price for the number of Warrant Shares as to which this Warrant is being exercised, and the date such items are delivered to the Company (as determined in accordance with the notice provisions hereof) is an "Exercise Date." The Holder shall not be required to deliver the original Warrant in order to affect an exercise hereunder. Execution and delivery of the Exercise Notice shall have the same effect as cancellation of the original Warrant and issuance of a New Warrant evidencing the right to purchase the remaining number of Warrant Shares.

5. Delivery of Warrant Shares.

(a) Upon exercise of this Warrant, the Company shall promptly (but in no event later than three trading days after the Exercise Date) issue or cause to be issued and cause to be delivered to or upon the written order of the Holder and in such name or names as the Holder may designate, a certificate for the Warrant Shares issuable upon such exercise, free of restrictive legends unless a registration statement covering the resale of the Warrant Shares and naming the Holder as a selling stockholder thereunder is not then effective or the Warrant Shares are not freely transferable without volume restrictions pursuant to Rule 144 under the Securities Act. The Holder, or any person or entity ("**Person**") so designated by the Holder to receive Warrant Shares, shall be deemed to have become the holder of record of such Warrant Shares as of the Exercise Date. The Company shall, upon request of the Holder, use its best efforts to deliver Warrant Shares hereunder electronically through The Depository Trust Company or another established clearing corporation performing similar functions.

(b) This Warrant is exercisable, either in its entirety or, from time to time, for a portion of the number of Warrant Shares. Upon surrender of this Warrant following one or more partial exercises, the Company shall issue or cause to be issued, at its expense, a New Warrant evidencing the right to purchase the remaining number of Warrant Shares.

(c) The Company's obligations to issue and deliver Warrant Shares in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision

hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with the issuance of Warrant Shares. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of this Warrant as required pursuant to the terms hereof.

6. Charges, Taxes and Expenses. Issuance and delivery of certificates for shares of Common Stock upon exercise of this Warrant shall be made without charge to the Holder for any issue or transfer tax, withholding tax, transfer agent fee or other incidental tax or expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the registration of any certificates for Warrant Shares or Warrants in a name other than that of the Holder. The Holder shall be responsible for all other tax liability that may arise as a result of holding or transferring this Warrant or receiving Warrant Shares upon exercise hereof.

7. Replacement of Warrant. If this Warrant is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation hereof, or in lieu of and substitution for this Warrant, a New Warrant, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction and customary and reasonable bond or indemnity, if requested. Applicants for a New Warrant under such circumstances shall also comply with such other reasonable regulations and procedures and pay such other reasonable third-party costs as the Company may prescribe.

8. Reservation of Warrant Shares. The Company covenants that it will at all times reserve and keep available out of the aggregate of its authorized but unissued and otherwise unreserved Common Stock, solely for the purpose of enabling it to issue Warrant Shares upon exercise of this Warrant as herein provided, the number of Warrant Shares which are then issuable and deliverable upon the exercise of this entire Warrant, free from preemptive rights or any other contingent purchase rights of persons other than the Holder (after giving effect to the adjustments and restrictions of Section 9, if any). The Company covenants that all Warrant Shares so issuable and deliverable shall, upon issuance and the payment of the applicable Exercise Price in accordance with the terms hereof, be duly and validly authorized, issued and fully paid and nonassessable. The Company will take all such action as may be necessary to assure that such shares of Common Stock may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of any securities exchange or automated quotation system upon which the Common Stock may be listed.

9. Certain Adjustments. The Exercise Price and number of Warrant Shares issuable upon exercise of this Warrant are subject to adjustment from time to time as set forth in this Section 9.

(a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding, (i) pays a stock dividend on its Common Stock or otherwise makes a distribution on any class of capital stock that is payable in shares of Common Stock other than dividends or other distributions payable in respect of any series of the Company's preferred stock, (ii) subdivides outstanding shares of Common Stock into a larger number of shares, or (iii) combines outstanding shares of Common Stock into a smaller number of shares, then in each such case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to clause (i) of this paragraph shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution, and any adjustment pursuant to clause (ii) or (iii) of this paragraph shall become effective immediately after the effective date of such subdivision or combination.

(b) Pro Rata Distributions. If the Company, at any time while this Warrant is outstanding, distributes or pays as a dividend to holders of Common Stock (i) evidences of its indebtedness, (ii) any security (other than a distribution of Common Stock covered by the preceding paragraph), (iii) rights or warrants to subscribe for or purchase any security, or (iv) any other asset (in each case, "**Distributed Property**"), then in each such case the Holder shall be entitled upon exercise of this Warrant for the purchase of any or all of the Warrant Shares, to receive the amount of Distributed Property which would have been payable to the Holder had such Holder been the holder of such Warrant Shares on the record date for the determination of stockholders entitled to such Distributed Property. The Company will at all times set aside in escrow and keep available for distribution to such holder upon exercise of this Warrant a portion of the Distributed Property to satisfy the distribution to which such Holder is entitled pursuant to the preceding sentence.

(c) Fundamental Transactions. If, at any time while this Warrant is outstanding, (i) the Company effects any merger or consolidation of the Company with or into another Person, (ii) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (iii) any tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock owning more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the Person or Persons making or affiliated with the Persons making the tender or exchange offer) tender or exchange their shares for other securities, cash or property, or (iv) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (other than as a result of a subdivision or combination of shares of Common Stock covered by Section 9(a) above) (in any such case, a "**Fundamental Transaction**"), then the Holder shall have the right thereafter to receive, upon exercise of this Warrant, the same amount and kind of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of the number of Warrant Shares then issuable upon exercise in full of this Warrant (the "**Alternate Consideration**"). The aggregate Exercise Price for this Warrant will not be affected by any such Fundamental Transaction, but the Company shall apportion such aggregate Exercise Price among the Alternate Consideration

in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. At the Holder's request, any successor to the Company or surviving entity in such Fundamental Transaction shall issue to the Holder a new warrant consistent with the foregoing provisions and evidencing the Holder's right to purchase the Alternate Consideration for the aggregate Exercise Price upon exercise thereof. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this paragraph (c) and insuring that the Warrant (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

(d) Calculations. All calculations under this Section 9 shall be made to the nearest cent or the nearest 1/100th of a share, as applicable. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Stock.

(e) Notice of Adjustments. Upon the occurrence of each adjustment pursuant to this Section 9, the Company at its expense will promptly compute such adjustment in accordance with the terms of this Warrant and prepare a certificate setting forth such adjustment, including a statement of the adjusted Exercise Price and adjusted number or type of Warrant Shares or other securities issuable upon exercise of this Warrant (as applicable), describing the transactions giving rise to such adjustments and showing in detail the facts upon which such adjustment is based. Upon written request, the Company will promptly deliver a copy of each such certificate to the Holder.

(f) Notice of Corporate Events. If the Company (i) declares a dividend or any other distribution of cash, securities or other property in respect of its Common Stock, including without limitation any granting of rights or warrants to subscribe for or purchase any capital stock of the Company or any Subsidiary, (ii) authorizes or approves, enters into any agreement contemplating or solicits stockholder approval for any Fundamental Transaction or (iii) authorizes the voluntary dissolution, liquidation or winding up of the affairs of the Company, then the Company shall deliver to the Holder a notice describing the material terms and conditions of such transaction, at least ten calendar days prior to the applicable record or effective date on which a Person would need to hold Common Stock in order to participate in or vote with respect to such transaction, and the Company will take all steps reasonably necessary in order to insure that the Holder is given the practical opportunity to exercise this Warrant prior to such time so as to participate in or vote with respect to such transaction; provided, however, that the failure to deliver such notice or any defect therein shall not affect the validity of the corporate action required to be described in such notice.

10. Payment of Exercise Price. The Holder shall pay the Exercise Price by wire transfer of immediately available funds.

11. Limitation on Exercise.

(a) Notwithstanding anything to the contrary conformed within, this Warrant may not be exercised if after giving effect to such exercise Thermo Capital Partners LLC and its affiliates would own directly or indirectly Voting Stock (as defined in the First Supplemental Indenture dated as of April 15, 2008 relating to the Company's 5.75% Convertible Senior Notes due 2028) representing 70% or more of the total voting power of all outstanding Voting Stock of the Company.

(b) Notwithstanding anything to the contrary contained herein, this Warrant may not be exercised until the holders of a majority of the Company's outstanding Common Stock have approved the issuance of all of the Common Stock as contemplated by this Warrant and the Contribution Agreement.

12. Fractional Shares. The Company shall not be required to issue or cause to be issued fractional Warrant Shares on the exercise of this Warrant. If any fraction of a Warrant Share would, except for the provisions of this Section 12, be issuable upon exercise of this Warrant, the number of Warrant Shares to be issued will be rounded up to the nearest whole share.

13. Notices. Any and all notices or other communications or deliveries hereunder (including without limitation any Exercise Notice) shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile prior to 6:30 p.m. (New York City time) on a trading day, (ii) the next trading day after the date of transmission, if such notice or communication is delivered via facsimile on a day that is not a trading day or later than 6:30 p.m. (New York City time) on any trading day, (iii) the trading day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

14. Warrant Agent. The Company shall serve as warrant agent under this Warrant. Upon 30 days' notice to the Holder, the Company may appoint a new warrant agent. Any corporation into which the Company or any new warrant agent may be merged or any corporation resulting from any consolidation to which the Company or any new warrant agent shall be a party or any corporation to which the Company or any new warrant agent transfers substantially all of its corporate trust or stockholder services business shall be a successor warrant agent under this Warrant without any further act. Any such successor warrant agent shall promptly cause notice of its succession as warrant agent to be mailed (by first class mail, postage prepaid) to the Holder at the Holder's last address as shown on the Warrant Register.

15. Miscellaneous.

(a) Subject to the restrictions on transfer set forth on the first page hereof, this Warrant may be assigned by the Holder. This Warrant may not be assigned by the Company except to a successor in the event of a Fundamental Transaction. This Warrant shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns. Subject to the preceding sentence, nothing in this Warrant shall be construed to give to any Person other than the Company and the Holder any legal or equitable right, remedy or cause of action under this Warrant. This Warrant may be amended only in writing signed by the Company and the Holder and their successors and assigns.

(b) The Company will not, by amendment of its governing documents or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder against impairment. Without limiting the generality of the foregoing, the Company (i) will not increase the par value of any Warrant Shares above the amount payable therefor on such exercise, (ii) will take all such action as may be reasonably necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares on the exercise of this Warrant, and (iii) will not close its stockholder books or records in any manner which interferes with the timely exercise of this Warrant.

(c) Governing Law; Venue; Waiver Of Jury Trial. All questions concerning the construction, validity, enforcement and interpretation of this warrant shall be governed by and construed and enforced in accordance with the laws of the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in New York County, New York, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the transaction documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party and agrees that such service shall constitute good and sufficient service of process and notice thereof. nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. the company hereby waives all rights to a trial by jury.

(d) The headings herein are for convenience only, do not constitute a part of this Warrant and shall not be deemed to limit or affect any of the provisions hereof.

(e) In case any one or more of the provisions of this Warrant shall be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Warrant shall not in any way be affected or impaired thereby and the parties will attempt in good faith to agree upon a valid and enforceable provision which shall be a commercially reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Warrant.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK,
SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by its authorized officer as of the date first indicated above.

GLOBALSTAR, INC.

By: _____
Name: Fuad Ahmad
Title: Senior Vice President and Chief Financial Officer

FORM OF EXERCISE NOTICE

(To be executed by the Holder to exercise the right to purchase shares of Common Stock under the foregoing Warrant)

To Globalstar, Inc.:

The undersigned is the Holder of the Warrant dated , 2009 (the "**Warrant**") issued by Globalstar, Inc., a Delaware corporation (the "**Company**"). Capitalized terms used herein and not otherwise defined have the respective meanings set forth in the Warrant.

1. The Warrant is currently exercisable to purchase a total of Warrant Shares.

2. The undersigned Holder hereby exercises its right to purchase Warrant Shares pursuant to the Warrant.

3. The holder shall pay the sum of $ to the Company in accordance with the terms of the Warrant.

4. Pursuant to this exercise, the Company shall deliver to the holder Warrant Shares in accordance with the terms of the Warrant.

5. Following this exercise, the Warrant shall be exercisable to purchase a total of Warrant Shares.

Dated: ,

Name of Holder:

(Print) _____

By: _____
Name: _____
Title: _____

(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

ACKNOWLEDGED AND AGREED TO this day of , 20
Globalstar, Inc.

By:
Name: _____
Title: _____

FORM OF ASSIGNMENT

[To be completed and signed only upon transfer of Warrant]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto the right represented by the within Warrant to purchase shares of Common Stock of Globalstar, Inc. to which the within Warrant relates and appoints attorney to transfer said right on the books of Globalstar, Inc. with full power of substitution in the premises.

Dated: ,

_____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

_____
Address of Transferee

_____

_____

In the presence of:

_____

Exhibit 10.1

Dated 5 June 2009

COFACE FACILITY AGREEMENT

between

GLOBALSTAR, INC.
as the Borrower,

BNP PARIBAS
SOCIÉTÉ GÉNÉRALE
NATIXIS
CALYON
and
CRÉDIT INDUSTRIEL ET COMMERCIAL
as the Mandated Lead Arrangers,

BNP PARIBAS
as the Security Agent
and the COFACE Agent

and

THE BANKS AND FINANCIAL INSTITUTIONS
listed in Schedule 1
as the Original Lenders

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THIS AGREEMENT (the "**Agreement**") is dated 5 June 2009 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 461 South Milpitas Blvd., Milpitas, CA 95035, United States of America (the "**Borrower**");

(2) **BNP PARIBAS**, a *société anonyme* with a share capital of two billion four hundred sixty five million five hundred and twelve thousand seven hundred and fifty eight Euros (€2,465,512,758) 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**");

(3) **BNP PARIBAS**, **SOCIETE GENERALE**, **NATIXIS**, **CALYON** and **CRÉDIT INDUSTRIEL ET COMMERCIAL** each acting in its capacity as a mandated lead arranger (the "**Mandated Lead Arrangers**");

(4) **BNP PARIBAS**, a *société anonyme* with a share capital of two billion four hundred sixty five million five hundred and twelve thousand seven hundred and fifty eight Euros (€2,465,512,758) 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

(5) **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:

"**Acceptable Bank**" means:

(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;

(b) Union Bank of California, *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

(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 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:

(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) other than following satisfaction of the conditions to the making of Shareholder Distributions in accordance with Clause 22.6 (*Limitations on Dividends and Distributions*);

(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;

(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

(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 each account control agreement substantially in the form agreed between the Borrower and the Security Agent on the date of this Agreement (or as otherwise satisfactory to the Security Agent) between a Deposit Account Bank (as such term is defined in each Account Control Agreement), the Borrower and the Security Agent.

"**Accounts Agreement**" means the accounts agreement dated on or about the date of this Agreement and made between the Borrower, the COFACE Agent, the Offshore Account Bank, Thermo and the Security Agent.

"**Additional Cost Rate**" has the meaning given to it in Schedule 4 (*Mandatory Cost Formula*).

"**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) only, to the extent deducted in the calculation of Consolidated EBITDA (without double-counting)):

(a) non-cash stock compensation expenses;

(b) non-cash asset impairment charges;

(c) one time non-cash non-recurring expenses; and

(d) non-capitalised cash payments, if any, to second generation ground segment vendors made from earnings counted during the relevant period,

but excluding the proceeds of any Equity Issuance or any Subordinated Indebtedness.

"**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:

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

(b) revenues recognised for such period, as determined in accordance with GAAP.

"**Advance Payment**" means an advance payment:

(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

(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.

"**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:

(a) for any Interest Period commencing prior to 15 December 2012, two point zero seven *per cent*. (2.07%) per annum;

(b) for any Interest Period commencing from 15 December 2012 until 14 December 2017, two point twenty five *per cent*. (2.25%) per annum; and

(c) for any Interest Period commencing thereafter, two point forty *per cent.* (2.40%) per annum.

"**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.

"**Attributable Indebtedness**" means, on any date:

(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

(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 the period from and including the date of this Agreement to and including the date that is the earlier of:

(a) seven (7) Months after the date of the last Launch; or

(b) 15 November 2011.

"**Available Commitment**" means, in relation to a Facility, a Lender's Commitment under that Facility *minus*:

(a) the amount of its participation in any outstanding Loans under that Facility; and

(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 Contingent Equity Account**" has the meaning given to such term in the Accounts Agreement.

"**Borrower Pledge of Bank Accounts**" means the French law "*Convention de Nantissement de Comptes Bancaires*" substantially in the form agreed between the Borrower and the Security Agent on the date of this Agreement (or as otherwise satisfactory to the Security Agent) between the Borrower, the Offshore Account Bank and the Security Agent.

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

(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:

(b) 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:

(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; and

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

"**Capital Expenditure Account**" has the meaning given to such term in the Accounts Agreement.

"**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:

(a) in the case of a corporation, capital stock;

(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;

(c) in the case of a partnership, partnership interests (whether general or limited);

(d) in the case of a limited liability company, membership interests; and

(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:

(a) that cash is repayable on demand;

(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;

(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

(d) the cash is freely and immediately available to be applied in repayment or prepayment of the Facilities.

"**Cash Contribution Agreement**s" means each cash contribution agreement made between:

(a) the Launch Services Provider and Thermo; and

(b) Hughes and Thermo,

and, in each case, entered into prior to Financial Close on terms and conditions satisfactory to the COFACE Agent.

"**Cash Equivalent Investments**" means at any time:

(a) certificates of deposit maturing within one (1) year after the relevant date of calculation and issued by an Acceptable Bank;

(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;

(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;

(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

(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).

"**CNRA Required Balance**" has the meaning given to such term in the Accounts Agreement.

"**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* with a share capital of one hundred and seven million sixty five thousand eight hundred and one Euros and sixty six cents (€107,065,801.66) whose registered office is at La Défense, 10-12 Cours Michelet, 92800, Puteaux, France and registered at the *Registre du Commerce et des Societés of Nanterre* with registered number 552 069 791.

"**COFACE Insurance Policy**" means each credit insurance policy 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 (*COFACE Insurance Premia*).

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

"**Collateral Agreement**" means the security agreement substantially in the form agreed between the Borrower and the Security Agent on the date of this Agreement (or as otherwise satisfactory to the Security Agent) 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:

(a) the Launch Services Contract; and

(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 by

the FCC (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*).

"**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:

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

(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 one million Dollars (US$1,000,000)), *less*

(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 and all net payment obligations pursuant to Hedging Agreements 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 Subsidiries, 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:

(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;

(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);

(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

(d) the proceeds of any Equity Issuances and/or Subordinated Indebtedness.

"**Contingent Equity Release Date**" has the meaning given to such term in the Accounts Agreement.

"**Contingent Equity Required Balance**" has the meaning given to such term in the Accounts Agreement.

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

(a) the Supplier under and in relation to the Satellite Construction Contract being an amount (in aggregate) equal to two hundred ninety eight million nine hundred nineteen thousand nine hundred and five Euros (€298,919,905) *plus* two hundred eighteen million four hundred eighty three thousand two hundred and seventeen Dollars and eighty two cents (US$218,483,217.82); and

(b) the Launch Services Provider under and in relation to the Launch Services Contract being two hundred and sixteen million Dollars (US$216,000,000).

"**Convertible Note Reserve Account**" has the meaning given to such term in the Accounts Agreement.

"**Convertible Notes**" means the five point seventy five *per cent.* (5.75%) senior notes issued by the Borrower and due in 2028.

"**Covenant Capital Expenditure**" means all Capital Expenditures other than Excluded Capital Expenditures.

"**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:

(a) Adjusted Consolidated EBITDA (without double-counting),

  (i) *plus*, any Liquidity (in an amount exceeding five million Dollars (US$5,000,000)) 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

(b) Debt Service,

in each case, during the relevant period of calculation.

"**Debt Service Period**" has the meaning given to such term in the Accounts Agreement.

"**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 each French law delegation agreement substantially in the form agreed between the Borrower and the Security Agent on the date of this Agreement (or as otherwise satisfactory to the Security Agent) between the Borrower, the Security Agent and the Supplier or the Launch Services Provider (as the case may be).

"**Disruption Event**" means either or both of:

(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

(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 Providers**" means:

(a) the Supplier;

(b) the Launch Services Provider; and

(c) Hughes.

"**DSRA Required Balance**" means:

(a) prior to but excluding the date that is six (6) Months prior to the First Repayment Date, an amount equal to forty six million seven hundred and seventy three thousand Dollars (US$46,773,000);

(b) from and including the date that is six (6) Months prior to the First Repayment Date until but excluding the date that is six (6) Months prior to the third Repayment Date, an amount in aggregate equal to:

(i) the principal amount due on the third Repayment Date; and

(ii) all interest, fees, costs and expenses due and payable by the Borrower

under the Finance Documents on the next Payment Date, accrued in respect of the principal amount referred to in paragraph (b)(i) above; and

(c) from and including the date that is six (6) Months prior to the third Repayment Date until the Final Maturity Date, an amount in aggregate equal to all principal, interest, fees, costs and expenses due and payable by the Borrower under the Finance Documents on the next Payment Date *provided that*, if LIBOR exceeds the capped interest rate set out in the Interest Rate Cap Agreement, the amount of such capped interest rate shall be used for the purpose of calculating any interest under this paragraph (c) to the extent such agreement is in full force and effect.

"**Earth Station**" shall mean 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:

(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

(b) in the case of Facility B, one hundred *per cent.* (100%) of the amount of twenty one million six hundred thousand Dollars (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:

(a) goods made in France and/or services performed in France; and

(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) two hundred ninety eight million nine hundred nineteen thousand nine hundred and five Euros (€298,919,905) *plus* two hundred eighteen million four hundred eighty three thousand two hundred and seventeen Dollars and eighty two cents (US$218,483,217.82) under the Satellite Construction Contract; and

(ii) twenty one million six hundred thousand Dollars (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:

(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

(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:

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

(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 Cure Contribution**" means cash funds (including any amounts standing to the credit of the Thermo Contingent Equity Account and/or the Borrower Contingent Equity Account) contributed to the Borrower by equity and/or Subordinated

Indebtedness (excluding the Initial Equity and any amount of any Equity Issuance or Subordinated Indebtedness applied in accordance with Clause 5.2(b)(i) to (iii) (*Permitted Withdrawals from the Collection Account*) of the Accounts Agreement).

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

(a) shares of its Capital Stock;

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

(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 or the conversion of the Convertible Notes.

"**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:

(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

(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

(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(c) 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

(d) the institution of proceedings to terminate, or the appointment of a trustee with respect to, any Pension Plan by the PBGC; or

(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

(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 412 or 430 of the Code or Section 302 or 4068 of ERISA, or the arising of such a Lien; there being or arising any "*unpaid minimum required contribution*" or "*accumulated funding deficiency*" (as defined or otherwise set forth in Section 4971 of the Code or Part 3 of Subtitle B of Title I 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 Multiemployer Plan, or that such filing may be made; or a determination that any Pension Plan is, or is expected to be, in at-risk status under Title IV of ERISA; or

(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

(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

(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

(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 305 of ERISA.

"**Escrow Account**" means the escrow account with Société Générale pursuant to the escrow agreement made between the Borrower, the Supplier and Société Générale, S.A. dated 21 December 2006.

"**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*).

"**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:

(a) Adjusted Consolidated EBITDA for such period;

minus (to the extent not already deducted in the calculation of Adjusted Consolidated EBITDA),

(b) the sum of the following (without double-counting):

(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) all Covenant Capital Expenditures made during such period (to the extent funded by earnings counted in the calculation of Adjusted Consolidated EBITDA);

(iv) any changes to Working Capital during such period;

(v) any amount applied to fund any cash reserve required under the Finance Documents, including the DSA Required Balance, the DSRA Required Balance and the CNRA Required Balance in such period;

(vi) non-scheduled principal payments with respect to any Loan in such period;

(vii) the cash portion of the purchase price and other reasonable acquisition-related costs paid by the Borrower for Permitted Acquisitions in such period;

(viii) any one (1) time non-recurring cash expense; and

(ix) Transaction Costs during such period (solely to the extent added back to net income in the calculation of Adjusted Consolidated EBITDA).

"**Excluded Capital Expenditure**" means Capital Expenditures funded:

(a) with Net Cash Proceeds received in connection with:

(i) an Insurance and Condemnation Event or an Asset Disposition and reinvested in accordance with Clause 7.5 (*Mandatory Prepayment - Insurance and Condemnation Events*); or

(ii) an Equity Issuance; or

(b) by the issuance of Capital Stock of the Borrower to the seller (or an affiliate thereof) of the related Capital Asset.

"**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:

(a) Facility A; and

(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:

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

(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:

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

(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.

"**FCC**" shall mean the Federal Communications Commission.

"**FDIC**" means the Federal Deposit Insurance Corporation.

"**Final Maturity Date**" means the date that is ninety six (96) Months after the First Repayment Date.

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

(a) the twenty-fourth (24th) Satellite has reached its final altitude;

(b) the testing of the twenty-fourth (24th) 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 twenty-fourth (24th) Satellite (and attaching a copy of such confirmation to such certificate); and

(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:

(a) this Agreement;

(b) the Accounts Agreement;

(c) the Supplier Direct Agreement;

(d) the LSP Direct Agreement;

(e) each Security Document;

(f) each Guarantee Agreement;

(g) any Transfer Certificate;

(h) each Promissory Note;

(i) the Supplier Guarantee;

(j) the Subordination Deed; and

(k) 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:

(a) the COFACE Agent;

(b) each Mandated Lead Arranger;

(c) the Security Agent; and

(d) the Lenders,

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

"**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 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:

(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;

(b) all obligations of the Borrower or any of its Subsidiaries to pay the deferred purchase price of property or services, to the extent classified as debt in accordance with GAAP (including, without limitation, all obligations under non-competition, earn-out or similar agreements), except Satellite Vendor Obligations and 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;

(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);

(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;

(e) all Guarantee Obligations of the Borrower or any of its Subsidiaries;

(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 of any of its Subsidiaries;

(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

(h) all Net Hedging Obligations.

"**First Repayment Date**" means the date that is six (6) Months after the earlier of:

(a) the date that is two (2) Months after the last Launch; or

(b) 15 June 2011.

"**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:

(a) twenty five million Dollars (US$25,000,000); *less*

(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*

(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*

(d) the aggregate amount of all investments (valued as of the initial date of such investment without regard to any subsequent changed 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 ten million Dollars (US$10,000,000) in value; and

(ii) which transactions in aggregate since the date of this Agreement do not exceed fifty million Dollars (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.

"**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:

(a) the guarantee agreement dated prior to Financial Close between the Security Agent and each Subsidiary Guarantor set out in Schedule 26 (*Subsidiary Guarantors*); and

(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*).

"**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:

(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

(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:

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

(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;

(c) the presence of which require investigation or remediation under any Environmental Law;

(d) the possession, use, storage, discharge, emission or release of which requires a permit or licence under any Environmental Law or other Authorisation;

(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;

(f) which consist of underground or above ground storage tanks, whether empty, filled or partially filled with any substance; or

(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 Company**" means, in relation to a company or corporation, any other company or corporation 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:

(a) the relevant Satellite has reached its final altitude;

(b) the relevant Satellite is fully operational and properly integrated into the constellation;

(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

(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*).

"**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:

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

(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.

"**Landlord Waiver and Consent Agreements**" means:

(a) the landlord waiver and consent agreement made between Four Sierra, LLC as landlord and the Security Agent;

(b) the landlord waiver and consent agreement made between Orinda Equity Partners, LLC as landlord and the Security Agent;

(c) the landlord waiver and consent agreement made between Sebring Airport Authority as landlord and the Security Agent; and

(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 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 Société of Evry* under registration number 318 516 457, whose registered office is at Boulevard de l'Europe, 91006 Evry, France.

"**Lender**" means:

(a) any Original Lender; and

(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:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for Dollars for the Interest Period of that Loan) the arithmetic mean of the rates (rounded upwards to four (4) decimal places) as supplied to the COFACE Agent at its request quoted by the Reference Banks to leading banks in the London interbank market,

as of 11:00 a.m. (London time) on the Quotation Day for the offering of deposits in Dollars and for a period comparable to the Interest Period for 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.

"**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).

"**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 Investments held by any of the Obligors (other than Thermo), but excluding any amounts held in:

(a) the Capital Expenditure Account;

(b) the Borrower Contingent Equity Account;

(c) the Convertible Note Reserve Account;

(d) the Debt Service Reserve Account; and

(e) the Insurance Proceeds Account.

"**Loans**" means:

(a) a Facility A Loan; and

(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)(B) (*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 substantially in the form agreed between the Borrower and the Security Agent on the date of this Agreement (or as otherwise satisfactory to the Security Agent) between the Borrower, the Launch Services Provider and the Security Agent.

"**Majority Lenders**" means:

(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

(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 the percentage rate per annum calculated by the COFACE Agent in accordance with Schedule 4 (*Mandatory Cost Formula*).

"**Material Adverse Effect**" means with respect to the Borrower or any of its Subsidiaries, a material adverse effect on:

(a) the properties, business, operations, prospects or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole; or

(b) the legality, validity or enforceability of any provision of any Transaction Document; or

(c) the rights and remedies of any Finance Party under any of the Finance Documents; or

(d) the security interests provided under the Security Documents or the value thereof; or

(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:

(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 ten million Dollars (US$10,000,000) per annum; or

(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:

(a) the Borrower;

(b) each Subsidiary Guarantor;

(c) Globalstar Canada Satellite Co.;

(d) each Licence Subsidiary (including, GCL Licensee LLC);

(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;

(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

(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 ten million Dollars (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 Company 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.

"**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:

(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;

(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

(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:

(a) with respect to any Equity Issuance, Asset Disposition or 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

(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:

(i) all fees and expenses in connection therewith; and

(ii) 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 Financial Indebtedness (excluding any Subordinated Indebtedness) of the Group at that time but *deducting* the aggregate amount of Liquidity at that time.

"**Net Hedging Obligations**" means, as of any date, the Termination Value of any such Hedging Agreement on such date.

"**Obligations**" means, in each case, whether now in existence or hereafter arising:

(a) the principal of and interest on (including interest accruing after the filing of any bankruptcy or similar petition) the Loans;

(b) all Hedging Obligations; and

(c) all other fees 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 tortuous, liquidated or unliquidated, and whether or not evidenced by any note.

"**Obligors**" means:

(a) the Borrower;

(b) Thermo; and

(c) each Subsidiary Guarantor,

and, "**Obligor**" means any of the foregoing as the context requires.

"**OFAC**" means the U.S. 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 Lenders**" has the meaning given to such term in the recitals.

"**Participating Member State**" means any member state of the European Communities that, as of the date of this Agreement, has adopted the Euro as its lawful currency in accordance with legislation of the European Community 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.

"**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:

(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;

(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;

(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;

(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;

(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;

(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 five million Dollars (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 two million Dollars (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, Capital 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, Capital 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, Capital 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;

(g) the Borrower shall have delivered to the COFACE Agent:

(i) 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

(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:

(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 ten million Dollars (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;

(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;

(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;

(d) no Event of Default shall have occurred and be continuing both before and after giving effect to such investment;

(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

(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 thirty million Dollars (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*).

"**Phase 3 Costs**" means the aggregate amounts payable or to be paid with respect to the construction, Launch and Launch Insurance of Phase 3 Satellites (including amounts payable under the Commercial Contracts arising out of, and in connection with, the Phase 3 Satellites).

"**Phase 3 Satellites**" means the Satellites to be purchased by the Borrower under Phase 3 (as such term is defined in the Satellite Construction Contract) pursuant to the Satellite Construction Contract.

"**PIK Interest**" means interest paid by the Borrower or any Subsidiary in respect of a debt instrument by the issuance of additional debt securities only (which debt securities will not mature or become payable prior to the maturity date of such instrument and no cash payment is made by the Borrower or any Subsidiary).

"**Project**" means:

(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

(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 favour of the Lenders evidencing the portion of the Loan made by such Lender in accordance with Clause 31.2 (*Evidence of Financial Indebtedness*), substantially in the form of Schedule 25 (*Form of Promissory Note*) and any 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.

"**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 either:

(a) a United States person (as defined in Section 7701(a)(30) of the Code);

(b) engaged in a U.S. trade or business with which such interest is "*effectively connected*" within the meaning of the Code;

(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

(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 Banks**" means the principal London offices of BNP Paribas, Société Générale, Crédit Industriel et Commercial, Calyon and Natixis or such other banks as may be appointed by the COFACE Agent in consultation with the Borrower.

"**Relevant Agreements**" means:

(a) the Supplier Guarantee; and

(b) each Cash Contribution Agreement.

"**Relevant Funds**" has the meaning given to such term at Clause 22.14(a)(iii) (*Excess Cash Flow / Purchase of Satellites*).

"**Relevant Period**" means each period of twelve (12) Months referred to in each of the columns titled "*Column 1 — Relevant Period*" in the tables contained in Clauses 20.3 (*Adjusted Consolidated EBITDA*), 20.4 (*Debt Service Coverage Ratio*) and 20.5 (*Net Debt to Adjusted Consolidated EBITDA*).

"**Repayment Date**" has the meaning given to such term at Clause 6.1(a) (*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*) and 18.33 (*No Immunity*).

"**Reservations**" means:

(a) the principle that equitable remedies may be granted or refused at the discretion of a court;

(b) the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;

(c) the time barring of claims under applicable statutes of limitation;

(d) the possibility that an undertaking to assume liability for or indemnify a person against non-payment of stamp duty may be void;

(e) defences of set-off or counterclaim;

(f) a court construing a Lien expressed to be created by way of fixed security as being floating security;

(g) any additional interest imposed pursuant to any relevant agreement may be held to be irrecoverable on the grounds that it is a penalty;

(h) an English court may not give effect to any indemnity for legal costs incurred by an unsuccessful litigant; and

(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.

"**Retained Excess Amount**" has the meaning given to such term at Clause 7.3(a) (*Mandatory Prepayment — Initial Excess Cash Flow*).

"**S&P**" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

"**Sanctioned Entity**" means:

(a) an agency of the government of;

(b) an organisation directly or indirectly controlled by; or

(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).

"**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 hereof 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*).

"**Satellite Vendor Obligations**" means the obligations of the Borrower or any of its Subsidiaries to any Satellite or Satellite launch vendor or Affiliate thereof for the procurement, construction, launch and insurance of all or part of one or more Satellites or Satellite launches for such Satellites or 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, *provided that* such obligations:

(a) are not evidenced by any promissory note; and

(b) are not secured by any Lien on 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.

"**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 British Bankers' Association Interest Settlement Rate for Dollars for the relevant period displayed on the appropriate page of the Reuters screen. If the agreed page is replaced or service ceases to be available, the COFACE Agent may specify another page or service displaying the appropriate rate after consultation with the Borrower and the Lenders.

"**Security Documents**" means:

(a) the Collateral Agreement;

(b) each Mortgage;

(c) the Borrower Pledge of Bank Accounts;

(d) each Account Control Agreement;

(e) the Stock Pledge Agreement;

(f) each Landlord Waiver and Consent Agreement;

(g) each Delegation Agreement;

(h) the Thermo Pledge of Bank Account;

(i) 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;

(j) all agreements and other documents executed from time to time pursuant to any of the foregoing; and

(k) 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:

(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;

(b) any payment by way of return on or repayment of share capital;

(c) any payment of cash interest or capitalised interest by the Borrower to Thermo under the Thermo Cash Contribution Agreement or any other 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 any distributions or other payments pursuant to any employee stock incentive plan (howsoever described) expressly permitted under the terms of this Agreement;

(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 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

(e) any payments under a subordinated loan (including interest and fees),

"**Solvent**" means, as to any Obligor on a particular date, that any such person:

(a) has capital sufficient to carry on its business and transactions and all business and transactions in which it is about to engage and is able to pay its debts as they mature;

(b) has assets having a value, both at fair valuation and at present fair saleable value, greater than the amount required to pay its probable liabilities (including contingencies); and

(c) does not believe that it will incur debts or liabilities beyond its ability to pay such debts or liabilities as they mature.

"**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 substantially in the form agreed between the Borrower and the Security Agent on the date of this Agreement (or as otherwise satisfactory to the Security Agent) between the Borrower, each Domestic Subsidiary and the Security Agent.

"**Subordinated Indebtedness**" means any Financial Indebtedness of the Borrower or any Subsidiary:

(a) subordinated in right and time of payment to the Obligations pursuant to an Acceptable Intercreditor Agreement (*provided that* the Borrower shall be entitled to pay PIK Interest);

(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;

(c) containing such other terms and conditions, in each case as are reasonably satisfactory to the COFACE Agent; and

(d) the issuance of such Financial Indebtedness shall not cause, and could not reasonably be expected to cause, a Default.

"**Subordination Deed**" means the subordination deed dated on or about the date of this Agreement and made between Thermo, the Borrower, the Security Agent and the COFACE Agent.

"**Subsidiary**" means, as to any person, 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 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:

(a) each direct or indirect Domestic Subsidiary of the Borrower in existence on the date of this Agreement and set out in Schedule 26 (*Subsidiary Guarantors*); or

(b) which becomes a party to a Guarantee Agreement pursuant to Clause 21.5 (*Additional Domestic Subsidiaries*).

"**Supplier**" means Thales Alenia Space France, a French *société par actions simplifiée* registered at the *Registre du Commerce et des Société* 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 substantially in the form agreed between the Borrower and the Security Agent on the date of this Agreement (or as otherwise satisfactory to the Security Agent) between the Borrower, the Supplier and the Security Agent.

"**Supplier Guarantee**" means the guarantee entered into on or about the date of this Agreement and made between the Supplier as guarantor with the Borrower and the COFACE Agent as beneficiaries, guaranteeing the payment of an amount equal to twelve million five hundred thousand Dollars (US$12,500,000).

"**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.

"**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*).

"**Thermo Cash Contribution Agreement**" means the agreement entered into, or to be entered into, between Thermo and the Borrower delivered in satisfaction of the condition precedent referred to in paragraph 18(i) (*Other Documents and Evidence*) of Schedule 2 (*Conditions Precedent*).

"**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:

(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

(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 Contingent Equity Account**" has the meaning given to such term in the Accounts Agreement.

"**Thermo Group**" means:

(a) Globalstar Satellite, L.P.;

(b) Thermo; and

(c) Globalstar Holdings, LLC.

"**Thermo Facility Agreement**" means the second amended and restated credit agreement dated 17 December 2007 (as the same has been amended (prior to the date of this Agreement) from time to time) and made between the Borrower and Thermo.

"**Thermo Pledge of Bank Accounts**" means the French law "*Convention de Nantissement de Comptes Bancaires*" substantially in the form agreed between Thermo and the Security Agent on the date of this Agreement (or as otherwise satisfactory to the Security Agent) between Thermo, the Offshore Account Bank and the Security Agent.

"**Total Commitments**" means the aggregate of:

(a) the Total Facility A Commitments; and

(b) the Total Facility B Commitments.

"**Total Facility A Commitments**" means the aggregate of the Facility A Commitments, being five hundred sixty three million two hundred ninety nine thousand one hundred and twenty Dollars (US$563,299,120) as at the date of this Agreement.

"**Total Facility B Commitments**" means the aggregate of the Facility B Commitments, being twenty three million forty two thousand and eight hundred and eighty Dollars (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:

(a) each Finance Document;

(b) each Commercial Contract;

(c) each Cash Contribution Agreement;

(d) the Thermo Cash Contribution Agreement;

(e) any Acceptable Intercreditor Agreement; and

(f) 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 Schedule 5 (*Form of Transfer Certificate*) or any other form agreed between the COFACE Agent and the Borrower (acting reasonably).

"**Transfer Date**" means, in relation to a transfer, the later of:

(a) the proposed Transfer Date specified in the Transfer Certificate; and

(b) the date on which the COFACE Agent executes the 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.

"**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 value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature.

"**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 U.S. 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:

(i) 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;

(ii) "**assets**" includes present and future properties, revenues and rights of every description;

(iii) "**determines**" or "**determined**" means a determination made in the absolute discretion of the person making the determination;

(iv) 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;

(v) 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;

(vi) "**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;

(vii) "**include**" or "**including**" are to be construed without limitation;

(viii) "**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;

(ix) 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);

(x) 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 regulatory, self-regulatory or other authority or organisation;

(xi) a provision of law is a reference to that provision as amended or re-enacted; and

(xii) a time of day is a reference to Paris time.

(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 Lenders make available to the Borrower a:

(a) Dollar term loan facility in an aggregate amount equal to the Total Facility A Commitments ("**Facility A**"); and

(b) 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:

(a) **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;

(b) **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 two hundred and sixteen million Dollars (US$216,000,000);

(ii) towards payment to Hughes in an amount not exceeding eighty seven million Dollars (US$87,000,000);

(iii) towards payment to Ericsson in an amount not exceeding eight million Dollars (US$8,000,000); and

(iv) towards payment of the Borrower's working capital and general corporate purposes in an amount not exceeding one hundred and fifty million Dollars (US$150,000,000),

and, in each case, such additional amounts as COFACE may agree; and

(c) **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 Service 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 five hundred twenty eight million twenty six thousand eight hundred and forty four Dollars (US$528,026,844);

(b) Clause 3.1(b) (*Reimbursement to the Borrower*) shall not exceed three hundred nine million five hundred forty three thousand six hundred and twenty six Dollars (US$309,543,626); and

(c) Clause 3.2(a) (*Payments to the Launch Services Provider*) shall not exceed twenty one million six hundred thousand Dollars (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:

(a) no Default is continuing or would be likely to result from the proposed Loan;

(b) the Repeating Representations to be made by the Borrower are true in all material respects;

(c) 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;

(d) 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;

(e) 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;

(f) 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);

(g) 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; the Borrower shall have delivered to the COFACE Agent such evidence of payment as the COFACE Agent may reasonably request; and

(h) in respect of any payment to the Supplier, the Launch Services Provider and/or the Borrower in accordance with Clause 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);

(i) 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

(j) 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:

(a) 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

(b) 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**

(a) 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.

(b) 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**

(a) 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.

(b) This mandate is irrevocable.

(c) 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).

(d) 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**

(a) 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).

(b) 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) Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

(i) the proposed Utilisation Date is a Business Day within the Availability Period applicable to that Facility; and

(ii) 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 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 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 one point thirty four Dollars (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 (*Borrower's Payment Obligations*), thirty five million two hundred seventy two thousand two hundred and seventy six Dollars (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(c) (*Borrower's Payment Obligations*), one million four hundred forty two thousand eight hundred and eighty thousand Dollars (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 one million Dollars (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 one million Dollars (US$1,000,000) or, if less, the Available Facility.

5.6 **Lenders' Participation**

(a) If the conditions set out in this 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) 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**

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**

(a) The Borrower shall make such repayments as may be necessary to ensure that on each of the dates set out in the Repayment Schedule (each a "**Repayment Date**") the aggregate amount of the Loans is reduced by an amount equal to the product of the aggregate amount of the Loans as at the close of business in Paris on the last day of the Availability Period and the percentage (as set out next to the relevant Repayment Date) in the Repayment Schedule which corresponds to such Repayment Date. Notwithstanding anything to the

contrary in Clause 6.1(b) below, all outstanding Loans will in any event be repaid in full by the Borrower by the Final Maturity Date.

(b) If a Launch Failure occurs or there is a failure to bring a Satellite into full service and the Borrower elects to order a replacement Satellite in accordance with Clause 7.5(b) (*Mandatory Prepayment - Insurance and Condemnation Events*), the Lenders (acting unanimously) may, subject to a specific approval from COFACE, upon written request from the Borrower consent to an adjustment to the repayment profile of the Facilities.

6.2 **Reborrowing**

The Borrower may not reborrow any part of a Facility which is repaid.

7. PREPAYMENT AND CANCELLATION

7.1 **Illegality**

If it becomes unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in any Loan:

(a) that Lender shall promptly notify the COFACE Agent upon becoming aware of that event;

(b) upon the COFACE Agent notifying the Borrower, the Commitment of that Lender will be immediately cancelled; and

(c) 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**

(a) 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:

(i) 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 forty *per cent.* (40%) 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

(ii) 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, of 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

(iii) 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

(iv) 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 forty *per cent.* (40%) 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 Sections 13(d) and 14(d) of the US Securities Exchange Act of 1934 (the "**Exchange Act**")), Acting in Concert or otherwise, 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.

(b) 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.

(c) 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, shall become immediately due and payable.

7.3 **Mandatory Prepayment — Initial Excess Cash Flow**

On the First Repayment Date, the Borrower shall apply an amount equal to any Excess Cash Flow accrued since the date of this Agreement (in an amount determined by the Borrower and verified by the COFACE Agent) as follows:

(a) ***firstly***, *provided* no Default has occurred and is continuing, in or towards payment of a portion of the Borrower's obligations to Thermo under the Thermo Cash Contribution Agreement, through payment:

(i) directly to the DSRA Providers on behalf of Thermo in the proportions directed by Thermo to the Borrower in writing; and

(ii) if Thermo's obligations to the DSRA Providers under the Relevant Agreements have been repaid in full, to Thermo in reimbursement of any amounts previously paid directly by Thermo to the DSRA Providers under the Relevant Agreements and not previously reimbursed by the Borrower to Thermo,

of an amount not to exceed:

(A) thirty five million Dollars (US$35,000,000) plus the drawn amount paid to the Borrower by the Supplier under the Supplier Guarantee; *less*

(B) any previous payments pursuant to this Clause 7.3(a) (*Mandatory Prepayment — Initial Excess Cash Flow*), Clause 5.2(b)(i) and (ii) (*Permitted Withdrawals from the Collection Account*) of the Accounts Agreement, Clause 9.3 (*Excess Funding in the Debt Service Account*) of the Accounts Agreement and/or Clause 7.4(a) (*Mandatory Prepayment — Ongoing Excess Cash Flow*) below.

Any amounts paid to the DSRA Providers or Thermo pursuant to this Clause 7.3(a) shall reduce any amount owing by the Borrower to Thermo under the Thermo Cash Contribution Agreement. No payment shall be made under this Clause 7.3(a) to the extent any payments would exceed the amount owing by the Borrower to Thermo under the Thermo Cash Contribution Agreement (but excluding any payments of interest or capitalised interest due and owing by the Borrower to Thermo under the Thermo Cash Contribution Agreement). Any such interest or capitalised interest shall only be payable by the Borrower to Thermo following satisfaction of each of the distribution conditions set out at Clause 22.6 (*Limitations on Dividends and Distributions*) (other than Clause 22.6(b)(iv) (*Limitations on Dividends and Distributions*));

(b) ***secondly***, in an amount up to fifty million Dollars (US$50,000,000) (the "**Retained Excess Amount**") by way of transfer to the Capital Expenditure Account in accordance with the Accounts Agreement; and

(c) ***finally***, in mandatory prepayment of the Loans, in an amount determined by the Borrower (and verified by the COFACE Agent) five (5) Business Days prior to the First Repayment Date (taking into account all accrued Excess Cash Flow *less* the amounts paid pursuant to Clauses 7.3(a) and (b) above),

provided that, in each case, for the purpose of calculating such Excess Cash Flow, an amount equivalent to the amount of Debt Service to be paid by the Borrower on the First Repayment Date shall not be included in the determination of Excess Cash Flow.

7.4 **Mandatory Prepayment — Ongoing Excess Cash Flow**

No later than thirty (30) days after the end of any Debt Service Period occurring after the end of the Availability Period (other than the First Repayment Date), the Borrower shall apply an amount equal to thirty *per cent.* (30%) of all Excess Cash Flow as follows:

(a) ***firstly***, *provided* no Default has occurred and is continuing, in or towards payment of a portion of the Borrower's obligations to Thermo under the Thermo Cash Contribution Agreement, through payment:

(i) directly to the DSRA Providers on behalf of Thermo in the proportions directed by Thermo to the Borrower in writing; and

(ii) if Thermo's obligations to the DSRA Providers under the Relevant Agreements have been repaid in full, to Thermo in reimbursement of any amounts previously paid directly by Thermo to the DSRA Providers under the Relevant Agreements and not previously reimbursed by the Borrower to Thermo,

of an amount not to exceed:

(A) thirty five million Dollars (US$35,000,000) plus the drawn amount paid to the Borrower by the Supplier under the Supplier Guarantee; *less*

(B) any previous payments pursuant to this Clause 7.4(a) (*Mandatory Prepayment — Initial Excess Cash Flow*), Clause 5.2(b)(i) and (ii) (*Permitted Withdrawals from the Collection Account*) of the Accounts Agreement, Clause 9.3 (*Excess Funding in the Debt Service Account*) of the Accounts Agreement and/or Clause 7.3(a) (*Mandatory Prepayment — Ongoing Excess Cash Flow*) above.

Any amounts paid to the DSRA Providers or Thermo pursuant to this Clause 7.4(a) shall reduce any amount owing by the Borrower to Thermo under the Thermo Cash Contribution Agreement. No payment shall be made under this Clause 7.4(a) to the extent any payments would exceed the amount owing by the Borrower to Thermo under the Thermo Cash Contribution Agreement (but excluding any payments of interest or capitalised interest due and owing by the Borrower to Thermo under the Thermo Cash Contribution Agreement). Any such interest or capitalised interest shall only be payable by the Borrower to Thermo following satisfaction of each of the distribution conditions set out at Clause 22.6 (*Limitations on Dividends and Distributions*) (other than Clause 22.6(b)(iv) (*Limitations on Dividends and Distributions*));

(b) ***secondly***, in an amount up to the Retained Excess Amount by way of transfer to the Capital Expenditure Account in accordance with the Accounts Agreement, to the extent not already funded pursuant to Clause 7.3(b) (*Mandatory Prepayment — Initial Excess Cash Flow*) or any previous transfer pursuant to this provision; and

(c) ***thirdly***, in mandatory prepayment of the Loans *provided that*, such prepayment shall not apply to the first ten million Dollars (US$10,000,000) of Excess Cash Flow which accrues in each such Debt Service Period.

7.5 **Mandatory Prepayment - Insurance and Condemnation Events**

(a) Subject to Clauses 7.5(b) below, the Borrower shall prepay the Loans 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 five hundred thousand Dollars (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 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 Loans 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 five hundred thousand Dollars (US$500,000) in Net Cash Proceeds; 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 business plan of the Borrower.

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 immediately due and payable, whereupon the Total Commitments will be cancelled and all such outstanding amounts will become immediately due and payable.

7.8 **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 one million Dollars (US$1,000,000)) of the Available Facility. Any cancellation under this Clause 7.8 shall reduce the Commitments of the Lenders in inverse order of maturity.

7.9 **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 one million Dollars (US$1,000,000)). The Borrower may make a prepayment in accordance with this Clause 7.9 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 7.9 shall satisfy the obligations under Clause 6.1 (*Repayment*) against the outstanding repayment instalments in inverse order of maturity.

7.10 **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 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 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.

7.11 **Application of Mandatory Prepayments**

Other than in respect of any prepayment under Clause 7.1 (*Illegality*), all mandatory prepayments shall be applied:

(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 **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:

(a) Applicable Margin;

(b) LIBOR; and

(c) Mandatory Cost, if any.

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**

(a) 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.

(b) 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:

(i) 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

(ii) 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.

(c) 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**

(a) 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.

(b) The initial Interest Period for each Loan:

(i) 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 (and include) on the last day of the previous Interest Period and end on (but excluding) 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

(ii) 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**

(a) 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. Each following Interest Period shall end on the following Repayment Date.

(b) 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:

(a) relate to Loans; and

(b) 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**

(a) 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:

(i) the Applicable Margin;

(ii) 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; and

(iii) the Mandatory Cost, if any, applicable to that Lender's participation in the Loan.

(b) 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**

(a) 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.

(b) 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 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**

(a) 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:

(i) Facility A for the Availability Period applicable to Facility A; and

(ii) Facility B for the Availability Period applicable to Facility B.

(b) The accrued commitment fee is payable:

(i) on the last day of each successive period of six (6) Months which ends during the Availability Period;

(ii) on the last day of the Availability Period; and

(iii) 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**

(a) 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**").

(b) 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**

(a) The Borrower shall pay to the COFACE Agent (for its own account) an annual agency fee of fifteen thousand Dollars (US$15,000) (the "**COFACE Agent Fee**"), which must be paid annually in advance in accordance with paragraph (b) below.

(b) The first payment of this COFACE Agent Fee is payable at Financial Close. Each subsequent payment is payable on each anniversary of the date of this Agreement for as long as any Commitment is in force or amount is outstanding under the Finance Documents.

11.4 **Security Agent Fees**

(a) The Borrower shall pay to the Security Agent (for its own account) an annual agency fee of thirty thousand Dollars (US$30,000) (the "**Security Agent Fee**"), which must be paid annually in advance in accordance with paragraph (b) below.

(b) The first payment of this Security Agent Fee is payable at Financial Close. Each subsequent payment is payable on each anniversary of the date of this Agreement for as long as any Commitment is in force or amount is outstanding under the Finance Documents.

11.5 **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

12.1 **Payment by the Borrower**

The Borrower shall bear the cost of the COFACE Insurance Premia 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). The COFACE Insurance Premia is due and payable in full to the COFACE Agent (for the account of COFACE) on the Utilisation Date for the first Utilisation.

12.2 **Financing with Proceeds of Loans**

(a) Subject to all the other terms and conditions of this Agreement, the COFACE Insurance Premia shall be financed from the first Utilisation under the Facilities.

(b) Loans made under a Facility on account of the COFACE Insurance Premia 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*).

12.3 **Borrower's Payment Obligations**

(a) The Borrower acknowledges that the obligation to pay one hundred *per cent.* (100%) of the COFACE Insurance Premia as and when it arises is absolute and unconditional. If the COFACE Insurance Premia due and payable is not financed or paid out of any Loans under this Agreement or in the event that the undrawn amount under a Facility is not sufficient to finance one hundred *per cent.* (100%) of the COFACE Insurance Premia due to COFACE under the COFACE Insurance Policy, the Borrower shall pay directly to the COFACE Agent the amount of any such COFACE Insurance Premia not so financed or paid.

(b) Subject to Clause 12.3(c) below, as of the date of this Agreement the premia due to COFACE 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:

(i) thirty five million two hundred seventy two thousand two hundred and seventy six Dollars (US$35,272,276) in respect of Facility A; and

(ii) one million four hundred and forty two thousand eight hundred and eighty Dollars (US$1,442,880) in respect of Facility B.

(c) The COFACE Agent will only be notified of the actual amount of the COFACE Insurance Premia on the date of final issuance of each COFACE Insurance Policy. 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 (b) 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). The Borrower acknowledges that the obligation to pay the COFACE Insurance premia related to this Agreement is absolute and unconditional.

(d) Notwithstanding the above a minimum premium being, as of the date of this Agreement, in an amount equal to the Dollar equivalent of one thousand five hundred and fifteen Euros (€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.

(e) Subject to paragraph (f) below, the Borrower shall not be entitled to claim any credit or reimbursement of the COFACE Insurance Premia, including in the event of a cancellation, an acceleration or a prepayment of any Loan under this Agreement.

(f) Notwithstanding paragraph (e) above and subject to paragraph (g) 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) and (ii) above, as the case may be, in each case such amount to be subject to the approval of the COFACE Agent.

(g) No reimbursement of the COFACE Insurance premia shall be made by the COFACE Agent if:

(i) a Default shall have occurred and be continuing; and

(ii) the COFACE Agent has not received funds from COFACE in an amount equal to the COFACE Insurance Premia to be reimbursed.

13. TAX GROSS-UP AND INDEMNITIES

13.1 **Tax Gross-up**

(a) The Borrower shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

(b) 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.

(c) 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.

(d) 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.

(e) 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.

(f) The Borrower is not required to make an increased payment to a Lender under paragraph (c) above for a Tax Deduction in respect of Tax from a payment of interest on any Loan, 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 it was 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:

(A) in (or in the interpretation, administration, or application of) any law or double taxation agreement, or any published practice or concession of any relevant authority; or

(B) 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.

(g) 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 U.S. federal income taxes.

13.2 **Tax Indemnity**

(a) 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.

(b) 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*); or

(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.

(c) 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.

(d) 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:

(a) a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part, or to that Tax Payment; and

(b) that Finance Party has obtained, utilised and retained 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*,

(i) any Finance Party may determine, in its sole discretion consistent with the policies of such Finance Party, whether to seek a Tax Credit;

(ii) if such Tax Credit is subsequently disallowed or reduced, the Borrower shall indemnify the Finance Party for such amount; and

(iii) 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 set out, or 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 VAT purposes shall be deemed to be exclusive of any VAT which is chargeable on such supply, and accordingly, subject to paragraph (b) below, if VAT is chargeable on any supply made by any Finance Party to any Party under a Finance Document, that Party shall pay to the Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT (and such Finance Party shall promptly provide an appropriate VAT invoice to such Party).

(b) Where any Party is required by any of the Finance Documents to reimburse a Finance Party in respect of any costs or expenses, that Party shall also at the same time pay and indemnify the Finance Party against all VAT incurred by the Finance Party in respect of the costs or expenses to the extent that the Finance Party reasonably determines that neither it nor any other member of the group of which it is a member for VAT purposes is entitled to credit or repayment from the relevant tax authority in respect of the VAT.

14. INCREASED COSTS

14.1 **Increased Costs**

(a) 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; or

(ii) compliance with any law or regulation made after the date of this Agreement.

(b) 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.

14.2 **Increased Cost Claims**

(a) 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.

(b) 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.

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) compensated for by the payment of the Mandatory Cost; or

(d) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation.

15. OTHER INDEMNITIES

15.1 **Currency Indemnity**

(a) 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:

(i) making or filing a claim or proof against an Obligor;

(ii) 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.

(b) 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:

(a) the occurrence of any Event of Default;

(b) 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*);

(c) 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);

(d) a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower; or

(e) 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:

(a) investigating any event which it reasonably believes is a Default; or

(b) 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**

(a) The Borrower shall promptly indemnify the Security Agent against any cost, loss or liability incurred by the Security Agent as a result of:

(i) the protection or enforcement of a Lien expressed to be created under a Security Document; or

(ii) the exercise of any of the rights, powers, discretions and remedies vested in it by the Finance Documents or by law.

(b) 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**

(a) 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*), Clause 14 (*Increased costs*) or paragraph 3 of Schedule 4 (*Mandatory Cost Formula*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

(b) Paragraph (a) above does not in any way limit the obligations of the Borrower under the Finance Documents.

16.2 **Limitation of Liability**

(a) The Borrower shall 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*).

(b) 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:

(a) this Agreement and any other documents referred to in this Agreement; and

(b) any other Finance Documents executed after the date of this Agreement.

17.2 **Amendment Costs**

If:

(a) the Borrower requests an amendment, waiver or consent; or

(b) 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.

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 date of this Agreement.

18.1 **Status**

(a) 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.

(b) 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:

(a) 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

(b) (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:

(a) any Applicable Law;

(b) the constitutional documents of any member of the Group; or

(c) 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**

(a) 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.

(b) 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:

(i) 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

(ii) 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 and 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 and 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 Inland Revenue Service to be exempt under Section 501(a) of the Code, taking into account all applicable tax law changes (or has been submitted, or is within the remedial amendment period for submitting, an application for such a determination from the Internal Revenue Service), 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 a 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:

(i) engaged in a non-exempt prohibited transaction described in Section 406 of ERISA or Section 4975 of the Code;

(ii) 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;

(iii) failed to make a required contribution or payment to a Multiemployer Plan within the applicable time limits prescribed by Applicable Law; or

(iv) 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 303 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 4068(a) 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 date of this Agreement.

(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 delivered pursuant to Schedule 2 (*Conditions Precedent*) 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 11 May 2009, 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 date of this Agreement and after giving effect to each Loan, each Obligor 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 Consolidated balance sheets of the Borrower and its Subsidiaries delivered pursuant to Schedule 2 (*Conditions Precedent*), 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 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 and Guarantee Obligations of the Borrower and its Subsidiaries as of the date of this Agreement in excess of one million Dollars (US$1,000,000).

(b) As of the date of this Agreement, the amount of all Financial Indebtedness and Guarantee Obligations of the Borrower and its Subsidiaries (and not set out in Schedule 14 (*Financial Indebtedness and Guarantee Obligations*)) is no greater than one million Dollars (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 Guarantee Obligations 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 or Guarantee Obligations.

18.22 **Communication Licences**

(a) Schedule 15 (*Communication Licences*) accurately and completely lists, as of the date of this Agreement, 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 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 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 now conducted. Each Communications Licence is expected to be renewed and the Borrower knows of no reason why such Communications Licence would not be renewed. The Borrower and its Subsidiaries have filed all material applications with the FCC 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.

(c) Each Communications Licence set out in Schedule 15 (*Communication Licences*) is issued in the name of the Subsidiary indicated on such schedule.

(d) Each Material Communications Licence is in full force and effect.

(e) The Borrower has no knowledge of any condition imposed by the FCC 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 or any other Governmental Authority nor contained in the rules and regulations of the FCC or any other Governmental Authority applicable generally to telecommunications activities of the type, nature, class or location of the activities in question.

(f) 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.

(g) 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 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 date of this Agreement, 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 **Delay in Construction / Launch Slot**

As of the date of this Agreement, the Borrower is not aware:

(a) of 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*)); and

(b) of any event which could reasonably be expected to result in the last Launch occurring later than the fourth fiscal quarter of 2010.

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 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 date of this Agreement, 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 nor any of its or 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 date of this Agreement, the Borrower has not exercised:

(a) 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; or

(b) the Optional Launches (as such term is defined in the Launch Services Contract) pursuant to the Launch Services Contract.

18.36 **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**

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 (e) 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):

(a) Form 10-Q;

(b) an unaudited Consolidated balance sheet of the Borrower and its Subsidiaries as of the close of such fiscal quarter;

(c) the notes (if any) relating to any of the financial statements delivered under this Clause 19.1;

(d) unaudited Consolidated statements of income, retained earnings and cash flows;

(e) a report with respect to the Borrower's key performance indicators in substantially the same form as Schedule 19 (*Key Performance Indicators*); and

(f) 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.

19.2 **Annual Financial Statements**

(a) 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):

(i) Form 10-K;

(ii) an audited Consolidated balance sheet of the Borrower and its Subsidiaries as of the close of such Fiscal Year;

(iii) the notes (if any) relating to any of the financial statements delivered under this Clause 19.2;

(iv) audited Consolidated statements of income, retained earnings and cash flows; and

(v) 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.

(b) 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**

As soon as practicable and in any event within fifteen (15) days after the beginning of each Fiscal Year during the term of this Agreement, a business plan of the Borrower and its Subsidiaries for the ensuing four (4) fiscal quarters, such plan to be prepared in accordance with GAAP and to include, on a quarterly basis, the following:

(a) information relating to the amounts outstanding under the Convertible Notes;

(b) an operating and capital budget in respect of the next three (3) succeeding Fiscal Years;

(c) a projected income statement;

(d) 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

(e) a report setting forth management's operating and financial assumptions underlying such projections,

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, confirming compliance by the Borrower with each of the financial covenants set out in Clause 20 (*Financial Covenants*) together with an Adjusted Consolidated EBITDA Reconciliation for the fiscal period covered by such financial statements or information (as the case may be).

19.5 **Other Reports**

(a) 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.

(b) No less than annually, 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.

(c) No less than quarterly, a Satellite health report prepared by the Borrower and certified by a Responsible Officer including the following:

(i) 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

(ii) 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.

(d) 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.

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:

(a) 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;

(b) 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;

(c) any notice of any violation received by the Borrower or any Subsidiary thereof from any Governmental Authority including, without limitation:

(i) 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

(ii) any other notice of violation which in each case could reasonably be expected to have a Material Adverse Effect;

(d) 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;

(e) any attachment, judgment, lien, levy or order exceeding one million Dollars (US$1,000,000) that has been assessed against the Borrower or any Subsidiary thereof;

(f) any claim for *force majeure* (howsoever described) by a party under a Commercial Contract;

(g) details of:

(i) 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*));

(ii) any event which could reasonably be expected to result in the last Launch occurring later than the fourth fiscal quarter of 2010; and

(iii) suspension, interruption, cancellation or termination of a Commercial Contract;

(h) any amendments or modifications to a Commercial Contract, together with a copy of such amendment;

(i) any Default or Event of Default;

(j) 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;

(k) 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);

(l) 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;

(m) 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;

(n) any Obligor or ERISA Affiliate obtaining knowledge or a reason to know of:

(i) 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;

(ii) 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;

(iii) the adoption of, or the commencement of contributions to, any Pension Plan or Multiemployer Plan by any Obligor or ERISA Affiliate, or

(iv) 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; and

(o) 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.

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:

(a) (i) any citation, notice of violation or order to show cause issued by the FCC 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 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

(b) any lapse, loss, modification, suspension, termination or relinquishment of any Material Communications Licence, permit or other authorisation from the FCC or other Governmental Authority held by the Borrower or any Subsidiary thereof or any failure of the FCC 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 or other Governmental Authority.

19.8 **Convertible Notes**

The Borrower shall:

(a) provide to the COFACE Agent upon its request information relating to the amounts outstanding under the Convertible Notes; and

(b) 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:

(a) 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

(b) 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**

(a) 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:

(i) the COFACE Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;

(ii) both the Borrower and the COFACE Agent are aware of the address of and any relevant password specifications for the Designated Website; and

(iii) 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.

(b) 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.

(c) 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.

(d) 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.

19.14 **Last Launch**

The Borrower shall:

(a) provide to the COFACE Agent a certificate signed by a Responsible Officer confirming the date on which the last Launch has occurred (such certificate to be in form and substance satisfactory to the COFACE Agent) within five (5) Business Days following last Launch; and

(b) promptly on request, supply to the COFACE Agent such further information regarding last Launch as any Finance Party through the COFACE Agent may reasonably request.

20. FINANCIAL COVENANTS

20.1 Maximum Covenant Capital Expenditures

The Borrower and its Subsidiaries on a Consolidated basis will not permit the aggregate amount of all Covenant Capital Expenditures to exceed the amount agreed between the Borrower and the COFACE Agent set forth below in the following Fiscal Years:

2009	US$391,000,000
2010	US$234,000,000

provided that, if in any Fiscal Year the Covenant Capital Expenditures referred to above are not met, any excess amounts may be credited to permitted Covenant Capital Expenditures for the next Fiscal Year.

20.2 Minimum Liquidity

Following the Contingent Equity Release Date, maintain a minimum Liquidity of five million Dollars (US$5,000,000).

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 the amount of any prior Equity Cure Contribution that has not been required to be counted in the calculation of Adjusted Consolidated EBITDA to enable the Borrower to achieve the amount set out in column 2 (*Column 2 — Amount*) for any prior Relevant Period, *provided that* no part of any Equity Cure Contribution may be included in the calculation of the Adjusted Consolidated EBITDA in any subsequent

Relevant Period if the proceeds of such Equity Cure Contribution has been so taken into account in any such calculation for any two (2) prior Relevant Periods) specified in column 1 (*Column 1 — Relevant Period*) below 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 January 2009 and expiring 31 December 2009.	US$ (25,000,000)
Relevant Period commencing on 1 July 2009 and expiring 30 June 2010.	US$ (21,000,000)
Relevant Period commencing on 1 January 2010 and expiring 31 December 2010.	US$ (10,000,000)
Relevant Period commencing on 1 July 2010 and expiring 30 June 2011.	US$ 10,000,000
Relevant Period commencing on 1 January 2011 and expiring 31 December 2011.	US$ 25,000,000
Relevant Period commencing on 1 July 2011 and expiring 30 June 2012.	US$ 35,000,000
Relevant Period commencing on 1 January 2012 and expiring 31 December 2012.	US$ 55,000,000
Relevant Period commencing on 1 July 2012 and expiring 30 June 2013.	US$ 65,000,000
Relevant Period commencing on 1 January 2013 and expiring 31 December 2013.	US$ 78,000,000

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 January 2011 and expiring 31 December 2011.	1.00:1
Relevant Period commencing on 1 July 2011 and expiring 30 June 2012.	1.00:1
Relevant Period commencing on 1 January 2012 and expiring 31 December 2012.	1.00:1

Column 1 - Relevant Period	Column 2 – Ratio
Relevant Period commencing on 1 July 2012 and expiring 30 June 2013.	1.05:1
Relevant Period commencing on 1 January 2013 and expiring 31 December 2013.	1.10:1
Relevant Period commencing on 1 July 2013 and expiring 30 June 2014.	1.15:1
Relevant Period commencing on 1 January 2014 and expiring 31 December 2014.	1.20:1
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.	1.30:1
Relevant Period commencing on 1 July 2015 and expiring 30 June 2016.	1.40:1
Relevant Period commencing on 1 January 2016 and expiring 31 December 2016.	1.50:1

Relevant Period commencing on 1 July 2016 and expiring 30 June 2017.	1.50:1
Relevant Period commencing on 1 January 2017 and expiring 31 December 2017.	1.50:1
Relevant Period commencing on 1 July 2017 and expiring 30 June 2018.	1.50:1
Relevant Period commencing on 1 January 2018 and expiring 31 December 2018.	1.50:1
Relevant Period commencing on 1 July 2018 and expiring 30 June 2019.	1.50:1
Relevant Period commencing on 1 January 2019 and expiring 31 December 2019.	1.50:1

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 (and calculated on the ending balance of the Relevant Period (subject to Clause 23.2(c) (*Financial Covenants*) without double-counting *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 2012 and expiring 31 December 2012.	9.90:1
Relevant Period commencing on 1 July 2012 and expiring 30 June 2013.	7.25:1
Relevant Period commencing on 1 January 2013 and expiring 31 December 2013.	5.60:1
Relevant Period commencing on 1 July 2013 and expiring 30 June 2014.	4.75:1
Relevant Period commencing on 1 January 2014 and expiring 31 December 2014.	4.00:1
Relevant Period commencing on 1 July 2014 and expiring 30 June 2015.	3.50:1
Relevant Period commencing on 1 January 2015 and expiring 31 December 2015.	3.00:1
Relevant Period commencing on 1 July 2015 and expiring 30 June 2016.	2.75:1
Relevant Period commencing on 1 January 2016 and expiring 31 December 2016.	2.50:1
Relevant Period commencing on 1 July 2016 and expiring 30 June 2017.	2.50:1
Relevant Period commencing on 1 January 2017 and expiring 31 December 2017.	2.50:1
Relevant Period commencing on 1 July 2017 and expiring 30 June 2018.	2.50:1
Relevant Period commencing on 1 January 2018 and expiring 31 December 2018.	2.50:1
Relevant Period commencing on 1 July 2018 and expiring 30 June 2019.	2.50:1
Relevant Period commencing on 1 January 2019 and expiring 31 December 2019.	2.50:1

20.6 **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**

(a) 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.

(b) 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, 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*):

(a) 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;

(b) 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

(c) 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 willful 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:

(a) 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;

(b) 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;

(c) not participate in any prohibited transaction that could result in any civil penalty under ERISA or tax under the Code;

(d) 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

(e) 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**

(a) 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.

(b) 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.

(c) 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 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 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 of the three (3) proposed Launches following the first Launch, a three (3) Month stabilisation and performance test period for each Satellite,

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 one hundred and ninety million nine hundred thousand Dollars (US$190,900,000) million 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) one hundred and forty six million five hundred eighty five thousand and five hundred Dollars (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 Payable Clause up to the amount specified in Clause 21.4(e)(ii)(A) 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 10 (*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) sixty million nine hundred and eighty thousand Euros (€60,980,000) in respect of a Launch from the Kourou launch site;

(bb) one hundred million Dollars (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.

(d) 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).

(e) **General Insurance Provisions and Requirements**

The Borrower shall:

(i) 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.

(ii) 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 Service 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:

(a) 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;

(b) 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;

(c) 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;

(d) 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;

(e) deliver to the COFACE Agent such updated Schedules to the Finance Documents as requested by the COFACE Agent with respect to such person; and

(f) 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):

(a) 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);

(b) 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;

(c) 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

(d) 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 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:

(a) **Mortgages**

the COFACE Agent shall have received a duly authorised, executed and delivered Mortgage in form and substance reasonably satisfactory to the COFACE Agent;

(b) **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;

(c) **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*);

(d) **Matters Relating to Flood Hazard Properties**

the COFACE Agent shall have received upon its written request therefor a certification from the National Research Center, or any successor agency thereto, regarding each parcel of real property subject to a Mortgage; and

(e) **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:

(a) Clause 21.8 (*Owned Real Property*) if such real property is owned; or

(b) 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**

(a) 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.

(b) 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**

(a) 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)):

(i) 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;

(ii) 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

(iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of a Lien.

(b) 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.

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 Thales Direct Agreement.

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:

(a) the Obligations (excluding any Hedging Obligations permitted pursuant to Clause 22.1(c));

(b) Financial Indebtedness incurred in connection with the Interest Rate Cap Agreement;

(c) Financial Indebtedness incurred in connection with a Hedging Agreement required pursuant to Clause 21.11 (*Hedging Agreements*);

(d) Financial Indebtedness existing on the date of this Agreement and not otherwise permitted under this Clause and set out in Schedule 14 (*Financial Indebtedness and Guarantee Obligations*);

(e) Guarantee Obligations in favour of the COFACE Agent for the benefit of the COFACE Agent and the Finance Parties;

(f) 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 one million Dollars (US$1,000,000) in aggregate;

(g) 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 forth in Clause 20 (*Financial Covenants*) applicable at such time:

(i) 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 twenty five million Dollars (US$25,000,000) on any date of determination;

(ii) Financial Indebtedness of a person existing at the time such person became a Subsidiary or assets were acquired from such person not exceeding ten million Dollars (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 twenty five million Dollars (US$25,000,000);

(iii) Guarantee Obligations with respect to Financial Indebtedness permitted pursuant to paragraph (g) of this Clause;

(iv) Financial Indebtedness of Foreign Subsidiaries, not to exceed in the aggregate at any time outstanding two million Dollars (US$2,000,000); and

(v) Subordinated Indebtedness not otherwise permitted pursuant to this Clause in an aggregate amount outstanding not to exceed two hundred million Dollars (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;

(h) 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 ten million Dollars (US$10,000,000);

(i) 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 ten million Dollars (US$10,000,000);

(j) 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 ten million Dollars (US$10,000,000); and

(k) 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:

(a) 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;

(b) Liens not otherwise permitted by this Clause and in existence on the date of this Agreement and described in Schedule 17 (*Existing Liens*);

(c) 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;

(d) the claims of materialmen, 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;

(e) 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;

(f) 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;

(g) 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:

(i) were not created in contemplation of or in connection with such event; and

(ii) 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*):

(h) Liens securing Financial Indebtedness permitted under Clause 22.1(g)(i) (*Limitations on Financial Indebtedness*) *provided that*:

(i) such Liens shall be created substantially simultaneously with the acquisition or lease of the related asset;

(ii) such Liens do not at any time encumber any property other than the property financed by such Financial Indebtedness;

(iii) the amount of Financial Indebtedness secured thereby is not increased; and

(iv) 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;

(i) 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;

(j) 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;

(k) Liens incurred or deposits made in the ordinary course of trading in connection with workers' compensation, unemployment insurance and other types of social security;

(l) rights of banks to set-off deposits against debts owed to such banks;

(m) 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;

(n) 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;

(o) 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;

(p) Liens on assets that are the subject of a sale and leaseback transaction permitted by the provisions of this Agreement;

(q) Liens securing Satellite Vendor Obligations, *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 or the Escrow Account;

(r) Liens securing Financial Indebtedness permitted by Clause 22.1(b) or (c) (*Limitations on Financial Indebtedness*);

(s) Liens not otherwise permitted under this Agreement securing obligations not at any time exceeding in aggregate five million Dollars (US$5,000,000); and

(t) 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:

(a) 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:

(A) existing Subsidiaries; and/or

(B) 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;

(b) 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 five hundred million Dollars (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 five million Dollars (US$5,000,000) for any one such certificate of deposit and ten million Dollars (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*);

(c) investments by the Borrower or any of its Subsidiaries in the form of Permitted Acquisitions or Permitted Joint Venture Investments; *provided that* the amount of any such investments in a Foreign Subsidiary (or any entity that would constitute a Foreign Subsidiary if the Borrower or one of its Subsidiaries owned more than fifty percent (50%) of the outstanding Capital Stock of such entity) shall not exceed the Foreign Investment Limitation as of the date of such investment;

(d) 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;

(e) purchases of assets in the ordinary course of trading;

(f) 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 five hundred thousand Dollars (US$500,000);

(g) intercompany Financial Indebtedness permitted pursuant to Clause 22.1(e) (*Limitations on Financial Indebtedness*);

(h) 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 five hundred thousand Dollars (US$500,000);

(i) endorsement of cheques or bank drafts for deposit or collection in the ordinary course of trading;

(j) performance, surety and appeal bonds;

(k) 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

(l) investments in Globaltouch (West Africa) Limited *provided that*:

(i) the amount of such investment does not exceed five million Dollars (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:

(a) 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);

(b) 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);

(c) 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

(d) 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:

(a) the sale of inventory in the ordinary course of trading;

(b) the sale of obsolete, damaged, worn-out or surplus assets no longer needed in the business of the Borrower or any of its Subsidiaries;

(c) 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;

(d) the transfer of assets to the Borrower or any Subsidiary Guarantor pursuant to Clause 22.4 (*Limitations on Mergers and Liquidations*); and

(e) 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**

The Borrower shall not pay or make any Shareholder Distribution:

(a) prior to the end of the Availability Period; and

(b) thereafter, unless on the date for the proposed Shareholder Distribution:

(i) the Debt Service Coverage Ratio calculated by reference to:

(A) each Debt Service Period preceding the date of calculation; and

(B) the audited financial statements delivered in accordance with this Agreement,

for the twelve (12) Months preceding the date of the proposed Shareholder Distribution is equal to or more than 1.50:1 (one point five to one) and *provided that*, any Shareholder Distribution is made within thirty (30) days of the date on which such financial statements used in the calculation of the Debt Service Coverage Ratio were delivered in accordance with this Agreement;

(ii) no Default shall have occurred and be continuing;

(iii) the Debt Service Reserve Account is funded with the DSRA Required Balance (both before and immediately after the relevant Shareholder Distribution);

(iv) the Borrower has made payment in full to the Supplier of each of the forty eight (48) Satellites;

(v) the Debt Service Account is funded with the DSA Required Balance (both before and immediately after the relevant Shareholder Distribution);

(vi) the Convertible Notes Reserve Account is funded with the CNRA Required Balance (both before and immediately after the relevant Shareholder Distribution); and

(vii) the Borrower has made each mandatory prepayment required pursuant to Clause 7.3 (*Mandatory Prepayment — Initial Excess Cash Flow*), Clause 7.4 (*Mandatory Prepayment — Ongoing Excess Cash Flow*) and Clause 7.6 (*Mandatory Prepayments — Asset Dispositions*).

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:

(a) convertible or exchangeable into Financial Indebtedness; or

(b) 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:

(a) 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; or

(b) enter into, or be a party to, any other transaction not described in clause (a) above with any of its Affiliates other than:

(i) 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*);

(ii) transactions existing on the date of this Agreement and described on Schedule 20 (*Transactions With Affiliates*);

(iii) normal compensation and reimbursement of reasonable expenses of officers and directors including adoption of a restricted stock bonus or purchase plan;

(iv) 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;

(v) the Borrower's incentive compensation plan described in Schedule 22 (*Incentive Plan*); and

(vi) transactions pursuant to the Finance Documents.

22.9 **Certain Accounting Changes; Organisational Documents**

(a) Not change its Fiscal Year end, or make any change in its accounting treatment and reporting practices except as required by GAAP.

(b) Not amend, modify or change:

(i) its articles of incorporation (or corporate charter or other similar organizational documents); or

(ii) 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**

(a) 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.

(b) Except in the case of the Convertible Notes, not cancel, forgive, make any payment or prepayment on, or redeem or acquire for value including, without limitation:

(i) by way of depositing with any trustee with respect thereto money or securities before due for the purpose of paving when due; and

(ii) at the maturity thereof any Subordinated Indebtedness, except refinancings, refundings, renewals, extensions or exchange of any Subordinated Indebtedness permitted by Clause 22.1(e) (*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.

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 **Excess Cash Flow / Purchase of Satellites**

(a) The Borrower may not agree to the order, purchase, manufacture or delivery of any or all Phase 3 Satellites (including acting or failing to act under the Satellite Construction Contract) unless it has provided a business plan to the COFACE Agent with respect to those Phase 3 Satellites to be so ordered, purchased, manufactured or delivered (the "**Relevant Satellites**"):

(i) prepared in good faith by the Borrower and based upon reasonable assumptions;

(ii) demonstrating compliance with each of the financial covenants contained in Clause 20 (*Financial Covenants*) on the date of such business plan and on a thirty six (36) Month projected basis;

(iii) demonstrating that the Borrower has funds immediately available to it in an amount not less than fifty *per cent.* (50%) of the Phase 3 Costs with respect to such Relevant Satellites (the "**Relevant Funds**"); and

(iv) detailing a fully funded business plan for the Phase 3 Costs and the source of funding for the remaining fifty *per cent.* (50%) of the relevant Phase 3 Costs with respect to such Relevant Satellites.

For the avoidance of doubt, nothing in this Clause 22.14 shall oblige the Borrower to purchase all of the Phase 3 Satellites.

(b) The Relevant Funds may be by way of Subordinated Debt, Capital Stock and/or available Excess Cash Flow and shall be deposited into the Capital Expenditure Account and applied solely for the purposes of paying the Phase 3 Costs with respect to such Relevant Satellites.

22.15 **No Hedging**

(a) 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.

(b) Hedging Agreements shall not be entered into with any parties other than the Original Lenders.

22.16 **Commercial Contracts**

(a) Not amend or grant any waiver:

(i) 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

(ii) 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.

(b) 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.

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:

(a) its failure to pay is caused by:

(i) administrative or technical error; or

(ii) a Disruption Event; and

(b) 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**

(a) Any requirement of Clause 20 (*Financial Covenants*) is not satisfied.

(b) 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 COFACE Agent giving notice to the Borrower or the Borrower becoming aware of the failure to comply.

(c) No Event of Default under paragraph (a) above will occur if no later than the date that is thirty (30) days after the Relevant Period, the Borrower has received an Equity Cure Contribution (a "**Relevant Contribution**") and the Borrower satisfies the relevant covenant recalculated to take into account all or part of such Relevant Contribution, *provided that*, the Borrower may not cure a breach of a relevant covenant as contemplated under this paragraph (c) for more than two (2) successive Relevant Periods of calculation or for more than five (5) Relevant Periods in aggregate prior to the Final Maturity Date.

23.3 **Other Obligations**

(a) An Obligor does not comply with any provision of the Finance Documents (other than those referred to in Clause 7.1 (*Payments to the Convertible Note Reserve Account*) of the Accounts Agreement, Clause 23.1 (*Non-Payment*) and Clause 23.2 (*Financial Covenants*)).

(b) 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 COFACE Agent giving notice to the Borrower or 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**

(a) Any Financial Indebtedness of any Material Subsidiary is not paid when due nor within any originally applicable grace period.

(b) 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).

(c) 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).

(d) 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).

(e) 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 five million Dollars (US$5,000,000) (or its equivalent in any other currency or currencies).

23.6 **Insolvency**

Any Material Subsidiary shall:

(a) 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;

(b) 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;

(c) 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;

(d) apply for or consent to, or fail to consent 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;

(e) admit in writing its inability to pay its debts as they become due;

(f) make a general assignment for the benefit of creditors;

(g) take any corporate action for the purpose of authorising any of the foregoing; or

(h) 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:

(a) 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

(b) 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 one million Dollars (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:

(a) is in any event discharged within one hundred and eighty (180) days; and

(b) does not have or could not reasonably be likely to have a Material Adverse Effect.

23.9 **Unlawfulness and Invalidity**

(a) It is or becomes unlawful for an Obligor, or any other member of the 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.

(b) Any obligation or obligations of any Obligor under any Finance Document, or any other member of the 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.

(c) 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.

(d) 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 the 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**

Any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened 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.

23.14 **Audit Qualification**

The auditors of the Group qualify the audited annual consolidated financial statements of the Group to an extent that has or could reasonably by expected to have a Material Adverse Effect.

23.15 **ERISA Termination Event**

The occurrence of any of the following events:

(a) 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;

(b) an "*unpaid minimum required contribution*" or an "*accumulated funding deficiency*" (as defined or otherwise set forth in Section 4971 of the Code or Part 3 of Subtitle B of Title I of ERISA) in excess of two million five hundred thousand Dollars (US$2,500,000) occurs or exists, whether or not waived, with respect to any Pension Plan;

(c) 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 two million five hundred thousand Dollars (US$2,500,000); or

(d) (i) any ERISA Termination Event;

(ii) any Unfunded Pension Liability (taking into account only Pension Plans with positive Unfunded Pension Liabilities); or

(iii) any potential withdrawal liability under Section 4201 of ERISA, if each Obligor and ERISA Affiliate were to withdraw completely from any and all Multiemployer Plans,

and the events described in paragraphs (d)(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:

(a) Individual In-Orbit Acceptance with respect to six (6) Satellites delivered under the Satellite Construction Contract by 30 September 2010; or

(b) Final In-Orbit Acceptance by 1 January 2012.

23.18 **Debt Service Reserve Account**

(a) At any time after the date of this Agreement 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.

(b) At any time the Debt Service Reserve Account is not fully funded with the DSRA Required Cash Balance within five (5) Business Days of any drawdown of such Project Account.

23.19 **Contingent Equity Required Balance**

The sum of the Thermo Contingent Equity Account and the Borrower Contingent Equity Account is at any time prior to the Contingent Equity Release Date *less* than the Contingent Equity Required Balance.

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.

24. REMEDIES UPON AN EVENT OF DEFAULT

On and at any time after the occurrence of an Event of Default which is continuing, the COFACE Agent may, and it shall if so directed by the Majority Lenders, by notice to the Borrower:

(a) cancel the Total Commitments whereupon they shall immediately be cancelled and no further Utilisations shall be requested or made under a Facility; and/or

(b) 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

(c) declare that all or part of the Loans are payable on demand, whereupon they shall become immediately due and payable; and/or

(d) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents; and/or

(e) exercise all other contractual and legal rights of the Finance Parties in respect of any Liens; and/or

(f) take any other action 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**") may:

(a) assign any of its rights; or

(b) transfer by novation any of its rights and obligations,

to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the "**New Lender**").

26.2 **Conditions of Assignment or Transfer**

(a) The consent of the Borrower is required for an assignment of transfer by an Existing Lender, *provided that* no consent shall be required to be obtained from the Borrower if such transfer or assignment is:

(i) to a Qualifying Lender or to an existing Lender (or any of its Affiliates);

(ii) made at any time when a Default has occurred and is continuing; and/or

(iii) required by any Applicable Law.

(b) The consent of the Borrower to an assignment or transfer must not be unreasonably withheld or delayed. The Borrower will be deemed to have given its consent five (5) Business Days after the Existing Lender has requested it unless the consent is expressly refused by the Borrower within that time.

(c) 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.

(d) An assignment will only be effective on:

(i) receipt by the COFACE Agent 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.

(e) A transfer will only be effective if the procedure set out in Clause 26.5 (*Procedure for Transfer*) is complied with.

(f) If:

(i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and

(ii) 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.

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 two thousand Dollars (US$2,000).

26.4 **Limitation of Responsibility of Existing Lenders**

(a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

(i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;

(ii) the financial condition of the Borrower or the status of the Project;

(iii) the performance and observance by the Borrower of its obligations under the Finance Documents or any other documents; or

(iv) 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.

(b) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:

(i) 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

(ii) 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.

(c) Nothing in any Finance Document obliges an Existing Lender to:

(i) accept a re-transfer from a New Lender of any of the rights and obligations assigned or transferred under this Clause 26; or

(ii) 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**

(a) Subject to the conditions set out in Clause 26.2 (*Conditions of Assignment or Transfer*) a transfer is effected in accordance with paragraph (c) 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 (b) 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.

(b) 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.

(c) On the Transfer Date:

(i) 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**");

(ii) 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;

(iii) 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

(iv) the New Lender shall become a Party as a "**Lender**".

(d) For the avoidance of doubt, for the purposes of *article 1278* of the French Civil Code and only in relation to the Pledge of Bank Accounts, 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.

26.6 **Copy of Transfer Certificate to Borrower**

The COFACE Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate, send to the Borrower a copy of that Transfer Certificate.

26.7 **Disclosure of information**

Any Lender may disclose to any of its Affiliates and any other person:

(a) 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;

(b) 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

(c) to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation,

any information about the Borrower, Thermo, 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**

(a) 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.

(b) Failure to make any such recordation, or any error in such recordation shall not affect the Borrower's obligations in respect of such Loans.

(c) 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:

(i) the Transfer Certificate has been executed by the COFACE Agent; and

(ii) 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.

(d) 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.

(e) 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).

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

(a) 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.

(b) 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.

(c) 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.

(d) 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)

(a) 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 Thermo Pledge of Bank Account and each Delegation Agreement (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.

(b) 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.

(c) 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.

(d) 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*.

(e) 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

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) 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**

(a) 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.

(b) 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**

(a) Each of the COFACE Agent and the Security Agent may rely on:

(i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and

(ii) 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.

(b) 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:

(i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 23.1 (*Non-Payment*));

(ii) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised; and

(iii) 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.

(c) 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.

(d) Each of the COFACE Agent and the Security Agent may act in relation to the Finance Documents through its personnel and agents.

(e) 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.

(f) 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.

(g) 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**

(a) Unless a contrary indication appears in a Finance Document, each of the COFACE Agent and the Security Agent shall:

(i) 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

(ii) 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.

(b) Unless a contrary indication appears in a Finance Document, any instructions given by the Majority Lenders will be binding on all the Finance Parties.

(c) 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.

(d) 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.

(e) 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.

(f) 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:

(a) 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

(b) 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**

(a) 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.

(b) 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.

(c) 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.

(d) 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**

(a) 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.

(b) 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).

(c) 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.

(d) 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.

(e) The COFACE Agent's resignation notice shall only take effect upon the appointment of a successor.

(f) The Security Agent's resignation notice shall only take effect upon:

(i) the appointment of a successor; and

(ii) the transfer of all of any Lien expressed to be created under the Security Documents to that successor.

(g) 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.

(h) 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).

28.13 **Confidentiality**

(a) 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.

(b) 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**

(a) 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.

(b) Each Lender shall supply the COFACE Agent with any information required by the COFACE Agent in order to calculate the Mandatory Cost in accordance with Schedule 4 (*Mandatory Cost Formula*).

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**

(a) 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.

(b) 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:

(a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

(b) 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

(c) 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:

(a) the Recovering Finance Party shall, within three (3) Business Days, notify details of the receipt or recovery, to the COFACE Agent;

(b) 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

(c) 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) in accordance with Clause 31.6 (*Partial Payments*).

30.3 **Recovering Finance Party's Rights**

(a) On a distribution by the COFACE Agent under Clause 30.2 (*Redistribution of Payments*), the Recovering Finance Party will be subrogated to the rights of the Finance Parties which have shared in the redistribution.

(b) If and to the extent that the Recovering Finance Party is not able to rely on its rights under paragraph (a) above, the relevant Obligor shall be liable to the Recovering Finance Party for a debt equal to the Sharing Payment which is immediately due and payable.

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:

(a) each Finance Party which has received a share of the relevant Sharing Payment pursuant to Clause 30.2 (*Redistribution of Payments*) shall, upon request of the COFACE Agent, pay to the COFACE Agent for 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); and

(b) that Recovering Finance Party's rights of subrogation in respect of any reimbursement shall be cancelled and the relevant Obligor will be liable to the reimbursing Finance Party for the amount so reimbursed.

30.5 **Exceptions**

(a) 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.

(b) 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:

(i) it notified that other Finance Party of the legal or arbitration proceedings; and

(ii) 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**

(a) 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.

(b) 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 PARISSWIFT code BNPAFRPPXXX, or to such other account as the COFACE Agent may from time to time designate to the Borrower in writing.

(c) 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**

(a) 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.

(b) 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 control in the absence of manifest error.

(c) Immediately prior to the first Utilisation Date, the Borrower shall execute and deliver to each Lender (through the COFACE Agent) a Promissory Note which shall evidence such Lender's Loan (including principal and interest) and, in addition to such accounts or records. Each Lender may attach

schedules to its Promissory Notes and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

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**

(a) 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.

(b) 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**

(a) 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:

(i) ***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;

(ii) ***secondly***, in or towards payment *pro rata* of any accrued interest, fee or commission due to the Finance Parties but unpaid under this Agreement;

(iii) ***thirdly***, in or towards payment *pro rata* of any principal due but unpaid under this Agreement; and

(iv) ***fourthly***, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents.

(b) The COFACE Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (a)(ii) to (iv) above.

(c) 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**

(a) 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).

(b) 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**

(a) 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.

(b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

(c) Any amount expressed to be payable in a currency other than Dollars shall be paid in that other currency.

31.10 **Change of Currency**

(a) 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:

(i) 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

(ii) 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).

(b) 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:

(a) 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;

(b) 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;

(c) 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;

(d) 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*);

(e) 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

(f) 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 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.

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:

(a) in the case of the Borrower, that identified with its name below;

(b) 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

(c) in the case of the COFACE Agent and the Security Agent, that identified with its name below,

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**

(a) 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.

(b) 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).

(c) All notices from or to an Obligor shall be sent through the COFACE Agent.

(d) 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.

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**

(a) Any communication to be made between the COFACE Agent and a Lender under or in connection with the Finance Documents may be made by electronic mail or other electronic means, if the COFACE Agent and the relevant Lender:

(i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;

(ii) 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

(iii) notify each other of any change to their address or any other such information supplied by them.

(b) Any electronic communication made between the COFACE Agent and a Lender will be effective only when actually received in readable form and in the case of any electronic communication made by a Lender to the COFACE Agent only if it is addressed in such a manner as the COFACE Agent shall specify for this purpose.

33.6 **English Language**

(a) Any notice given under or in connection with any Finance Document must be in English.

(b) All other documents provided under or in connection with any Finance Document must be:

(i) in English; or

(ii) 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 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, nor shall any single or partial exercise of any right or remedy 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**

(a) 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.

(b) The COFACE Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause.

37.2 **Exceptions**

(a) An amendment or waiver that has the effect of changing or which relates to:

(i) the definition of "*Majority Lenders*" in Clause 1.1 (*Definitions*);

(ii) an extension to the date of payment of any amount under the Finance Documents;

(iii) a reduction in the Applicable Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;

(iv) an increase in or an extension of any Commitment;

(v) a change to an Obligor;

(vi) any provision which expressly requires the consent of all the Lenders;

(vii) Clause 2.2 (*Finance Parties' Rights and Obligations*), Clause 26 (*Changes to the Lenders*) or this Clause 37;

(viii) 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

(ix) 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.

(b) 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).

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

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**

(a) 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**").

(b) 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.

(c) 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.

40.2 **Service of Process**

Without prejudice to any other mode of service allowed under any relevant law, the Borrower:

(a) 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

(b) 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.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SIGNATORIES

THE BORROWER

GLOBALSTAR, INC.

By: /s/ James Monroe III

Name: James Monroe III

Title: Chief Executive Officer

Date: 5 June 2009

Address: Globalstar, Inc.
461 South Milpitas Boulevard
Building 5, Suite 1 and 2
Milpitas, CA 95035
United States of America

THE COFACE AGENT

BNP PARIBAS

By: /s/ Debbie Hirst

Name: Debbie Hirst

Title: Head of Export Finance - Americas

Date: 5 June 2009

Address: 16 boulevard des Italiens, 75009 Paris, France

MANDATED LEAD ARRANGER

BNP PARIBAS

By: /s/ Debbie Hirst

Name: Debbie Hirst

Title: Head of Export Finance - Americas

Date: 5 June 2009

Address: 16 boulevard des Italiens, 75009 Paris, France

MANDATED LEAD ARRANGER

SOCIÉTÉ GÉNÉRALE

By: /s/ Olivier Royer

Name: Olivier Royer

Title: Managing Director

Date: 5 June 2009

Address: Tour Société Générale, 17, cours Valmy, 92800 Puteaux, Paris, France

MANDATED LEAD ARRANGER

NATIXIS

By: /s/ Jean-Louis Viala

Name: Jean-Louis VIALA

Title: Structured Export Finance, Director

Date: 5 June 2009

Address: NATIXIS, 68-76 Quai de la Rapée, 75012, Paris, France

By: /s/ Arnaud Sarret

Name: Arnaud SARRET

Title: Structured Export Finance, Director

Date: 5 June 2009

Address: NATIXIS, 68-76 Quai de la Rapée, 75012, Paris, France

MANDATED LEAD ARRANGER

CALYON

By: /s/ Didier Laffon

Name: Didier Laffon

Title: Executive Director

Date: 5 June 2009

Address:

By: /s/ Frédéric Bambuck

Name: Frédéric Bambuck

Title: Director

Date: 5 June 2009

Address:

MANDATED LEAD ARRANGER

CRÉDIT INDUSTRIEL ET COMMERCIAL

By: /s/ Jacques-Philippe Menville

Name: Jacques-Philippe Menville

Title: Senior Vice-President

Date: 5 June 2009

Address: 6 avenue de Provence, 75009, Paris

By: /s/ Michêle Patri

Name: Michêle Patri

Title: Assistant Vice-President

Date: 5 June 2009

Address: 6 avenue de Provence, 75009, Paris

THE SECURITY AGENT

BNP PARIBAS

By: /s/ Debbie Hirst

Name: Debbie Hirst

Title: Head of Export Finance - Americas

Date: 5 June 2009

Address: 16 boulevard des Italiens, 75009 Paris, France

THE LENDERS

BNP PARIBAS

By: /s/ Debbie Hirst

Name: Debbie Hirst

Title: Head of Export Finance - Americas

Date: 5 June 2009

Address: 16 boulevard des Italiens, 75009 Paris, France

THE LENDERS

SOCIÉTÉ GÉNÉRALE

By: /s/ Olivier Royer

Name: Olivier Royer

Title: Managing Director

Date: 5 June 2009

Address: Tour Société Générale, 17, cours Valmy, 92800 Puteaux, Paris, France

THE LENDERS

NATIXIS

By: /s/ Jean-Louis Viala

Name: Jean-Louis VIALA

Title: Structured Export Finance, Director

Date: 5 June 2009

Address: NATIXIS, 68-76 Quai de la Rapée, 75012, Paris, France

By: /s/ Arnaud Sarret

Name: Arnaud SARRET

Title: Structured Export Finance, Director

Date: 5 June 2009

Address: NATIXIS, 68-76 Quai de la Rapée, 75012, Paris, France

THE LENDERS

CALYON

By: /s/ Didier Laffon

Name: Didier Laffon

Title: Executive Director

Date: 5 June 2009

Address:

By: /s/ Frédéric Bambuck

Name: Frédéric Bambuck

Title: Director

Date: 5 June 2009

Address:

CRÉDIT INDUSTRIEL ET COMMERCIAL

By: /s/ Jacques-Philippe Menville

Name: Jacques-Philippe Menville

Title: Senior Vice-President

Date: 5 June 2009

Address: 6 avenue de Provence, 75009, Paris

By: /s/ Michêle Patri

Name: Michêle Patri

Title: Assistant Vice-President

Date: 5 June 2009

Address: 6 avenue de Provence, 75009, Paris

CONFIDENTIAL TREATMENT

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

AMENDED AND RESTATED CONTRACT

BETWEEN

GLOBALSTAR, INC.

AND

THALES ALENIA SPACE FRANCE

FOR THE CONSTRUCTION OF
THE GLOBALSTAR SATELLITE
FOR THE SECOND GENERATION CONSTELLATION

CONTRACT NUMBER GINC-C-06- 0300

TABLE OF CONTENTS

This Amended and Restated Contract dated as of June 3, 2009, made between **Thales Alenia Space France (formerly known as Alcatel Alenia Space France)**, a company organized under the laws of France and having its registered office at 26, avenue Jean-François Champollion, 31100 Toulouse, France ("Contractor") and **Globalstar, Inc.**, a Delaware corporation with offices at 461 South Milpitas Blvd., Milpitas, California 95035, U.S.A. ("Purchaser").

Recitals

Whereas, the Purchaser and the Contractor entered into a Contract for the procurement of forty eight (48) satellites and other Deliverable Items and related services for the Construction of the Globalstar Satellites for the Second Generation Constellation, dated November 30, 2006 ; and

Whereas, the Parties have modified the Contract through Amendments 1, 2, 3, 4, 5, 6, 7 and 8 ; and

Whereas, the Parties wish to amend and restate the entire Contract as previously amended, including the terms and conditions; and

Whereas, the Parties further wish to agree to other changes to the Contract to incorporate (a) Increase Power Beam Step 1 as described in the ATP Ref PJR-0808-005 signed on 19th August, 2008 between the Parties and Step 2 as described in the ATP Ref PJR-0908-001 signed on 17th September, 2008 between the Parties, (b) Phase 1&2 and Phase 3 updated line item pricing distribution; (c) Procurement of Phase 3 Long Lead Items for 6 Spacecraft (d) alternate Phase 3 delivery schemes and associated Security Instrument ; and

Whereas, the Parties further wish to modify certain provisions of the Contract and its Exhibits and Appendices as a result of such agreement.

Now therefore, the Parties hereto, in consideration of the mutual covenants herein expressed, agree with each other as follows:

Terms and Conditions

Article 1. Definitions

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

"Anomaly Support" shall mean the support provided by Contractor to Purchaser for the first year after the date of the first successful launch of Spacecraft, as described in greater detail in Exhibit A.

"Authorization To Proceed" or "ATP" shall mean the document executed by Purchaser and Contractor dated October 4th, 2006, as amended from time to time, authorizing Contractor to proceed with certain Work prior to entry into force of this Contract.

"Available for Shipment" means that a Satellite has successfully undergone a Pre-Shipment Review in accordance with section 5.8 of Exhibit A and has been declared ready to be shipped either to the Launch Site or to the storage location as set forth in Article 29.

"Background IP" shall mean Intellectual Property developed and owned by Contractor prior to entering into this Contract or outside the scope of this Contract which will be utilized or incorporated by Contractor into any Deliverable Item under this Contract.

"Batch" shall mean each group of Spacecraft to be installed on the same Launch Vehicle dispenser and to be launched on such Launch Vehicle.

"Bonus Payments" shall mean the payments which may be made pursuant to the provisions of Article 5.

"Business Day" means a day which Purchaser and Contractor are both open for business, other than a Saturday, Sunday or other day on which commercial banks in New York City, France, or the State of California are authorized or required by law to close.

"Contract" or "Amended and Restated Contract" shall mean the Contract entered into between Purchaser and Contractor, including all Exhibits and Appendices referenced herein, and all amendments that may be made hereto and thereto.

"Contractor" shall mean Thales Alenia Space France.

"Contractor Indemnitees" shall have the meaning ascribed to it in Article 31(B).

"Day" shall mean, whether or not capitalized, a calendar day.

"Deliverable Items" shall mean those items set forth in Article 2(C).

"Delivery" shall mean the delivery of Deliverable Items as set forth in Article 6.

"Delivery Schedule" shall mean the timetables for Delivery of the Deliverable Items as set forth in Article 6.

"Documentation" shall mean the documentation to be supplied by Contractor to Purchaser as listed in Exhibit A.

"DSS" shall mean Dynamic Satellite Simulator software in executable form, including updated versions, as described in Exhibit E.

“Early Delivery ED2” shall mean the scheme of Batch early delivery which may be achieved under Phase 2 as set forth in Early Delivery ED2 Scope of Work ref 200331862W Issue 01.

“Early Delivery Incentives” shall mean the amount of incentives to be paid by the Purchaser to the Contractor in case some Schedule Saving is achieved by the Contractor in the frame of Early Delivery ED2 Scope of Work implementation.

“EDC” shall mean October 1, 2006.

“EDC2” shall mean the effective date of this Amended and Restated Contract as set forth in Article 32.

“Escrow Account” shall mean the escrow account opened by Purchaser with the Escrow Agent pursuant to the Escrow Agreement, as set forth in Article 7(I).

“Escrow Agent” shall mean Société Générale, Société Anonyme with registered capital of [576.285.895.00 EUR], having its registered office in 29 Boulevard Haussmann, Paris, France.

“Escrow Agreement” shall mean the escrow agreement entered into by and between the Parties and the Escrow Agent on December 21st, 2006 as amended.

“Export Credit Facility” means the agreement between the Purchaser and the Lender pursuant to which Purchaser obtains a loan backed by the COFACE from such Lender for the purpose of financing a portion of this Contract.

“Factory Acceptance Test Review” shall have the meaning set forth in section 5.16 of Exhibit A.

“Final Acceptance” shall be as described in Article 8(A) with respect to Spacecraft and as described in Article 8(B) with respect to DSSs.

“Flight Readiness Review” or “FRR” shall mean the review described in section 5.10 of Exhibit A.

“Foreground IP” shall mean Intellectual Property developed, conceived or first actually reduced to practice by the Contractor in the performance of Work under this Contract.

“Globalstar System” shall mean the system consisting of the Satellites, Ground Control Network, network control centers and user terminals for the provision of communications services.

“Ground Control Network” shall mean the items to be provided by Purchaser composed of the following : (i) Satellite Control Network, (ii) the gateway RF terminals and (iii) the Globalstar data network.

“Ground Support Equipment” or “GSE” shall mean all equipment used or necessary to permit the transportation, handling, integration and test of the Spacecraft during factory validation testing and pre-Launch operations.

“Intellectual Property” or “IP” shall mean all intellectual property, including without limitation, inventions, patents, copyrights, trade secrets, DSS, Satellite OBPE Software, Documentation including Technical Data, discoveries, technical know-how, techniques, procedures, methods, designs, improvements or innovations.

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

“Interest Rate” shall mean the One Month EURIBOR as established by the European Financial Markets Association (ACI) and European Banking Federation (EBF) and as published on their joint website at http://www.euribor.org/html/content/euribor_data.html on the payment due date plus [*] basis points (such one-month EURIBOR rate to “float” by being re-determined on the first day of each calendar month).

“Key Person” shall have the meaning ascribed to it in Article 30(A).

“Key Personnel” shall have the meaning ascribed to it in Article 30(A).

“Launch” shall mean the Intentional Ignition of the Launch Vehicle followed by Lift-off.

“Launch Date” shall mean each date scheduled for Launch of one or more Satellites.

“Launch ED2 Objective Dates” shall mean target dates for Batch Launch as set forth in Early Delivery ED2 Scope of Work ref 200331862W Issue 01.

“Launch ED2 Schedule Saving” shall mean the actual number of days of advanced launch for each Batch calculated by taking into account the difference between Nominal Schedule Launch Date and actual Launch Date for each Batch under Early Delivery ED2 scheme.

“Launch Insurance” means, with respect to the Satellites, insurance that covers such Satellites from the period beginning at Intentional Ignition, at coverage levels determined at sole discretion of Purchaser.

“Launch Readiness Review” or “LRR” shall mean the review described in section 5.11 of Exhibit A.

“Launch Services” shall mean the services provided by a Launch Services Provider pursuant to a Launch Services Agreement.

“Launch Services Agreement” shall mean each agreement between a Launch Services Provider and Purchaser for the launch of one or more Spacecraft.

“Launch Services Provider” shall mean each company with whom Purchaser contracts for the launch of one or more Spacecraft.

“Launch Site” shall mean each launch facility provided by a Launch Services Provider, including all buildings and testing, storage and other facilities thereon.

“Launch Support Services” shall mean the services Contractor shall provide pursuant to this Contract in support of the launch of the Spacecraft, as more fully set forth in section 3.4 of Exhibit A.

“Launch Vehicle” shall mean each vehicle provided by the Launch Services Providers on which one or more Spacecraft are to be launched. The list of possible Launch Vehicles is included in section 1.1 of Exhibit A.

“Lender” means BNP Paribas, a French company chartered as a bank under the laws of France that shall make a loan to Purchaser and being the leader and arranger of a pool of commercial bank.

“Licensed Items” shall mean any Deliverable Items being furnished pursuant to, or to be utilized in connection with, this Contract which require the approval, permission or license from a government with respect to export control laws of such government.

“Lift-Off” shall mean the disconnection of the lift-off plug if such event follows Intentional Ignition.

“Long Lead Items” or “LLI” shall mean the items to be procured in advance for the manufacture of Phase 3 Spacecraft as set forth in Article 26.

“Milestone Events” shall mean those milestones which are eligible for payment as set forth in the column entitled “Milestone Events” in Exhibit F1, F2 or F3, as applicable.

“Mission Operations Support Services” or “MOSS” shall mean the services Contractor shall provide pursuant to this Contract as more fully set forth in section 3.5 of Exhibit A.

As the Contractor has been awarded a contract for delivery of the Satellite Control Network (Ref GINC-C-07-0320), and according to Article 3.5 of Exhibit A, Contractor shall not perform the additional work as set forth in Annex D of Exhibit A.

“Nominal Schedule Launch Dates” shall mean dates of launch foreseen for the different Batches under this Contract as set forth in the Table in Article 18.2.

“Party” or “Parties” shall mean one or both of Contractor and Purchaser.

“Phase” shall mean each of the phases according to which the Contract shall be performed as set forth in Article 2(D) and Exhibit F.

“Preliminary Design Review” or “PDR” shall mean the review described in section 5.4.1 of Exhibit A.

“Pre-Shipment Review” or “PSR” shall mean the review described in section 5.8 of Exhibit A.

“Pre-Shipment Review Acceptance Certificate” shall mean the certification as set forth in Article 8, provided by Contractor to Purchaser upon successful completion of a Pre-Shipment Review.

“Program Readiness Review” or “PRR” shall mean the review described in section 5.2 of Exhibit A.

“Proto-Flight Model Spacecraft” or “PFM” shall mean the Spacecraft which shall be tested at qualification levels and acceptance duration as a proto flight model.

“PSR ED2 Objective Dates” shall mean PSR target dates for the different Batches as set forth in Early Delivery ED2 Scope of Work ref 200331862W Issue 01.

“PSR ED2 Schedule Saving” shall mean the actual number of days of advanced delivery for the last satellite of each Batch calculated by taking into account the difference between Delivery Date and the actual date PSR ED2 is achieved for the last satellite of each Batch.

“Purchaser” shall mean Globalstar, Inc.

“Purchaser Indemnitees” shall have the meaning ascribed to it in Article 31(A).

“Purchaser Residents” shall mean the employees or representatives of Purchaser located in the Contractor’s facilities for the purpose of technical management of the Contract.

“Regular Delivery” shall mean the delivery of the Spacecraft to be delivered under Phase 3 as set forth in Exhibit F.

“Required Delivery Date(s)” shall mean each date of PSR required for the different Batches under this Contract as set forth in the Table in Article 18.1(B).

“Satellite” or “Spacecraft” shall mean any spacecraft to be constructed and delivered pursuant to this Contract, as generally described in Exhibit A and Exhibit B.

“Satellite Control Network” shall mean the items to be provided by Purchaser composed of the following : (i) Satellite Operations Control Centers (SOCCs) (Main, Development and Back Up SOCCs), (ii) the Telemetry Command Units (TCUs) and (iii) the In Orbit Test Equipment (MCE and CMA), as set forth in section 6.5 of Exhibit A.

“Satellite OBPE Software” shall mean the software in executable form and source code form, including updated versions, to be delivered as set forth in section 3.1 of Exhibit A.

“Satellite Post-Shipment Verification Review” shall mean a visual inspection by Contractor of a Satellite after delivery to the Launch Site, to verify that the Satellite has not been degraded during transportation from Contractor’s facility, as set forth in section 5.9 of Exhibit A.

“Security Amounts” shall mean, in the frame of Phase 3, the amounts as per Exhibit F to be deposited on the Escrow Account or any other Security Instrument agreed between the Parties pending the different Phase 3 schedule options from Article 26 selected by the Purchaser.

“Security Instrument” shall mean the financial security mechanism to be agreed in the form and substance between the Parties and to be set by the Purchaser prior to Contractor’s performance on Phase 3 activities as set forth in Article 26 (D).

“Simulator Completion Review” shall mean verification of a DSS performance in stand-alone mode, similar to the Factory Acceptance Test Review, but after installation at Purchaser’s designated DSS installation site, as set forth in section 1.1 and section 5.16 of Exhibit A.

“Stop Work Order” shall mean a written order from Purchaser to Contractor requesting that Contractor cease, and cause Subcontractors (as applicable) to cease, performance of all or part of the Work for the period specified in such order, as such period may be extended in accordance with the Contract, as set forth in Article 22(A).

“Storage Plan” shall mean a plan for the storage of one or more Spacecraft at a site designated in the plan, as set forth in section 3.6.1 of Exhibit A.

“Subcontractors” shall mean all subcontractors of Contractor at any tier.

“Technical Data” shall mean information which is required for the design, development, production, manufacture, assembly, operation, repair, testing, maintenance or modification of the Spacecraft and the DSS, including documentation.

“Total Price” shall mean the firm fixed price payable for the Work as defined in Article 4(A).

“US Dollar” or “USD” shall mean a dollar of United States currency.

“WIP” shall mean all Work in progress.

“Work” shall mean all design, development, construction, manufacturing, labor, services, and acts of Contractor, including tests to be performed, required under Exhibit A (except section 6 thereof), and including all equipment, materials, articles, matters, services and things to be furnished by Contractor under this Contract.

Article 2. Scope and Exhibits

(A) Contractor shall provide the necessary personnel, material, services and facilities to perform the Work in accordance with the provisions of this Contract, including the Exhibits and Appendices listed below, which are attached hereto or incorporated by reference and made a part hereof, and to make delivery to Purchaser in accordance with the Delivery Schedule as provided in Article 6.

Exhibit A	GBS2 Space Segment Globalstar Statement of Work Ref GS-06-1130 dated October 1, 2006 — Issue 01 amended by Early Delivery ED2 Scope of Work Ref 2003 318 62 W Issue 01; amended by Satellite Mass Simulator Change Proposal Ref 200329592G Rev1; amended by Latch Valve OFF Command Change Proposal Ref TAS-08-DCI-37; and amended by Increase Power Beam document Ref.100181703F-EN dated August 2008
Exhibit B	Globalstar II LEO Satellite Performance Specification Ref 200221417A issue 7
Exhibit C	Satellite Program Test Plan Ref 200221933 issue 4
Exhibit D	Globalstar 2 Product Assurance Plan Ref 200217065 S, Version 03 dated November 24, 2006
Exhibit E	Globalstar Dynamic Satellite Simulator Requirements Specification Ref 3474-05-0023 Rev 1_V2, dated November 20, 2006
Exhibit F	Payment Plans
Exhibit G	Form of Escrow Agreement
Exhibit H	Bonus Payments Criteria (EBITDA and satisfactory operation)
Exhibit I	Globalstar Patent Portfolio
Appendix 1	Mutual Nondisclosure Agreement between Globalstar, Inc and Thales Alenia Space France (formerly Alcatel Alenia Space France), dated November 2nd 2006.
Appendix 2	Technical Assistance Agreement (DTC Case TA 3474-05) and subsequent amendments.

Appendix 3 Technical Assistance Agreements for Launch Services (DTC Case TA0645-07) and subsequent amendments.

(B) In case of any inconsistencies among the articles of this Contract and any of the Exhibits, the following order of precedence shall apply :

Appendix 2
Terms and Conditions of Contract
All other Appendices

Exhibit F	Payment Plans
Exhibit A	GBS2 Space Segment Globalstar Statement of Work Ref GS-06-1130 dated October 1, 2006 — Issue 01 amended by Early Delivery ED2 Scope of Work Ref 2003 318 62 W Issue 01; amended by Satellite Mass Simulator Change Proposal Ref 200329592G Rev1; amended by Latch Valve OFF Command Change Proposal Ref TAS-08-DCI-37, and amended by Increase Power Beam document Ref.100181703F-EN dated August 2008
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Exhibit G	Form of Escrow Agreement
Exhibit H	Bonus Payments Criteria (EBITDA and satisfactory operation)
Exhibit I	Globalstar Patent Portfolio

(C) The scope of this Contract is the design, production, testing, and delivery of the equipment and services, as summarized in this Article 2(C), and represents a firm commitment by Contractor and a firm order by Purchaser for all equipment and services. The following constitute the Deliverable Items :

(i) Forty eight (48) low earth-orbiting communications Spacecraft, one of which shall be a PFM. The Spacecraft shall be manufactured to meet all requirements of this Contract (including Exhibits A and B), tested in accordance with Exhibit C, delivered and processed at the selected Launch Site, or delivered to storage at Purchaser's direction, in accordance with Article 29.

(ii) Two (2) DSSs, as described in Exhibit E.

(iii) Launch Support Services for the Spacecraft, including launch vehicle integration, as generally described in section 3.4 of Exhibit A.

(iv) Mission Operations Support Services (including training of Purchaser's personnel and in-orbit testing of the Spacecraft), as described in section 3.5 of Exhibit A. As the Contractor has been awarded a contract for delivery of the Satellite Control Network (Ref GINC-C-07-0320), and according to Article 3.5 of Exhibit A, Contractor shall not perform the additional work as set forth in Annex D of Exhibit A.

(v) Anomaly Support as described in section 3.5.4 of Exhibit A.

(vi) Documentation as described in section 4 of Exhibit A.

(vii) Satellite OBPE Software for the Spacecraft as described in section 3.1 of Exhibit A.

(viii) On-board propellant for each Spacecraft.

(ix) One (1) Satellite Mass Simulator as described in Change Proposal Ref 200329592G Rev1

In addition to delivering the Deliverable Items set forth herein, Contractor will provide all Ground Support Equipment, which shall be used by Contractor and remain its property.

(D) The Work shall be performed pursuant to the following Phases :

(i) Phase 1 and 2 include non-recurring engineering and manufacture of a PFM and the manufacture and delivery of twenty-four (24) Spacecraft with associated Launch Support Services and MOSS, Long Lead Items ("LLI") for the anticipation of the advanced delivery of six (6) Spacecraft from Phase 3 ; and

(ii) Phase 3 includes the manufacture and delivery of twenty-three (23) Spacecraft and the PFM with associated Launch Support Services. For the first successful launch of Satellites delivered under Phase 3 , Contractor shall assign satellite specialists (including payload, thermal, AOCS, power, data handling, mission analysis) to support Purchaser for the early operations (spacecraft acquisition, stabilization, initialization and orbit raising).

In anticipation of advancing delivery of six (6) Spacecraft of Phase 3, the Parties agree that the Contractor shall procure the LLI upon EDC2. Purchaser's written notification for the completion of the manufacturing and testing of the six (6) Spacecraft shall be as set forth in Article 26.

In addition, the Purchaser shall have the option to request to the Contractor in writing the postponement of delivery of either all twenty three (23) Spacecraft of Phase 3 or the balance of seventeen (17) Spacecraft of Phase 3. The conditions for such postponement shall be as set forth in Article 26.

Article 3. Purchaser's Undertakings

(A) Purchaser's undertakings are contained in or identified in this Contract and Exhibit A. In particular, Purchaser shall perform the following :

(i) Purchaser will procure the Launch Services to perform the launch mission including the Satellite(s) dispenser in accordance with one or more Launch Services Agreements with one or more Launch Services Providers. As promptly as practicable, and in any event no later than three (3) months after PDR as set forth in section 3.4.2 of Exhibit A, Purchaser will designate in writing to Contractor the selected Launch Services Provider(s) (with a maximum of two (2)), the Launch Sites and the targeted launch periods. Purchaser will also promptly notify Contractor in the event of any changes in any launch schedule after Purchaser learns of such changes. Purchaser shall use its reasonable best efforts to cause each selected Launch Services Provider to name Contractor and its Subcontractors as additional insureds under each such Launch Services Provider's launch risk third-party liability insurance policy.

(ii) Purchaser will furnish to Contractor decryptor cards and documentation for each Spacecraft as set forth in section 6.3 of Exhibit A. The decryptor cards and documentation shall be transported at Purchaser's risk and expense Delivered Duty Unpaid, Incoterms 2000, to the place and at the date as set forth in section 6.3 of Exhibit A. Any defect on such items or part thereof delivered by Purchaser to Contractor shall be corrected or replaced at Purchaser's expense and any costs incurred by Contractor as a result of such defect and documented to Purchaser shall be borne by Purchaser.

(iii) Purchaser shall provide, at Purchaser's Satellite Operations Control Center ("SOCC") facilities, two (2) computers and a Satellite OBPE Software development workstation to host the software for the DSS as set forth in section 6.6 of Exhibit A.

(iv) Subject to government requirements, Purchaser will arrange with the Launch Services Provider to provide to Contractor and its Subcontractors free of charge access to the Launch Sites, utilities (including without limitation power, phone and data lines) and services (including without limitation transportation) at the Launch Sites necessary to permit Contractor to (i) support the launch schedule; (ii) conduct testing and (iii) provide the Launch Support Services.

(v) Subject to government requirements, Purchaser will provide access to Contractor and its Subcontractors at each of Purchaser's SOCC facilities and In Orbit Test Equipment, on a timely basis, as necessary to permit Contractor to (i) deliver, install and test the DSSs, and (ii) perform the MOSS.

(vi) Purchaser shall obtain Launch Insurance prior to Launch, at coverage levels to be determined at the sole discretion of Purchaser. In addition, Purchaser shall obtain from its insurer providing Launch Insurance waivers of any subrogation rights against Contractor or its Subcontractors, and shall provide evidence of such waivers to Contractor sixty (60) Days prior to the launch of any Satellite and shall provide Contractor a certificate of such insurance coverage at Contractor's request.

(vii) Purchaser shall be responsible for obtaining all necessary approvals, authorizations and/or licenses to launch, test, control and operate the Satellites.

(viii) Purchaser shall be responsible for providing in a timely manner the Satellite Control Network as set forth in Exhibit A.

(B) Contractor shall promptly notify Purchaser of any failure by Purchaser to perform any of its obligations under this Contract which may cause Contractor to be delayed, to incur additional costs, or both. In addition, Purchaser shall promptly notify Contractor in writing of any event which may delay or prevent the performance by Purchaser of any of its obligations under this Contract which may cause Contractor to be delayed, to incur additional costs, or both.

Any failure by Purchaser to perform any of its obligations under this Contract which causes Contractor to be delayed, to incur additional costs, or both, shall cause (i) in case of delay, an extension of the Delivery Schedule to reflect the actual delay incurred by Contractor in the performance of the Work as a result of such failure (such delay to be documented to Purchaser) and (ii) in case of additional costs, payment to Contractor by Purchaser of reasonable costs incurred by Contractor as a result of such failure (such costs to be documented to Purchaser).

Article 4. Total Price

(A) Purchaser shall pay to Contractor for the Work to be performed the Total Price as set forth in the Table below in accordance with the payment plans as set forth in Exhibit F, as such Total Price may be adjusted in accordance with the provisions of this Contract.

The Total Price shall be deemed to include all transportation and insurance charges for delivery of each Deliverable Item as set forth in Article 6 and Exhibit A.

Item	Description	Price in Euro for Regular Delivery
1	Spacecraft for Phase 1 and Phase 2 (See Pricing Details) *	452,781,326
1Bis	Rebalancing ☐Phase 1&2 and Phase 3 distribution (with payment postponed to Phase 3) (See Pricing Details)**	3,864,000
	Sub-total Phase 1 & 2	456,645,326
2	Spacecraft for Phase 3 (See Pricing Details)***	222,240,232
	Total Price	**678,885,558**

(*) Pricing Details:
[*]

(**) Pricing Details:
[*]

(****) Note that pricing for Launch Support Services as defined in Exhibit A assumed the performance of seven (7) launch campaigns with up to two (2) of the four (4) candidate Launch Vehicles. Upon Purchaser's selection of the Launch Vehicles and number of launch campaigns required, Contractor shall review the Launch Support Services pricing and notify Purchaser of any revised pricing including basis of estimate for the pricing difference.

(B) In addition to the Total Price that Purchaser shall pay in accordance with Article 4(A), Purchaser shall also be responsible for paying all custom duties, VAT, import taxes, sales taxes or charges, taxes, fees or duties of similar nature whatsoever levied in the U.S.A. or any political division thereof or in the country where the Launch Site is located or the services under this Contract are performed (except for services rendered in France or Italy or by the Subcontractors in their countries) or in the country where the Spacecraft is placed in storage as set forth in Article 29.

Such payments will be made by Purchaser in compliance with the regulations in force at that time and will not be deducted from any payment of price called for pursuant to Article 4(A) of this Contract. Purchaser shall reimburse Contractor for any payment to be made by Purchaser pursuant to this Article 4(B) but made by Contractor within thirty (30) Days of receipt by Purchaser of the electronic invoice with all relevant documentation evidencing liability for and payment of such tax, fees or duties.

(C) All payments by Purchaser pursuant to this Contract shall be made without deduction or offset of any income taxes, withholding or similar taxes, if any, of any nature whatsoever levied by Purchaser's country, any political division thereof or any other country where the Work is performed or by the country from which payment is made, unless Purchaser shall be compelled to make such deduction by government regulation, in which case Purchaser shall pay, within thirty (30) Days of receipt by Purchaser of the relating electronic invoice, any additional amount necessary in order that the net amount of payments received by the Contractor shall be equal to the amount of payments agreed to be paid pursuant to this Contract.

(D) Contractor shall be entirely responsible for all present and future taxes, levies and duties whatsoever imposed under this Contract in (i) France and (ii) any of the Subcontractors' countries (including Italy), to the extent relating to the performance of the Work, which taxes shall be paid by the Contractor or the Subcontractors when they become due.

Article 5. Bonus Payments

(A) Purchaser and Contractor agree that, at the end of the first quarter of the calendar year following the later to occur of the delivery of forty-eight (48) Spacecraft and the successful launch of the twenty-fourth Spacecraft (the "Bonus Payment Start Date"), and continuing for a period of up to fifteen (15) years thereafter, Contractor shall annually be eligible to receive from Purchaser a Bonus Payment payable in arrears and determined as set forth in this Article 5. The total of such Bonus Payments shall not be more than Seventy-Five Million (75,000,000) US Dollars.

(B) Purchaser shall provide to Contractor, by the end of the first quarter of each year following the date of PSR of the twenty-fourth (24^{th}) Spacecraft, a written statement of Bonus Payment amount and eligibility comprising of Cumulative EBITDA as defined below, status of satisfactory operation of the Spacecraft and timeliness of delivery of Spacecraft. Payment of Bonus Payments shall be due and payable within thirty (30) Days after the date of receipt by Purchaser of the emailed invoice from Contractor.

(C) Bonus Payments shall only be made to the extent that the financial performance of Purchaser's business for the period from January 1, 2007 to December 31 of each year is equal to or better than the financial projections for the business for the same period of time as set forth in Exhibit H1. Financial performance shall be measured in accordance with GAAP, using the earnings before interest, taxes, depreciation and amortization of Purchaser for the total periods in question ("Cumulative EBITDA"). The annual Bonus Payment shall be further limited and conditioned as a result of (a) the failure of Satellites to be delivered on time or to meet the requirements of Exhibit B (as set forth in Article 5(E) and Article 5(F) below) and (b) the failure of Satellites to operate successfully in orbit (as set forth in Article 5(E) and Article 5(F) below).

(i) No Bonus Payment shall be made to Contractor whenever Purchaser's Cumulative EBITDA for the period from January 1, 2007 to December 31 of the year for which payment of a Bonus Payment would be due is less than the projected Cumulative EBITDA for the identical period as set forth on Exhibit H1.

(ii) Whenever Purchaser's Cumulative EBITDA for the period from January 1, 2007 to December 31 of the year for which payment of a Bonus Payment would be due is equal to or greater than the projected Cumulative EBITDA for the identical period, Purchaser shall make the maximum Bonus Payment permissible pursuant to the terms of this Article 5. Each year Purchaser's Cumulative EBITDA exceeds the projected

Cumulative EBITDA for the identical period and the conditions of Article 5(E) and Article 5(F) are met, the annual Bonus Payment of [*] US Dollars shall be paid.

(iii) For so long as Purchaser may be obligated to pay Bonus Payments to Contractor pursuant to this Article 5, Purchaser shall calculate Cumulative EBITDA using the same methodology as is used in Exhibit H1. Nothing in this Article 5 shall prohibit Purchaser from changing its accounting methodology for other purposes, so long as Purchaser is able and does continue to use the same methodology to calculate Cumulative EBITDA.

(D) In each of the fifteen (15) years that a Bonus Payment may be made, as well as during the years prior to the Bonus Payment Start Date when Contractor may earn the right to receive Bonus Payment after the Bonus Payment Start Date, [*] of each such payment or earned right shall be further conditioned upon the delivery schedule as set forth in paragraphs (E)(i) and (F)(i) of this Article 5, and [*] of each such payment or earned right shall be further conditioned upon satisfactory operation of Satellites as set forth in paragraphs (E)(ii) and (F)(ii) of this Article 5.

(E) Each year after the delivery of the first twenty-four (24) of Satellites and prior to the Bonus Payment Start Date, Contractor shall earn the right to receive a Bonus Payment to be calculated in accordance with this Article 5(E). Such Bonus Payments shall not be paid by Purchaser until the first payment date after the Bonus Payment Start Date. The Bonus Payment earned for each year after the delivery of the first twenty-four (24) Satellites until the Bonus Payment Start Date shall be paid at the same time in addition to the first annual Bonus Payment to be paid pursuant to this Article 5(E).

(i) The [*] portion of such Bonus Payment related to timely delivery shall be earned for each Batch of Spacecraft delivered thirty (30) Days or less after the scheduled PSR date for the last Spacecraft of that Batch. Calculation of the Bonus Payment payable for each year of this period shall be equal to [*] US Dollars times the number of Spacecrafts delivered in each Batch through the year for which the calculation of the Bonus Payment earned is made.

(ii) The remaining [*] portion of the Bonus Payment shall be earned for each Satellite operating satisfactorily in space according to the criteria defined in Exhibit H2. Calculation of the Bonus Payment payable for each year of this period shall be made by multiplying [*] US Dollars times the number of Satellites operating successfully as of December 31 of each year for which the calculation is being made.

(F) During the period from the Bonus Payment Start Date to the end of the fifteen (15) year thereafter, Contractor shall be entitled to receive annual Bonus Payments to be calculated in accordance with this Article 5(F).

(i) The [*] portion of the annual Bonus Payments related to timely delivery shall be calculated by multiplying [*] US Dollars times the number of Spacecraft delivered before or within at least thirty (30) Days after its scheduled PSR date. The amount shall

be the portion of each annual Bonus Payment related to timely delivery for each year during this period.

(ii) The remaining [*] portion of the annual Bonus Payments shall be earned if the number of satisfactorily operating satellites is equal to or greater than the number given in Table 1 for a given year for a given Delivery Schedule. Satellites are deemed to be satisfactorily operating if the criteria defined in Exhibit H2 are met. If the number of satisfactorily operating satellites is less than the number given in Table 1 for a given year but greater than or equal to forty (40), a reduced Bonus Payment may be made.

For each satellite less than the number in Table 1, the Bonus Payment portion shall be reduced by [*] as long as the total number of operating satellites is greater than or equal to forty (40). For example, in 2020 if there are only forty-two (42) satisfactorily operating satellites, only [*] of the possible [*] portion of the annual Bonus Payment shall be paid; if forty-one (41) satisfactorily operating satellites, only [*] of the possible [*] portion of the annual Bonus Payment shall be paid; if forty (40) satisfactorily operating satellites, only [*] of the possible [*] portion of the annual Bonus Payment shall be paid; however, if only thirty-nine (39) satisfactorily operating satellites, no portion of the possible [*] portion of the annual Bonus Payment shall be paid.

Table 1
Minimum Number of Operating Satellites In a Given Year for Regular Delivery Schedule

	Regular Delivery
2011	
2012	
2013	46
2014	46
2015	46
2016	45
2017	45
2018	44
2019	44
2020	43
2021	43
2022	42
2023	42
2024	41
2025	40
2026	12
2027	4

(G) For the purpose of this Article 5, a Spacecraft placed in storage pursuant to Article 29 or a Spacecraft which is a total loss as a result of a launch failure shall be deemed to

be operating in orbit satisfactorily. In addition, the conditions of Articles 5(E)(i) and 5(F)(i) relating to late delivery shall apply to a Spacecraft put into storage.

(H) Should the Purchaser decide to exercise the option to postpone the delivery of Spacecraft from Phase 3 as set forth in Article 26 or the total number of Spacecraft to be delivered under the Contract be less than 48, then the Parties agree, in good faith, to adjust accordingly the present Article 5 for purpose of Bonus Payment on an appropriate basis.

Article 6. Delivery and Delivery Schedule

(A) The Delivery Schedule is identified in the Table below. Delivery of a Spacecraft (other than Spacecraft delivered for storage as directed by Purchaser in accordance with Article 29) shall be deemed to have occurred at Pre-Shipment Review. Delivery of a DSS shall be deemed to have occurred upon completion of the Simulator Completion Review. Delivery of Satellite Mass Simulator shall be deemed to have occurred upon Mass Simulator Delivery Review Board.

Item	Description	Delivery Date or Date of Performance	Delivery Place
1	Spacecraft	Per Exhibit F	Contractor's facilities
2	Satellite Propellant	Per Exhibit A	Per Article 6(C)
3	DSS	Per Exhibit A	Milpitas, CA El Dorado Hills, CA
4	Satellite OBPE Software	Per Exhibit A	Milpitas, CA
5	Launch Support Services	Per Exhibit A	Launch Site
6	MOSS	Per Exhibit A	Milpitas, CA
7	Documentation	Per Exhibit A	Milpitas, CA
8	Satellite Mass Simulator(*)	Sept 01, 2009	France, Arianespace (Bordeaux)

(*) At the end of the tests, the Purchaser shall ship back to Contractor's facility in Cannes the satellite mass simulator with its container for destruction purposes. The satellite mass simulator will therefore be delivered on a temporary basis. Cost for the shipping back to Cannes shall be paid by the Contractor.

(B) The delivery dates for Spacecraft to be delivered under Phase 3 shall be made pursuant to the Regular Delivery as set forth in Exhibit F and the payment plan shall be the one corresponding to the Regular Delivery as set forth in Exhibit F.

(C) Each Spacecraft which is Available for Shipment shall be transported along with associated Ground Support Equipment at Contractor's risk and expense Delivered Duty Unpaid, Incoterms 2000, to the airport nearest to the Launch Site selected for the launch of the respective Spacecraft, unless Purchaser directs Contractor to deliver the Spacecraft to storage in accordance with Article 29.

The propellant shall be transported at Contractor's risk and expense Delivered Duty Unpaid, Incoterms 2000, to the harbour agreed with the Launch Service Provider. The Launch Service Provider shall be responsible at its own costs to transport (i) the Spacecraft from the airport to the Launch Site, (ii) the propellant from the harbour to the Launch Site, and (iii) the Satellites and the propellant within the Launch Site.

If the Spacecraft requires repair after delivery to the Launch Site, all transportation from the Launch Site to the repair facility and back shall be at the expense of Contractor. Contractor shall be responsible at its risk and expense for removing or disposing all of its Ground Support Equipment and remaining Satellite propellant, if any, used on or brought to the Launch Site from the Launch Site after completion of launches.

The DSSs, the Satellite OBPE Software and the Satellite Mass Simulator shall be transported at Contractor's risk and expense Delivered Duty Unpaid, Incoterms 2000, to the required destination as specified in the Table above.

(D) The Contractor shall promptly notify Purchaser in writing of any event which may delay or prevent the performance by Contractor of any of its obligations under this Contract.

Article 7. Payment

(A) Payment terms shall be in accordance with this Article 7 and Exhibit F to this Contract. Purchaser shall pay all invoices (excluding the Amended and Restated Contract down payment) within thirty (30) Days after the date of receipt of an emailed invoice confirmed electronically. Purchaser shall have the right to draw down from the Escrow Fund to make payments if the Balance of the Escrow Fund is greater than the Deposit Requirement for the then current Quarter or if the Parties mutually agree to a draw down.

(i) Starting January 1, 2007 and until the Contract is paid in full, Contractor shall on the first Day of each quarter provide Purchaser with one (1) original of the invoice for the total amount of payments due during that quarter, including both calendar payments and payments for Milestone Events, in accordance with Exhibit F. So there is no misunderstanding, the Parties agree that the invoice for and payment of the first payment (fourth quarter of 2006) shall be handled as set forth in Article 32.

(ii) Beginning with the quarter that starts April 1, 2007, Contractor shall deliver to Purchaser, along with each quarterly invoice, supporting documentation confirming completion of the Milestone Events which were to have been achieved during the quarter prior to the quarter in which the invoice is delivered.

(iii) Notwithstanding paragraph (i) and (ii) above, beginning with the period that starts July 1, 2008 and ending beginning of the first yearly quarter following EDC2, Contractor shall invoice Purchaser monthly payments in accordance with Exhibit F. Contractor shall provide supporting documentation confirming completion of Milestone

Events which were to have been achieved during the previous quarter with first monthly invoice of the following quarter.

(B) Should Contractor fail to achieve during a given quarter one or more Milestone Events for which payment has already been made, then Contractor shall deduct the amount relating to each such unachieved Milestone Event from the invoice Contractor delivers at the beginning of the following quarter.

Except as set forth in the preceding sentence, any delay in the achievement of a particular Milestone Event will have no impact on the amount invoiced at the beginning of the subsequent quarter. Any amount deducted in accordance with this Article 7(B) will be re-invoiced with supporting documentation submitted

with the invoice for the quarter following completion of such Milestone Event, and Purchaser shall make payment to Contractor in accordance with such invoice after such completion.

(i) If after five (5) Business Days from the date of receipt of an invoice, Purchaser has not notified Contractor of a dispute of the invoice, stating the reason for such dispute, then all Milestone Events scheduled to occur during the preceding quarter shall be deemed complete, and payment shall be due and payable within thirty (30) Days of receipt of the emailed invoice. For purposes of Exhibit F, a Milestone Event shall be deemed to have been completed by Contractor when all requirements associated with the particular Milestone Event shall have been completed in accordance with the provisions of the Contract.

(ii) If Purchaser disputes only part of a Milestone Event, then Purchaser shall pay to the Contractor the amount corresponding to the undisputed portion of such Milestone Event.

The Parties agree to negotiate in good faith the settlement of the disputed portion and the agreed upon amount shall be paid by Purchaser after such settlement. No dispute with respect to the payment of any amount under this Contract shall relieve the disputing Party of its obligation to pay all other amounts due and owing under this Contract. The Parties agree that in no event shall there be a dispute about a calendar payment, and that a dispute over a Milestone Event payment shall not relieve Purchaser of its obligation to make subsequent payments.

(C) RESERVED

(D) Contractor may, from time to time, submit an invoice requesting partial payment for a partially completed Milestone Event. If Purchaser, in Purchaser's reasonable judgment, determines such partial payment to be appropriate under the circumstances, then Purchaser shall make such partial payment, and the remainder of the Milestone Event payment shall be paid at such time as the Milestone Event is completed.

(E) In the event that Contractor achieves any Milestone Event in advance of the scheduled achievement date provided for in Exhibit F and provided that the cumulative amount of payments shall not exceed the schedule set forth in Exhibit F, then, subject to Purchaser's agreement, the Contractor shall be entitled to invoice the Purchaser for such achieved Milestone Event. Purchaser shall pay for any such Milestone Event, subject to having received the required supporting documentation.

In the case where the Contractor would achieve Schedule Saving in the frame of the implementation of Early Delivery ED2, the Contractor shall be entitled to invoice the Purchaser for Early Delivery Incentives. In this case, payments may exceed the cumulative amount of payments set forth in Exhibit F.

Should the Purchaser decide to advance the delivery of 6 Spacecraft from Phase 3 as set forth in Article 26 or to postpone the delivery of Phase 3 Spacecraft as set forth in Article 26, the payments shall be set forth as illustrated in Exhibit F2 or F3 respectively.

(F) Unless otherwise agreed in writing by the Party entitled to payment, all transfers of funds in accordance with this Contract from one Party to the other Party shall be sent to the receiving Party by wire transfer of immediately available funds to the following bank accounts :

Thales Alenia Space France

For payments in Euros :
Thales Alenia Space France
Société Générale Toulouse
Address : Innopole Voie 8 - BP 500 – 31316 Labège Cedex, France
Swift Code : [*]
Account n° [*]

For payments in US Dollars :
Thales Alenia Space France
ABN AMRO BANK
New-York Branch
Address : 55 East 52 Street, New York, New York 10055,U.S.A.
Swift Code : [*]
Routing Number [*]
Account n° [*]

Globalstar, Inc.

For payments in US Dollars :

Account Name:	Collection Account
Bank Name:	Union Bank of California
	[*]
A/C:	Globalstar, Inc. [*]
Account Number:	[*]
Bank Address:	IS&AM, Domestic Custody
	350 California Street, 6th Floor
	San Francisco, CA 94104 U.S.A.
Swift Details:	[*]

or such other account as the relevant Party may specify from time to time in writing.

Any payment due by Purchaser shall be deemed to have been made when the Contractor's bank account has been credited of the amount of such payment.

If any payment would otherwise be due under this Contract on any Day that is not a Business Day, such payment shall be due on the succeeding Business Day.

(G) Payments required to be made by either Party to this Contract and not received within the due date plus ten (10) Days shall bear interest at the Interest Rate for each Day from the tenth (10^{th}) Day following the due date until the date of actual payment. Such interest due pursuant to this Article 7(G) will be included in the next quarterly invoice. In the event the Contractor elects to draw from the Escrow Account as set forth in Article 22(B), then the provisions of this Article 7(G) shall not apply.

(H) The Contractor shall send one (1) copy of each invoice to Purchaser by email to [*] with confirming email to [*]and, as applicable, one (1) copy in parallel to the Lender.

The Contractor may request status of payment by calling [*] in Accounts Payable at [*].

The address reference to be put on the invoice is :
Globalstar, Inc.
461 South Milpitas Boulevard
Milpitas, California 95035, U.S.A.

The Contractor may send one (1) hard copy of each invoice to Purchaser at address referenced above to the attention of [*].

I) Until EDC2, invoices from the Contractor shall be paid through direct bank transfers from Purchaser to Contractor.

As of EDC2, for the payment of the balance of the Price for Phase 1 and 2 and LLI for 6 Spacecraft from Phase 3), Purchaser has entered into an Export Credit Facility. As a

result thereof, all invoices from the Contractor issued after EDC2 shall be paid to the Contractor according to the payment plan in Exhibit F and through drawings under the Export Credit Facility. Such drawings under the Export Credit Facility shall be made against presentation by the Contractor to the Lender of the documents required under the Contract duly approved by the Purchaser.

At EDC2, the Parties have agreed that the balance of funds in the Escrow Account shall be released and returned to the Purchaser.

After EDC2, any deviations to the foregoing payment provisions shall be mutually agreed upon by the Parties.

J) ALL PAYMENTS TO BE MADE ACCORDING TO EXHIBIT F FOR THE BALANCE OF PHASE 1&2 AFTER EDC2 SHALL BE INVOICED IN EUROS BY THE CONTRACTOR AND PAID IN UNITED STATES DOLLARS USING THE EXCHANGE RATE STIPULATED IN THE EXPORT CREDIT FACILITY AGREEMENT.

Article 8. Inspection and Acceptance

Contractor shall perform the following tests and reviews:

(A) Spacecraft

(i) Each Spacecraft shall undergo a Pre-Shipment Review, as described in section 5.8 of Exhibit A. Purchaser shall notify Contractor of its acceptance or objection of the Pre-Shipment Review within one (1) Day following performance of the PSR. Failure of Purchaser to so notify Contractor shall be deemed to constitute acceptance of said PSR. Upon successful completion of the Pre-Shipment Review (i.e. Pre-Shipment Review complies with the provisions of section 5.8 of Exhibit A), the Parties shall sign a Pre-Shipment Review Acceptance Certificate. If Purchaser objects, it shall provide detailed reasons for such objection to Contractor within two (2) Days of performance of such Pre-Shipment Review.

Contractor shall then proceed to resolve the reason for the objection and upon resolution the Parties shall sign the Pre-Shipment Review Acceptance Certificate. After completion of the PSR, the Spacecraft shall be deemed Available for Shipment and Purchaser will provide to Contractor shipment directions.

(ii) Upon arrival of a Spacecraft at the Launch Site, Contractor shall promptly conduct a Satellite Post-Shipment Verification Review for each Spacecraft. Thereafter, Contractor shall perform tests in accordance with the Launch Site Test Plan and relevant portions of Exhibit C, in the presence of Purchaser unless Purchaser advises Contractor that such tests can be performed in its absence.

(iii) Contractor shall then conduct a Flight Readiness Review as set forth in section 5.10 of Exhibit A, whereupon Contractor shall either certify Spacecraft compliance or notify Purchaser of those items which fail to meet the requirements of Exhibits B and C. Upon Contractor certification of Spacecraft compliance, or upon satisfactory completion by Contractor of other conditions sufficient to remedy those items that failed to meet the requirements of Exhibits B and C, mutually acceptable to Purchaser and Contractor, FRR shall be deemed successfully completed and Contractor shall be authorized to proceed to the Launch Readiness Review.

(iv) Each Spacecraft shall undergo a LRR, as described in section 5.11 of Exhibit A. If the LRR complies with the provisions of section 5.11 of Exhibit A, Purchaser shall notify Contractor of its acceptance of the LRR following completion. Upon such notification, a Spacecraft shall be ready for launch unless, at any time prior to Intentional Ignition, Contractor shall notify Purchaser if a Spacecraft is not ready for launch. Upon such notification and prior to launch, Contractor shall remedy such particulars or satisfactorily complete other conditions mutually acceptable to Purchaser and Contractor.

(v) Final Acceptance of a Spacecraft not being delivered into storage shall occur upon Intentional Ignition, except that in case of occurrence of an event as set forth in Article 9(C), Final Acceptance shall be deemed not to have occurred. Final Acceptance of a Spacecraft being delivered into storage shall be made upon delivery of the Spacecraft to the storage site, in accordance with the provisions of Article 29.

(B) DSSs

(i) Contractor shall conduct a Factory Acceptance Test Review on the DSSs at Contractor's facilities. Upon successful completion of the Factory Acceptance Test Review, Contractor shall so certify to Purchaser. Purchaser shall have two (2) Days from receipt of such certification to notify Contractor in writing of those particulars which do not meet the requirements of the Contract.

Upon such notification by Purchaser, Contractor shall remedy such particulars or satisfactorily complete other conditions mutually acceptable to Purchaser and Contractor after which Contractor shall proceed to ship each DSS to the designated DSS site. If Purchaser does not so notify Contractor within two (2) Days, Contractor shall proceed to ship each DSS to the designated DSS site.

(ii) A Simulator Completion Review shall be conducted following full and complete installation and testing of the DSS at the designated DSS Site in accordance with Exhibit A. Contractor and Purchaser shall, within two (2) Days after the successful completion of Simulator Completion Review, certify in writing on a form, mutually agreed, that Final Acceptance of the DSSs has occurred. If Purchaser fails to reject or certify acceptance within such two (2) Days after the successful completion of Simulator Completion Review, Final Acceptance of the DSSs shall be deemed to have occurred.

(iii) If a DSS is non-conforming to the specifications defined in Exhibit E, Purchaser shall so notify Contractor (with detailed reasons for such non-compliance given in the notification), and such non-compliance shall be corrected by Contractor. Upon such correction, followed by a delta Simulator Completion Review, if necessary, acceptable to Purchaser, Final Acceptance shall be deemed to have occurred.

(C) Upon completion of a Milestone Event other than for PSRs as set forth in Article 8 (A), Contractor shall issue and send to Purchaser a Milestone Event acceptance certificate. Purchaser shall notify Contractor of its acceptance or rejection of a Milestone Event within five (5) Business Days from the date of receipt of the Milestone Event acceptance certificate, failing which such Milestone Event shall be deemed successfully completed. In case of acceptance, the Parties shall sign the Milestone Event acceptance certificate. In case of rejection, Purchaser shall state in writing the reasons for such rejection and Contractor shall implement necessary corrective measures. After such correction to the satisfaction of Purchaser, such Milestone Event shall be deemed successfully completed and the Parties shall sign the Milestone Event acceptance certificate.

Article 9. Title and Risk of Loss

(A) Subject to the provisions of this Contract :

(i) title to and risk of loss for a Spacecraft and propellant on board such Spacecraft shall pass from Contractor to Purchaser upon Intentional Ignition, except as provided in Articles 9(C) and 9(E).

(ii) risk of loss for DSSs shall pass from Contractor to Purchaser upon Delivery to the place set forth in Article 6. Title to DSS shall pass from Contractor to Purchaser upon Final Acceptance thereof.

(iii) risk of loss and title to for the Satellite OBPE Software shall pass from Contractor to Purchaser upon Delivery to the place set forth in Article 6.

(iv) risk of loss and title to for the Satellite Mass Simulator shall pass from Contractor to Purchaser upon Delivery to the place set forth in Article 6.

Any loss or damage to such items prior to Purchaser's assumption of risk of loss shall be at Contractor's risk, unless such loss or damage is caused by the negligent acts or omissions or wilful misconduct of Purchaser.

(B) Title to Spacecraft, propellant on board the Spacecraft, Satellite OBPE Software, DSSs and Satellite Mass Simulator shall pass to Purchaser free and clear of any claims, liens, encumbrances and security interests of any nature. Contractor shall not grant to third parties any lien, encumbrance or security interest of any nature on Spacecraft,

propellant on board the Spacecraft, Satellite OBPE Software, DSSs and Satellite Mass Simulator.

(C) Contractor hereby agrees following Intentional Ignition, should the launch sequence be successfully terminated prior to lift-off of the Launch Vehicle, then at the subsequent time the launch pad is declared safe by the Launch Services Provider, title, care, custody and control and risk of loss to Spacecraft and propellant shall revert to Contractor. In the event of such an occurrence, Contractor shall be paid by Purchaser for additional documented costs, if any, incurred by Contractor in relation to additional premium due directly as the result of an extension by it of any insurance policy it may have relating to the Spacecraft. This paragraph may be adjusted as necessary to be consistent with the Launch Services Agreement and the Launch Insurance policy.

(D) Should the subsequent launch following an aborted launch as set forth in Article 9(C) above, be delayed through no fault of Contractor, and any Spacecraft has to be removed from the Launch Vehicle and has to be returned to Contractor's facility or a designated storage site at Launch Site, all costs resulting from extension of the period for the launch campaign (including costs associated with on-orbit support personnel already deployed to other

locations) shipping costs, costs for re-testing and restoring the Spacecraft to flight-worthy condition, off-site storage charges (if any) and insurance coverage for return to the Launch Site and subsequent launch will be at Purchaser's expense, as determined pursuant to Article 19(C).

(E) In the event a Spacecraft is placed in storage as set forth in Article 29(A), title and risk of loss to such Spacecraft shall pass to Purchaser upon both completion of the tasks specified for placement into storage as required by the Storage Plan and payment to Contractor of all outstanding amounts as set forth in Exhibit F less an amount of [*] Euros per Spacecraft stored corresponding to the portion of the Launch Support Services and MOSS not yet performed. This amount will be paid to Contractor at the time of removal of the Spacecraft from storage.

Prior to storage, Contractor shall file (or shall cause a Subcontractor to file), on behalf of Purchaser and at Purchaser's expense, necessary application with custom authorities for the issuance of an active job processing, or any other adequate instrument, with respect to a stored Spacecraft in order to get an exemption of taxes and duties.

Article 10. Access to Work in Progress

(A) Subject to applicable government regulations, Contractor shall afford Purchaser access to all WIP, including without limitation Technical Data and information, test data, documentation (not containing cost information), testing and hardware, being performed at Contractor's facilities pursuant to this Contract during the period of Contract performance as set forth in section 1.5 of Exhibit A, provided that such access does not unreasonably interfere with such WIP or any other work.

(B) Contractor shall afford Purchaser access to WIP being performed pursuant to this Contract in Subcontractor's facilities to the extent Contractor obtains such access, subject to the right of Contractor to accompany Purchaser on any such visit and subject further to the execution by Purchaser of such non-disclosure or similar agreements as may be required by Subcontractors. Contractor shall use its best efforts to obtain access to the WIP being performed in Subcontractor's facilities.

Article 11. Progress Meeting, Presentations and Reports

(A) In addition to any other meetings called for under the provisions of this Contract, Contractor shall provide the personnel, facilities, materials and support to conduct the following meetings and presentations with Purchaser, provided that such meetings and presentations do not unreasonably interfere with Contractor's performance: (i) informal Program Manager meetings ; (ii) informal project level technical review meetings ; and (iii) management level presentations as deemed appropriate by Contractor or Purchaser's management and subject to reasonable prior notice by Purchaser.

(B) Contractor shall deliver to Purchaser all reports as described in Exhibit A. The Parties agree to utilize a secure, electronic-based system for delivery of reports and documents (which may include exceptions on its use for certain documents).

Article 12. Intellectual Property Rights

(A) Purchaser shall protect all Intellectual Property to which Purchaser has a right of access pursuant to Article 10, or that is or may be disclosed by Contractor to Purchaser, from disclosure to third parties in the same manner in which Purchaser protects its own IP, in accordance with and subject to Article 14.

(B) Notwithstanding any other provision of this Contract, the ownership in and title to Background IP delivered to Purchaser by Contractor in accordance with this Contract shall remain in Contractor or its licensors. Contractor hereby grants to Purchaser a fully paid up, non-exclusive, perpetual, irrevocable (except as set forth herein), world-wide and non-transferable (except as part of a sale of the business or by operation of law) license (with right to sublicense to third parties) to use, duplicate, adapt, make derivatives and disclose its Background IP (and its related documentation) and other Deliverable Items for the use, operation, enhancement and maintenance of the Globalstar System pursuant to this Contract and the existing Globalstar network.

(C) Title to all Foreground IP shall remain with Contractor, provided, that Contractor shall not use or have, or permit others to use, Foreground IP related to the payload of the Spacecraft for the purpose of engaging in business activity that would be in direct competition with the Globalstar System. Contractor hereby grants to Purchaser a fully paid up, non-exclusive, perpetual, irrevocable (except as set forth herein), world-wide and non-transferable (except as part of a sale of the business or by operation of law) license

(with right to sublicense to third parties) to use, duplicate, adapt, make derivatives and disclose its Foreground IP (and its related documentation) and other Deliverable Items for the use, operation, enhancement and maintenance of the Globalstar System pursuant to this Contract, the existing Globalstar network and future similar contracts and such Globalstar network as it will exist under such future similar contracts.

(D) Purchaser hereby grants to Contractor a fully paid up, non-exclusive, perpetual, irrevocable (except as set forth herein), world-wide and non-transferable (except as part of a sale of the business or by operation of law) license (with right to disclose to Subcontractors who are signatories of the TAA as set forth in Appendix 2) to use, adapt and disclose the patents identified as being "granted" as set forth in Exhibit I for the purpose of performance of the Work under this Contract. In addition, Contractor reserves the right to request and receive copies of Technical Data which are owned by Purchaser for use for the performance of the Work. Purchaser grants to Contractor a license to use such Technical Data under the same type of license as Purchaser grants to Contractor in this Article 12(D), subject to the TAA.

Article 13. Public Release of Information

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

(B) Notwithstanding the foregoing, it is understood by the Parties that Contractor is authorized to release information relative to the Work as may be required to notify its other customers as to satellite performance issues, provided that such information shall contain no identification of Purchaser or Purchaser's designation of Work, subject to government requirements.

(C) Nothing contained herein or in the Mutual Nondisclosure Agreement between Purchaser and Contractor, dated November 2, 2006 shall be deemed to prohibit either Party from disclosing this Contract, in whole or in part, or information relating thereto (i) as may be required by the rules and regulations of a government agency with jurisdiction over the disclosing Party or a stock exchange on which the disclosing Party's shares are then listed, (ii) as may be required by a subpoena or other legal process (iii) in any action to enforce its rights under this Agreement, (iv) to its lenders under appropriate assurances of confidentiality for the benefit of the disclosing Party or (v) to its auditors, attorneys and other professional advisors in the ordinary course, provided that such auditors, attorney and advisors have contractual or professional obligations to maintain the confidentiality of the disclosed material. The disclosing Party shall use reasonable commercial efforts to disclose only such information as it believes in good faith it is legally required to disclose pursuant to clauses (i) or (ii), above, and will seek, to the

extent reasonably available under applicable rules, to obtain confidential treatment for any information either Party reasonably considers trade secrets and that is required to be disclosed. To the extent practicable, the disclosing Party shall provide the other Party with a reasonable opportunity in advance of disclosure to request redactions or deletions of specific terms and provisions of the Contract and shall accommodate those requests to the extent reasonably consistent with applicable confidential treatment rules.

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

Article 14. Confidentiality

The Parties agree that all exchanges of proprietary information shall be governed by the Mutual Nondisclosure Agreement between Purchaser and Contractor, dated November 2, 2006 as set forth in Appendix 1, as such Agreement may be amended.

Article 15. Intellectual Property Rights Indemnity

(A) Contractor shall indemnify, defend and hold harmless Purchaser and its affiliates and their respective directors, officers, agents and employees, against any claims, damages, losses, costs (including attorneys' fees) incurred in connection with any claim, suit, or proceeding asserted or filed against Purchaser relating to infringement of any patent, copyright, trade secret, trademark or other proprietary right based on the laws of the United States and EU, or a country where Contractor or any Subcontractor is located (except that such indemnification shall not apply to any patent identified as being "granted" as set forth in Exhibit I), by any Spacecraft, Mass Simulator or DSS to be delivered hereunder, or any part thereof or arising out of Contractor's performance of its obligations under the Contract. Purchaser shall notify Contractor promptly in writing of any such claim, suit or proceeding, and give Contractor proper and full information, of which it is aware, and reasonable assistance to settle and/or to defend any such claim, suit, or proceeding. At its option and expense, Purchaser may participate in the defense of such claim, suit or proceeding with counsel of its own choosing. In addition, the indemnification shall also apply if in the reasonable opinion of Contractor's outside intellectual property counsel, any Spacecraft, Mass Simulator or DSS to be delivered hereunder or any part thereof may become the subject of any claim, suit, or proceeding for infringement of any such patent, copyright, trade secret, trademark or other proprietary right.

(B) In case of such a claim as set forth in Article 15(A), Contractor shall, at its option and expense, either (i) procure for Purchaser the right under such patent, copyright, trade secret, trademark or other proprietary right, to use, lease, or sell, as appropriate, such Spacecraft, Mass Simulator or DSS, or part thereof, or (ii) replace or modify such Spacecraft, Mass Simulator or DSS, or part thereof, so that it becomes non-infringing but continues to meet the requirements of the Contract.

(C) Contractor shall have no liability for and the provisions of Article 15(A) shall not apply for any infringement arising from (i) the combination of such Spacecraft, Mass Simulator or DSS, part thereof or process practiced therein with any other Spacecraft or DSS or part not furnished to Purchaser by Contractor unless such Spacecraft, Mass Simulator or DSS, part or process furnished by Contractor contributorily infringes, or (ii) the modification of such Spacecraft, Mass Simulator or DSS, part thereof or process practiced therein, unless such modification was made or authorized by Contractor, or (iii) the use of any patent identified as being "granted" as set forth in Exhibit I.

(D) Contractor's total liability to Purchaser under this Article 15 shall not exceed [*]% of the Total Price. This Article 15 states the entire obligation of Contractor and the exclusive remedy of Purchaser, with respect to any alleged patent, copyright, trade secret or trademark infringement by such product or part or process.

Article 16. Limitation of Liability

(A) THE PARTIES EXPRESSLY RECOGNIZE THAT COMMERCIAL SPACE VENTURES INVOLVE SUBSTANTIAL RISKS AND RECOGNIZE THE COMMERCIAL NEED TO DEFINE, APPORTION AND LIMIT CONTRACTUALLY ALL OF THE RISKS ASSOCIATED WITH THIS COMMERCIAL SPACE VENTURE. THE PAYMENTS AND OTHER REMEDIES EXPRESSLY SET FORTH IN THIS CONTRACT FULLY REFLECT THE PARTIES' NEGOTIATIONS, INTENTIONS AND BARGAINED-FOR ALLOCATION OF THE RISKS ASSOCIATED WITH COMMERCIAL SPACE VENTURES.

EXCEPT AS SPECIFICALLY PROVIDED IN THIS CONTRACT, CONTRACTOR MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, WITH RESPECT TO THE CONTRACT OR THE PERFORMANCE OF THE CONTRACTOR OR THE WORK HEREUNDER,

WHETHER ARISING AT LAW OR IN EQUITY AND ALL SUCH WARRANTIES AND REPRESENTATIONS, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY ARE, TO THE EXTENT PERMITTED BY LAW, EXCLUDED.

(B) IN NO EVENT SHALL CONTRACTOR OR ITS SUBCONTRACTORS BE LIABLE TO PURCHASER FOR INCIDENTAL, INDIRECT, CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES (INCLUDING ANY LOSS OF PROFIT OR ANY OTHER SIMILAR LOSS) WHETHER ARISING IN CONTRACT, TORT, STRICT LIABILITY, OR UNDER ANY OTHER THEORY OF LIABILITY

RESULTING FROM ANY BREACH OF THIS CONTRACT OR WITH RESPECT TO ANY DEFECT, NON-CONFORMANCE OR DEFICIENCY IN ANY INFORMATION, INSTRUCTIONS, SERVICES OR OTHER THINGS PROVIDED PURSUANT TO THIS CONTRACT. THE FOREGOING EXCLUSION SHALL APPLY WHETHER OR NOT FORESEEABLE OR EVEN IF CONTRACTOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. SPECIFICALLY, BUT WITHOUT LIMITATION TO THE FOREGOING, CONTRACTOR AND ITS SUBCONTRACTORS SHALL NOT BE LIABLE TO PURCHASER FOR ANY SUCH DAMAGES RESULTING FROM ANY LOSS OR DESTRUCTION OF A SPACECRAFT OR FAILURE OF A SPACECRAFT OR ITS SUBSYSTEMS TO OPERATE SATISFACTORILY.

(C) IN NO EVENT SHALL PURCHASER BE LIABLE TO CONTRACTOR OR ITS SUBCONTRACTORS FOR INCIDENTAL, INDIRECT, CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES (INCLUDING ANY LOSS OF PROFIT OR ANY OTHER SIMILAR LOSS) WHETHER ARISING IN CONTRACT, TORT, STRICT LIABILITY, OR UNDER ANY OTHER THEORY OF LIABILITY RESULTING FROM ANY BREACH OF THIS CONTRACT. THE FOREGOING EXCLUSION SHALL APPLY WHETHER OR NOT FORESEEABLE OR EVEN IF PURCHASER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

(D) PURCHASER AND CONTRACTOR SHALL BE BOUND TO THE FLOW-DOWN REQUIREMENTS OF THE LAUNCH SERVICES AGREEMENT APPLICABLE TO CONTRACTOR REGARDING ALLOCATIONS OF RISK, WAIVERS OF SUBROGATION, INDEMNIFICATIONS AND INTER-PARTY WAIVERS OF LIABILITY INVOLVED IN LAUNCH OPERATIONS. SUCH FLOW-DOWN SHALL BE INCLUDED IN AN AMENDMENT TO THIS CONTRACT TO BE ENTERED INTO AND CONFIRMED BETWEEN THE PARTIES PRIOR TO THE COMMENCEMENT OF LAUNCH SUPPORT SERVICES.

(E) PURCHASER AGREES TO ENTER INTO AGREEMENTS WITH THE LAUNCH SERVICES PROVIDER TO DISCLAIM ANY LIABILITY OF CONTRACTOR TO THE LAUNCH SERVICES PROVIDER FOR INCIDENTAL, INDIRECT, CONSEQUENTIAL OR SPECIAL DAMAGES. PURCHASER ALSO AGREES TO CAUSE ITS LAUNCH RISK INSURERS TO WAIVE ALL RIGHTS OF SUBROGATION AGAINST CONTRACTOR AND SUBCONTRACTORS.

(F) BOTH PARTIES' SOLE AND EXCLUSIVE REMEDIES AND OBLIGATIONS FOR ANY BREACH OF THIS CONTRACT OR WITH RESPECT TO ANY DEFECT, NON-CONFORMANCE OR DEFICIENCY IN ANY INFORMATION, INSTRUCTIONS, GOODS, SERVICES OR OTHER THINGS PROVIDED PURSUANT TO THIS CONTRACT ARE LIMITED TO THOSE SET FORTH IN THIS CONTRACT, AND ALL OTHER REMEDIES OR RECOURSE AGAINST THE OTHER PARTY OF ANY KIND ARE EXPRESSLY DISCLAIMED AND FOREVER WAIVED.

(G) NOTWITHSTANDING ANY OTHER LANGUAGE IN THIS CONTRACT TO THE CONTRARY, CONTRACTOR'S TOTAL LIABILITY TO PURCHASER SHALL NOT EXCEED [*] OF THE TOTAL PRICE. NOTWITHSTANDING ANY OTHER LANGUAGE IN THIS CONTRACT TO THE CONTRARY, PURCHASER'S TOTAL LIABILITY TO CONTRACTOR SHALL NOT EXCEED THE TOTAL PRICE LESS ANY PAYMENTS MADE.

Article 17. Excusable Delays

(A) Any delay or failure in the performance of a Party's obligations under this Contract (other than payment obligations) shall be excused, and such Party will not be liable for, or be in default for, such delay or non-performance, if the cause of the delay or non-performance is, in whole or in part, beyond such Party's reasonable control and without the negligence of such Party (or its Subcontractors at any tier).

Purchaser acknowledges that following the end of an excusable delay event, Contractor shall resume full performance as soon as commercially practicable after the end of an excusable delay event, and the schedule of performance shall be deemed modified to reflect such recommencement of performance. Payments obligations of Purchaser shall be suspended only for the portion of Contractor's performance of Work affected by the excusable delay.

(B) Excusable delays shall be conclusively deemed to include, but are not limited to Acts of God or of the public enemy; acts or omissions of governmental bodies, including the FCC, in their sovereign capacities or contractual capacities (including the inability to obtain and/or the suspension, withdrawal, or non-renewal of export or import licenses required for the performance of the Contract); acts of war (declared or undeclared), fires, earthquakes, floods, other unusually severe weather conditions such as hurricanes, tornadoes and typhoons, epidemics, quarantine restrictions, strikes, component or parts alerts**,** labor and other industrial disputes, terrorist acts and freight embargoes sabotage, riots, theft; introduction of malicious code; failures or interruptions in essential services or equipment (e.g., electrical power, telecommunications, fuels, water); embargoes and other transportation failures.

(C) The Party whose performance is delayed under Section 17(A) shall give notice in writing to the other Party within seven (7) Business Days after an excusable delay shall have occurred or such notifying Party knows of an excusable delay, whichever is later. Notwithstanding the foregoing, a Party's failure to provide such notice shall not prevent such an event from qualifying as an excusable delay, except to the extent the failure to so notify prejudices the other Party's ability to mitigate the impact of the delay or non performance. Such notice shall also be given at the termination of the excusable delay. The delivery requirements shall only be extended, upon mutual agreement of the Parties, by such period of time as is justified by the evidence forwarded in the notice, but in any event not less than one (1) Day for one (1) Day of excusable delay.

(D) Should excusable delays total, or be likely to total, six (6) consecutive months or more, Purchaser, at its option, may terminate this Contract with respect to unlaunched Spacecraft by written notice to Contractor and the conditions of Article 21 shall apply. Purchaser's right to terminate pursuant to this Article 17(D) shall not apply to the extent that excusable delays do not affect Contractor's ability to perform (*i.e.*, such excusable delays affect Purchaser only).

Article 18. Liquidated Damages for Late Delivery / Early Delivery Incentives

18.1 **Liquidated Damages for Late Delivery**

(A) Contractor understands that delays in Delivery of Satellites required herein may cause Purchaser to incur additional cost, loss of revenues and other damages, which damages are difficult to estimate but the Parties acknowledge are likely to be significant. Accordingly, the Parties agree to fixed and liquidated damages for late Delivery of Satellites which damages are intended to be compensatory, not a penalty and are in lieu of actual damages incurred by the Purchaser.

(B) The Required Delivery Dates for Spacecraft under this Contract are set forth below by the following spacecraft groups :

Satellites Completed PSR	Date of PSR (Regular)
TOTAL: **7** Satellites (FM 2,3,4,5,6,7,8)	March 27, 2010
TOTAL: **13** Satellites (FM 9,10,11,12,13,14)	May 12, 2010
TOTAL:**19** Satellites (FM 15,16,17,18,19,20)	June 23, 2010
TOTAL: **24** Satellites (FM 21,22,23,24,25)	July 28, 2010
TOTAL: **31** Satellites (FM 26,27,28,29,30,31,32)	May 25, 2012
TOTAL: **37** Satellites (FM 33,34,35,36,37,38)	Nov 21, 2012
TOTAL: **43** Satellites (FM 39,40,41,42,43,44)	May 20, 2013
TOTAL: **48** Satellites (FM 45,46,47,48,PFM1)	Sept 17, 2013

For the avoidance of doubt, the Satellite grouping specified in the above table shall be independent of FM numbers.

For the avoidance of doubt, the PSR ED2 Objective dates as per Early Delivery ED2 Scope of Work shall not be taken into account for the calculation of Liquidated Damages for Late Delivery as per Article 18.1.

The Parties agree that they will negotiate in good faith to create a Table, to substitute for the above Table, reflecting the actual number of Spacecraft per Batch (the first Batch to

include appropriate spare Spacecraft(s)) in alignment with Purchaser's selected Launch Services Agreement commitments for the numbers of Spacecraft per launch.

(C) In the event Contractor has not successfully completed PSR for the last Spacecraft of each group as set forth in the Table in Article 18.1(B) on or before the Two Hundred Forty Second (242nd) Day (Two Hundred Seventy Second (272nd) Day for the first group) after each respective date set forth in such Table, then for each Day thereafter that the PSR of such Spacecraft has not been successfully completed beyond such Two Hundred Forty Second (242nd) Days period (Two Hundred Seventy Second (272nd) Days period for the first group) until completion of the PSR for the last Spacecraft of each group, Contractor agrees to pay Purchaser, as liquidated damages, the following amount :

Maximum liquidated damages per Spacecraft	Regular Delivery
Phase 2 — First Batch Maximum liquidated damages per Spacecraft per Day	[*] Euros
Phase 2 — First Batch Maximum aggregate liquidated damages per Spacecraft	[*] Euros
Phase 2 — other Batches Maximum liquidated damages per Spacecraft per Day	[*] Euros
Phase 2 — other Batches Maximum aggregate liquidated damages per Spacecraft	[*] Euros
Phase 3 — all Batches Maximum liquidated damages per Spacecraft and per Day	[*] Euros
Phase 3 — all Batches Maximum aggregate liquidated damages per Spacecraft	[*] Euros
TOTAL	**[*] Euros**

For the sake of clarification, the liquidated damages to be paid for a group shall be calculated by multiplying the appropriate amount set forth in the Table above for liquidated damages per Spacecraft per Day, times the number of Satellites in the associated Batch (i.e. 6 Satellites), times the number of Days' delay after the grace period as set forth above.

In the event of occurrence of an unforeseen technical event which is demonstrated by Contractor to be the cause of delays on subsequent Spacecraft deliveries, Contractor and Purchaser shall endeavour, in good faith, to define the best solution allowing to minimize the impacts of Spacecraft delivery for Purchaser and the cumulative amount of liquidated damages for Contractor.

The maximum payment to Purchaser for liquidated damages under this Article 18.1 for each Satellite shall be limited as defined in the Table above. The maximum overall aggregate payment to Purchaser for liquidated damages under this Article 18.1 shall be limited as defined in the Table above.

(D) Payment of liquidated damages due to Purchaser shall be made within thirty (30) Days after receipt of an emailed invoice by Contractor from Purchaser.

(E) Delays in delivery shall be excused and the delivery date(s) shall be extended, as appropriate, to reflect the following conditions :

(i) if delay in PSR is due to any cause referred to in Article 17 ; or

(ii) in the event the TRB of the PFM is not successfully completed, then as a result thereof Contractor shall not be liable for liquidated damages for each Spacecraft for which PSR has been successfully completed prior to the time of such TRB completion ; or

(iii) the execution of a Stop Work pursuant to Article 22 which results in an extension of the Delivery Schedule ; or

(iv) if the delay is due to a cause or causes attributable to the Purchaser ; or

(v) if Purchaser elects to store a Spacecraft as set forth in Article 29 which election was not based on Contractor's delay ; or

(vi) if a concurrent delay exists which prevents Purchaser from commencing launch of the Satellites that are independent of Contractor's obligation pursuant to this Contract (i.e. the launch is delayed for reasons not attributable to the Satellites).

(F) The liquidated damages set forth herein reflect the mutual agreement of the Parties as fair and reasonable compensation for a delay in Delivery.

18.2 **Early Delivery Incentives**

In the frame of implementation of the Early Delivery ED2 Scope of Work, Purchaser and Contractor agree that, in case schedule saving is totally or partially achieved, Early Delivery Incentives shall be paid by Purchaser to Contractor according to the following process :

For each Batch, the Contractor shall be entitled to earn [*]% of the Early Delivery Incentives based on PSR ED2 Schedule Saving, as applicable, and [*]% of the Early Delivery Incentives based on Launch ED2 Schedule Saving.

The amount of Early Delivery Incentives payable to the Contractor shall be calculated on a Prorata Temporis basis taking into account the actual number of Days of PSR ED2 Schedule Saving, and Launch ED2 Schedule Saving divided by the PSR Schedule Saving Days for [*]% Incentives as identified in the Table below for each Batch.

This Early Delivery Incentives amount shall be paid within thirty (30) Days after receipt by the Purchaser of the corresponding invoice from the Contractor.

The amount of PSR ED2 Early Delivery Incentives to be paid by the Purchaser shall not exceed [*]Euro ([*] Euro) per Batch.

The amount of Launch ED2 Early Delivery Incentives to be paid by the Purchaser shall not exceed[*]Euro ([*] Euro) per Batch.

Table PSR ED2 Early Delivery Incentives

	Required Delivery Dates for Regular Schedule as per Article 18.1 (B)	PSR ED2 Objective Dates	PSR Schedule Saving Days for [*]% Incentives	Maximum Incentives amount (in Euro)
Batch 1 FM 2 to FM7*	March 14, 2010	Feb 2, 2010	40	[*]
Batch 2 FM 8 to FM13*	May 5, 2010	March 28, 2010	38	[*]
Batch 3 FM 14 to FM19*	June 16, 2010	May 9, 2010	38	[*]
Batch 4 FM 20 to FM 25*	July 28, 2010	June 30, 2010	28	[*]

(*****) For the avoidance of doubt a Batch shall be comprised of six (6) Spacecraft independently of FM numbers specified in the above table.

Table Launch ED2 Early Delivery Incentives

	Nominal Scheduled Launch Dates	Launch ED2 Objective Dates	Launch Schedule Saving Days for [*]% Incentives	Maximum Incentives amount (in Euro)
Batch 1 FM 2 to FM7*	May 23, 2010	April 13, 2010	40	[*]
Batch 2 FM 8 to FM13*	Aug 21, 2010	July 12, 2010	40	[*]
Batch 3 FM 14 to FM19*	Oct 21, 2010	Sept 11, 2010	40	[*]

(*****) For the avoidance of doubt a Batch shall be comprised of six (6) Spacecraft independently of FM numbers specified in the above table.

Article 19. Request For Deviation (RFD)/Request For Waivers (RFW) and Changes

(A) Should Contractor desire to deviate from the requirements of a specific item of the Work, it shall submit to Purchaser an RFD/RFW, as set forth in section 2.9.2 of Exhibit A.

Contractor shall submit RFD/RFWs to the Purchaser promptly as and when they occur. Before Purchaser shall grant a deviation or waiver, it may negotiate in good faith with Contractor a mutually acceptable consideration therefor.

(B) Purchaser may from time to time between the EDC and completion of this Contract, by written change order issued by Purchaser, make changes within the general scope of this Contract regarding the Spacecraft or DSSs, the services or in any drawings, designs, specifications, methods of shipment or packing, quantities of items, places of delivery, additional Work, or the omission of Work. Procedures for implementing such changes may be similar to RFD/RFWs submitted by Contractor pursuant to Article 19(A), with the Parties negotiating the terms of the change order, including the price therefor, before the change order becomes effective, or Purchaser may issue the change order without such negotiation, as set forth in Article 19(C).

(C) If any change order causes an increase or decrease in the costs of, or the time required for, Contractor's obligations under this Contract, and the Parties do not negotiate such terms before the change order becomes effective, in accordance with Article 19(B), an equitable adjustment in the price or Delivery Schedule or both shall thereafter be negotiated by the Parties and this Contract shall be modified in writing accordingly provided that Contractor shall begin the work related to the change if and when Contractor has received from Purchaser a financial commitment acceptable to Contractor to begin such work. Any claim for adjustment under this Article shall be deemed waived unless asserted in writing (with the amount of the claim) within forty-five (45) Days from the date of receipt by Contractor of the change order.

Article 20. Termination for Default

(A) Purchaser may, by written notice to Contractor, issue a written notice of Default (the "Default Notice") to Contractor, if :

(i) there is a material breach by Contractor in the technical compliance during the PFM Payload assembly, integration and test, in accordance with the Contract ; or

(ii) there is a material breach by Contractor in the technical compliance during the PFM Spacecraft assembly, integration and test, in accordance with the Contract ; or

(iii) as to each PSR date set forth in Article 18.1(B), Contractor fails to satisfactorily complete the required PSR twelve (12) months plus 182 Days after such date for the last Satellite of the first Batch and nine (9) months plus 182 Days after such date for the last Satellite of the subsequent Batches.

After Purchaser issues a Default Notice in connection with any of the circumstances in Article 20(A)(i) or (ii), Contractor shall within ninety (90) Days of such notice submit to Purchaser a plan ("Plan") for remedying such Default. If the Plan demonstrates to the mutual agreement of the Parties that the PSR for the last Satellite of the first Batch of Satellites to be launched will be completed within the time specified in Article 18.1(B) plus twelve (12) months plus 182 Days, then such Plan shall be implemented by Contractor and the Delivery Schedule shall be adjusted as the Parties shall mutually agree. Contractor may also suggest a Plan that does not result in the PSR for the last Satellite of the first Batch being completed within the time specified in Article 18.1(B) plus twelve (12) months plus 182 Days, provided that Purchaser shall in its sole discretion either accept or reject such a Plan by written notice sent to Contractor within ten (10) Business Days. In case of rejection, Purchaser may terminate the Contract by written notice of termination as set forth in Article 20(B).

(B) If Purchaser gives Contractor a Default Notice and Contractor fails to respond to within the time period (if any) specified above in Article 20(A), Purchaser may terminate this Contract upon notice (the "Termination Notice") to Contractor and without further period for cure.

In the event of a termination pursuant to this Article 20(B), then, on demand from Purchaser, Contractor will refund all payments made by Purchaser less any amounts due under Article 18.1. Except as provided in Article 9(C), no refund shall be made with respect to Spacecraft already launched at the time of termination and for Spacecraft or DSSs for which Final Acceptance has occurred at the time of termination. Contractor shall make this refund within thirty (30) Days of receipt of Purchaser's written notice of termination of this Contract. In the event that Purchaser demands the refund as described above, then such refund shall be Purchaser's sole and exclusive remedy for such termination.

Contractor shall keep title and ownership to all terminated WIP. Purchaser shall take all reasonable necessary action for the protection and preservation of the Work in possession of Purchaser in which Contractor has an interest under this Contract, and Purchaser shall deliver to Contractor such work in its possession at Contractor's expense.

(C) If, after notice of termination under the provisions of this Article, it is determined that Contractor was not in default under the provisions of this Article or that the delay was excusable under the provisions of Article 17, the rights and obligations of the Parties shall be the same as if notice of termination had been issued pursuant to Article 21.

(D) So there is no misunderstanding, it is agreed that Purchaser shall not be entitled to terminate the Contract for default with respect to any Deliverable Item after delivery of such Deliverable Item. In addition, termination of the Contract shall not affect Contractor's obligations as set forth in the Contract with respect to Spacecraft and other Deliverable Items already delivered.

Article 21. Termination for Convenience

(A) Purchaser, by written notice to Contractor to be effective six (6) months following the date of such notice, may terminate this Contract in whole or in part for its convenience in accordance with the terms of this Article 21. In such case, Contractor shall immediately stop Work as directed in the termination notice and make its reasonable best efforts to mitigate costs.

(B) In case of termination for convenience, Contractor shall be entitled to be paid the lesser of (i) all actual costs, direct and indirect, incurred by Contractor (Value Added Tax payable by Contractor on such costs as a result of such termination shall be documented to Purchaser, added to such costs and paid by Purchaser) for all Work performed plus actual termination costs incurred by Contractor and its Subcontractors and to receive, in addition, an amount representing [*] profit, before taxes, on such costs less amounts previously paid by Purchaser to Contractor pursuant to this Contract or (ii) the maximum aggregate payments to be made as set forth in Exhibit F for the two (2) quarters following the date of notice as set forth in Article 21(A). The costs will include the impact (either gain or loss) of cancellation of hedging in place at the time of termination with respect to the portion of the Total Price referred to in Article 7(C) for which corresponding payments have not been received from Purchaser. A claim for such costs shall be submitted by Contractor to Purchaser within sixty (60) Days from the date of notice of termination. The Parties shall agree upon the final termination charges to be paid to Contractor within thirty (30) Days after the date of submission by Contractor of its claim.

(C) Purchaser shall pay Contractor the termination charges within thirty (30) Days following the date of receipt of an invoice from Contractor. Final payment shall be the amount of the total termination charges less amounts previously paid by Purchaser to Contractor pursuant to this Contract. In the event the amount of these credits exceeds the amount of the total termination charges, Contractor will refund the excess to Purchaser within thirty (30) Days following the date of receipt of an invoice from Purchaser.

Subject to the prior approval of Purchaser and subject to restrictions that may be imposed under applicable Governmental authorizations, title to all WIP shall transfer to Purchaser after payment. The license granted to Purchaser under Article 12 shall continue for the period of use of any Deliverable Items not terminated.

If requested by Purchaser and to the extent reasonably practicable, Contractor shall use commercially reasonable efforts to re-sell or re-use on other programs all WIP (or parts thereof) for the benefit of Purchaser. In such case, the fair market value of such WIP that Contractor re-uses or re-sells, as negotiated in good faith by the Parties, less the reasonable and demonstrable costs of storage and the reasonable costs incurred by Contractor for reusing and/or reselling such items, shall be deducted from the termination charges or added to the termination credit.

(D) Notwithstanding the provisions of this Article 21, Purchaser shall not be entitled to terminate the Contract for convenience with respect to a Spacecraft after its Intentional Ignition.

Article 22. Stop Work

(A) Stop Work by Purchaser

(i) Purchaser may, at any time, by written notice to Contractor (“the Stop Work Order”), direct Contractor to suspend performance of the Work for a maximum cumulative duration of six (6) (months and with a maximum number of suspensions of two (2). Notwithstanding the foregoing, the Parties agree that from EDC2 and going forward, only one (1) suspension is allowed for a maximum duration of two (2) months. Said Stop Work Order shall specify the date of suspension and the estimated duration of the suspension. Upon receiving any such Stop Work Order, Contractor shall promptly suspend further performance of the Work to the extent specified, and during the period of such suspension shall properly care for and protect all WIP and materials, supplies, and equipment Contractor has on hand for performance of the Work.

(ii) Purchaser may, at any time during the stop Work, either (a) direct Contractor to resume performance of the Work by written notice to Contractor, and Contractor shall resume diligent performance of the Work, provided that (x) the Delivery Schedule is adjusted to reflect the stop Work and the time required by Contractor to recommence performance, (y) other affected provisions of the Contract shall be adjusted, and (z) Contractor is compensated for its costs as defined in Article 22(A)(iii) below; or (b) terminate the Contract pursuant to Article 21, in which case the costs incurred by Contractor and its Subcontractors as a result of the stop Work as defined in Article 22(A)(iii) shall be added to the termination charges to be paid pursuant to Article 21.

(iii) Contractor shall be compensated for any additional, direct, out-of-pocket costs reasonably incurred by Contractor or the Subcontractors as a result of such suspension and resumption of Work. Contractor shall invoice Purchaser for such costs, and Purchaser

shall pay such invoice within thirty (30) Days from the date of invoice. Invoices will not be issued more frequently than one (1) per month during a stop Work.

(B) Stop Work by Contractor in relation with Phase 1 and 2 activities.

(i) In the event Purchaser fails to make any payment in due time as required pursuant to this Contract, Contractor shall notify Purchaser in writing of such failure. If such failure is not cured by Purchaser within thirty (30) Days after the date of such notification made by Contractor, Contractor shall be entitled to immediately stop the Work under the Contract.

If Purchaser cures the payment failure on or before thirty (30) Days from the date Contractor has stopped the Work as defined above, Contractor shall resume any Work suspended as reasonably and promptly as possible provided that (a) Purchaser has paid to Contractor all costs and expenses incurred as a result of the stop Work hereunder and (b) the schedule of the Contract shall be adjusted (provided such schedule adjustment shall not be less than one Day for each Day of Work stoppage).

(ii) If Purchaser fails to cure the payment failure within thirty (30) Days from the date Contractor has stopped the Work as defined above, Contractor shall be entitled to immediately terminate the Contract by written notice sent to Purchaser and the provisions of Article 22(B)(iv) shall apply.

(iii) In the event Purchaser fails to perform any material obligations (other than those expressed in Article 22(B)(i) and Article 22(B)(ii)), Contractor shall notify Purchaser in writing of such failure. If such failure is not cured by Purchaser within thirty (30) Days after the date of such notification made by Contractor, Contractor shall be entitled to immediately stop the Work under this Contract.

If Purchaser fails to cure the material breach within thirty (30) Days from the date Contractor has stopped the Work as defined above, Contractor shall be entitled to immediately terminate the Contract by written notice sent to Purchaser and the provisions of Article 22(B)(iv) shall apply.

If Purchaser cures the material breach on or before thirty (30) Days from the date Contractor has stopped the Work as defined above, Contractor shall resume any Work suspended as reasonably and promptly as possible provided that (a) Purchaser has paid to Contractor all costs and expenses incurred as a result of the stop Work hereunder and (b) the schedule of the Contract shall be adjusted (provided such schedule adjustment shall not be less than one Day for each Day of Work stoppage).

(iv) In the event of termination of the Contract by Contractor pursuant to this Article 22(B), Purchaser shall be liable to Contractor for the charges payable pursuant to Article 21(B) which shall include all costs and expenses incurred as a result of the stop Work hereunder, but in no event to exceed the maximum aggregate payments to be made as set forth in Exhibit F for two (2) quarters following the date of termination notice.

(v) In the event of a bankruptcy filing by or against Purchaser, and the occurrence of a post-bankruptcy default by Purchaser including, but not limited to, a default under Article 34(F), Purchaser consents to a modification of the stays of proceedings to permit the Contractor to exercise such rights and remedies as may be available to it under the Contract or applicable law, including, but not limited to, the right to suspend performance, terminate the Contract and exercise rights under other agreements with the Purchaser.

Further, Purchaser consents that any preliminary hearing on a request under U.S. Bankruptcy Code section 362(d) (or under any successor statute or rule) by Contractor for a modification of the stays of proceedings (a “Modification of the Stays Motion”) shall be combined with a final hearing so that such hearing may be concluded not less than thirty (30) days after the filing of the Contractors’ Modification of the Stays Motion.

Purchaser acknowledges that the provisions of this Article 22(b)(v) are critical elements of the transaction to Contractor. The Parties have consulted legal counsel experienced in such issues, and agree that a provision of this type is beneficial in these circumstances.

(C) Stop Work by Contractor in relation with Phase 3 activities.

(i) In the event Purchaser fails to make any payment in relation with Phase 3 Spacecraft in due time as required pursuant to this Contract, Contractor shall notify Purchaser in writing of such failure. If such failure is not cured by Purchaser within ten (10) Days after the date of such notification made by Contractor, Contractor shall be entitled to draw immediately the unpaid amount from the Escrow Account, provided such Escrow Account is the implementation for the Security Instrument as set forth in Article 26 (D).

In such case, Purchaser shall replenish the Escrow Account so that the amount of such Escrow Account shall equal the amounts (“Security Amounts”) as identified and set forth in the security amounts column in Exhibit F. In the event Purchaser fails to replenish the Escrow Account within thirty (30) Days from the date of notification of the failure made by Contractor as defined above, Contractor shall be entitled to immediately stop the Work under this Contract.

If Purchaser fails to replenish the Escrow Account within thirty (30) Days from the date Contractor has stopped the Work as defined above, Contractor shall be entitled to immediately terminate the Contract by written notice sent to Purchaser and the provisions of Article 22(B)(iv) shall apply.

If Purchaser replenishes the Escrow Account on or before thirty (30) Days from the date Contractor has stopped the Work as defined above, Contractor shall resume any Work suspended as reasonably and promptly as possible provided that (a) Purchaser has paid to Contractor all costs and expenses incurred as a result of the stop Work hereunder and (b) the schedule of the Contract shall be adjusted (provided such schedule adjustment shall not be less than one Day for each Day of Work stoppage).

(ii) In the event Purchaser fails at any time during the performance of the Contract to maintain the required Security Amounts for the Escrow Account as set forth in Exhibit (F). Contractor shall notify Purchaser in writing of such failure. If such failure is not cured by Purchaser within thirty (30) Days after the date of such notification made by Contractor, Contractor shall be entitled to immediately stop the Work under this Contract.

If Purchaser fails to replenish the Escrow Account within thirty (30) Days from the date Contractor has stopped the Work as defined above, Contractor shall be entitled to immediately terminate the Contract by written notice sent to Purchaser and the provisions of Article 22(C)(iv) shall apply.

If Purchaser replenishes the Escrow Account on or before thirty (30) Days from the date Contractor has stopped the Work as defined above, Contractor shall resume any Work suspended as reasonably and promptly as possible provided that (a) Purchaser has paid to Contractor all costs and expenses incurred as a result of the stop Work hereunder and (b) the schedule of the Contract shall be adjusted (provided such schedule adjustment shall not be less than one Day for each Day of Work stoppage).

Should the Parties agree to enter in a Security Instrument other than the Escrow Account, then this Article 22 (C) shall be adjusted in accordance with such agreed to Security Instrument.

(iii) In the event Purchaser fails to perform any material obligations (other than those expressed in Article 22(C)(i) and Article 22(C)(ii)), Contractor shall notify Purchaser in writing of such failure. If such failure is not cured by Purchaser within thirty (30) Days after the date of such notification made by Contractor, Contractor shall be entitled to immediately stop the Work under this Contract.

If Purchaser fails to cure the material breach within thirty (30) Days from the date Contractor has stopped the Work as defined above, Contractor shall be entitled to immediately terminate the Contract by written notice sent to Purchaser and the provisions of Article 22(C)(iv) shall apply.

If Purchaser cures the material breach on or before thirty (30) Days from the date Contractor has stopped the Work as defined above, Contractor shall resume any Work suspended as reasonably and promptly as possible provided that (a) Purchaser has paid to Contractor all costs and expenses incurred as a result of the stop Work hereunder and (b) the schedule of the Contract shall be adjusted (provided such schedule adjustment shall not be less than one Day for each Day of Work stoppage).

(iv) In the event of termination of the Contract by Contractor pursuant to this Article 22(C), Purchaser shall be liable to Contractor for the charges payable pursuant to Article 21(B) which shall include all costs and expenses incurred as a result of the stop Work hereunder, but in no event to exceed the maximum aggregate payments to be made as set forth in Exhibit F for two (2) quarters following the date of termination notice.

Contractor shall be entitled to draw immediately such amounts under the Escrow Account within thirty (30) Days after the date of termination. In case the amounts drawn under the Escrow Account do not cover the full amount due and payable to Contractor, Purchaser shall pay the balance to Contractor.

(v) In the event of a bankruptcy filing by or against Purchaser, and the occurrence of a post-bankruptcy default by Purchaser including, but not limited to, a default under Article 34(F), Purchaser consents to a modification of the stays of proceedings to permit the Contractor to exercise such rights and remedies as may be available to it under the Contract or applicable law, including, but not limited to, the right to suspend performance, terminate the Contract and exercise rights under other agreements with the Purchaser.

Further, Purchaser consents that any preliminary hearing on a request under U.S. Bankruptcy Code section 362(d) (or under any successor statute or rule) by Contractor for a modification of the stays of proceedings (a “Modification of the Stays Motion”) shall be combined with a final hearing so that such hearing may be concluded not less than thirty (30) days after the filing of the Contractors’ Modification of the Stays Motion.

Purchaser acknowledges that the provisions of this Article 22(C)(v) are critical elements of the transaction to Contractor. The Parties have consulted legal counsel experienced in such issues, and agree that a provision of this type is beneficial in these circumstances.

Article 23. Arbitration

(A) Any dispute or disagreement arising between the Parties in connection with any interpretation of any provision of the Contract, or the compliance or non-compliance therewith, or the validity or enforceability thereof, or any other dispute under any Article hereof which is not settled to the mutual satisfaction of the Parties within thirty (30) Days (or such longer period as may be mutually agreed) from the date that either Party informs the other in writing that such dispute or disagreement exists, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules and the Supplementary Procedures for Large, Complex Disputes in effect on the date that such notice is given, except as otherwise specified herein.

(B) The Party which demands arbitration of the controversy shall in writing specify the matter to be submitted to arbitration, and at the same time, choose and nominate an arbitrator; thereupon, within fifteen (15) Days after receipt of such written notice, the other Party shall in writing choose and nominate a second arbitrator.

The two arbitrators so chosen shall forthwith select a third arbitrator, giving written notice to both Parties of the choice so made and fixing a time and place in New York City, at which both Parties may appear and be heard with respect to such controversy. In case the two arbitrators shall fail to agree upon a third arbitrator within a period of seven (7) Days, or if for any other reason there shall be a lapse in the naming of an arbitrator or

arbitrators, or in the filling of a vacancy, or in the failure or refusal of any arbitrator or arbitrators to attend or fulfill his or their duties, then upon application by either Party to the controversy, arbitrators shall be named by the American Arbitration Association in accordance with its Arbitration Rules.

The arbitrators shall control discovery as they shall determine is appropriate in the circumstances, taking into account the needs of the Parties and the desirability of having the discovery take place in an expeditious and cost-effective manner. Any discovery shall be limited to information directly relevant to the controversy or claim in arbitration and shall be concluded within ninety (90) Days after the arbitrators are appointed, unless good cause for an extension of such deadline is shown.

(C) The arbitrators shall not alter or modify the terms and conditions of this Contract but shall consider the pertinent facts and circumstances and be guided by the terms and conditions of this Contract. If a solution is not found in the terms and conditions of this Contract, the arbitrators shall be guided by the substantive laws of the State of New York, excluding all conflict of law rules. The arbitration award made shall be final and binding upon the Parties, their successors and assignees, and judgment may be entered thereon, upon the application of either Party, by any court having jurisdiction. Each Party shall bear the cost of preparing and presenting its case including its own attorneys’ fees; and the cost of arbitration, including the fees and expenses of the arbitrator or arbitrators, will be shared equally by the Parties.

(D) The relief that may be awarded by the arbitrators under any arbitration arising from this Contract may not exceed actual compensatory damages. In no event may the arbitrators award punitive damages or otherwise disregard the limitations of liability set forth in this Contract.

Article 24. Warranty

(A) Contractor warrants that each Spacecraft shall be free from material defects in materials and workmanship and will conform to the requirements in Exhibit B. This warranty shall start upon the date of the Pre-Shipment Review and shall run for a period of one (1) year, or until Intentional Ignition, whichever is earlier.

In case of storage pursuant to Article 29(A), the warranty will be extended for a period of two (2) years or up to the Intentional Ignition of the stored Spacecraft, whichever occurs earlier. After Intentional Ignition, the obligations of Contractor in case of defects identified on a Spacecraft shall be limited to the performance of the Anomaly Support.

(B) Contractor warrants that the Satellite OBPE Software shall be free from material defects in materials and workmanship and will conform to the requirements in Exhibit B. This warranty shall start upon the date of Intentional Ignition of the first successful launch and shall run for a period of one (1) year. The scope of this warranty is as set forth in Exhibit A.

(C) Subject to the provisions of Article 16, Contractor warrants that the DSS shall be free from material defects in materials and workmanship and will conform to the requirements in Exhibit E. This warranty shall start upon the date of Final Acceptance thereof and shall run for a period of two (2) years.

(D) Without waiver of its right to terminate this Contract for default, Purchaser shall have the right, at any time during the period of this warranty and irrespective of prior inspections or acceptance, to require that any Deliverable Item not conforming to the material requirements of the Contract by written notice sent to Contractor (detailing to which extent the Contract requirements are not met) be corrected or replaced, at Contractor's expense and option.

(E) The remedy under this Article 24 shall not apply, as far as the DSS and the Satellite OBPE Software are concerned, if repair or parts replacement is required because of accident, unusual physical or electrical stress, negligence, misuse, failure of environmental control prescribed in operations and maintenance manuals, repair or alterations by Purchaser, its officers, directors, employees, consultants, representatives or agents, or causes other than ordinary use. Furthermore, the warranty is contingent upon Contractor being given access to delivered Deliverable Items in order to effect any correction or replacement.

(F) In addition to the rights, duties and obligations of Contractor under other provisions of this Contract, Contractor shall regularly and diligently review and assess the generic design of each Spacecraft and related equipment, and the performance data available from any Spacecraft which has been launched or is to be launched and the performance of any equipment (other than Spacecraft) supplied, operated or installed or to be so supplied, operated or installed by Contractor up to the time of launch for a Spacecraft. If such review and assessment shows that a material defect exists which affects adversely or is reasonably likely to affect adversely the operation or performance of a Spacecraft or other equipment, Contractor shall notify Purchaser of any changes required thereto and, upon the written agreement of Purchaser, take prompt and appropriate measures at Contractor's sole cost to correct a Spacecraft and other equipment before launch, so as to eliminate the defect therefrom.

Purchaser shall provide to Contractor for the purpose of the investigation all available data and information related to the operation of the Spacecraft in orbit. In the event that corrective measures taken pursuant to this Article 24 cause a delay, such delay shall be treated like an excusable delay and there shall be an equitable adjustment to the schedule and other terms for performance for the affected Work.

(G) Purchaser authorizes Contractor to disclose material deficiencies about Spacecraft to third parties (customers, consultants and insurers) if problems are discovered either during production or on orbit and if such problems are likely to affect other spacecrafts. This disclosure is subject to US export control restrictions and execution of a

confidentiality agreement and shall not identify Globalstar System, unless Purchaser otherwise agrees.

(H) EXCEPT AS IS OTHERWISE EXPRESSLY PROVIDED IN THIS CONTRACT, NO OTHER WARRANTIES, WHETHER STATUTORY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THOSE OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, SHALL APPLY TO THE GOODS AND SERVICES HEREUNDER AND THE REMEDIES PROVIDED HEREIN ARE THE SOLE REMEDIES FOR FAILURE BY CONTRACTOR TO FURNISH WORK THAT IS FREE FROM DEFECTS IN MATERIAL OR WORKMANSHIP AND CONFORMANCE WITH REQUIREMENTS AS SET FORTH IN THIS ARTICLE 24. IN NO EVENT SHALL CONTRACTOR BE LIABLE FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES. ALL OTHER WARRANTIES OR CONDITIONS IMPLIED BY ANY OTHER STATUTORY ENACTMENT OR RULE OF LAW WHATSOEVER ARE EXPRESSLY EXCLUDED AND DISCLAIMED.

Article 25. Communication and Authority

(A) [*] is assigned as Purchaser's Program Manager with authority to issue technical direction within the scope of this Contract. [*] is assigned as Contractor's Program Manager with authority to accept such direction. Notwithstanding Article 25(A), the foregoing Program Managers are authorized (i) to initial the Exhibits and any modifications thereto (except Exhibit F), and (ii) to execute the waivers of technical compliance with the specifications in the Exhibits.

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

[*]
Globalstar, Inc.
461 South Milpitas Blvd.
Milpitas, California 95035, U.S.A.
Email: [*]

All technical correspondence to Purchaser will be addressed to :

[*]
Globalstar, Inc.
461 South Milpitas Blvd.
Milpitas, California 95035, U.S.A.
Email: [*]

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

[*]
Thales Alenia Space France
100, Boulevard du midi - B.P 99
06156 Cannes la Bocca Cedex — France
Email: [*]

All technical correspondence to Contractor will be addressed to :

[*]
Thales Alenia Space France
100 Boulevard du midi - B.P 99
06156 Cannes la Bocca Cedex — France
Email: [*]

(C) In a time critical situation, such as in the case of failures or suspected failures of transponders or other operational or technical matters requiring immediate attention, notice may be given by telephone. Any notice given verbally will be confirmed in writing as soon as practicable thereafter in accordance with Article 25(D).

(D) Except as provided in Article 25(C), all notices, demands, reports, orders and requests hereunder by one Party to the other shall be in writing and deemed to be duly given on the same Business Day if sent by electronic means (*i.e.*, electronic mail) or delivered by hand during the receiving Party's regular business hours, or on the date of actual receipt if sent by pre-paid overnight, registered or certified mail.

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

Article 26. Spacecraft for Phase 3

(A) Phase 3 Delivery - Advanced Schedule of six (6) Spacecraft.

Upon EDC2, the Contractor shall proceed with the procurement of Long Lead Items (LLI) for advancement of six (6) Spacecraft under Phase 3.

The Purchaser may notify Contractor in writing to proceed with the completion of the manufacture and test of the six (6) Spacecraft ("the Completion Notice") at any time between May 1st, 2010 ("the Earliest Call-Up Date") and September 1st 2010 ("the Latest Call-Up Date"), unless Purchaser elects to postpone the Required Delivery Dates as set forth in Article 26(C) below. The PSR Date for the sixth (6th) Spacecraft of the Batch shall occur within twenty (20) months after the date of the Completion Notice.

If on the Latest Call-Up Date the Purchaser has not issued the Completion Notice for the Regular Delivery Schedule as per Article 26 (B) below, and has not elected to postpone the Required Delivery Dates as set forth in Article 26(C) below, then the Contract shall be deemed terminated by Purchaser for convenience in relation to the six (6) Spacecraft under Phase 3 and the provisions of Article 21 shall apply, unless otherwise agreed by the Parties. In such case, the payment amount of [*]Euro ([*] Euro) referred to in Article 4 Item 1Bis shall be due in addition to the termination cost referred to in Article 21 of the Contract and payable within 1 week after receipt of the corresponding invoice.

As a condition of Contractor's acceptance of the Completion Notice, the Purchaser shall have established the appropriate Security Instrument as set forth in (D) below.

(B) Phase 3 Delivery — Regular Delivery

(i) In order to maintain the Regular Delivery of the seventeen (17) Spacecraft for which LLI have not been ordered by Contractor, Purchaser shall ensure that the agreed to Security Instrument is in place on February 1, 2010 as a condition for Contractor's start of activities for manufacture and test of such seventeen (17) Spacecraft in accordance with the Contract, unless Purchaser elects to postpone the Required Delivery Dates as set forth in Article 26(C) below.

If on February 1, 2010 the Purchaser has not put in place the agreed to Security Instrument as a condition for Contractor's start of activities for manufacture and test of the seventeen (17) Spacecraft in accordance with the Contract and has not elected to postpone the Required Delivery Dates of the seventeen (17) Spacecraft under Phase 3 as set forth in Article 26(C) below, then the Contract shall be deemed terminated by Purchaser for convenience in relation to the seventeen (17) Spacecraft under Phase 3 and the provisions of Article 21 shall apply.

(ii) If by September 1, 2010 the Purchaser has not issued the Completion Notice as provided for in Article 26(A), then in order to maintain the Regular Delivery of the six

(6) Spacecraft of Phase 3 for which LLI have been ordered, Purchaser shall ensure that the agreed to Security Instrument is in place on September 1, 2010 as a condition for Contractor's start of activities for manufacture and test of the six (6) Spacecraft in accordance with the Contract, unless Purchaser elects to postpone the Required Delivery Dates as set forth in Article 26(C) below.

If by September 1, 2010 the Purchaser has not issued the Completion Notice as provided for in Article 26 (A), and the Security Instrument in order to maintain the Regular Schedule is not in place and the Purchaser does not elect to postpone the Required Delivery Dates as set forth in Article 26 (C) below, then the Contract shall be deemed terminated by Purchaser for convenience in relation to the six (6) Spacecraft under Phase 3 and the provisions of Article 21 shall apply. In such case, the payment amount of [*]Euro ([*] Euro) referred to in Article 4 Item 1Bis shall be due in addition to the termination cost referred to in Article 21 of the Contract and payable within 1 week after receipt of the corresponding invoice.

(C) Phase 3 Delivery - Postponement Option

Purchaser may elect to postpone the Required Delivery Dates for Spacecraft under Phase 3 by Thirteen months (13) months upon written notice to Contractor to be received on or before the date as follows:

(i) No later than February 1, 2010 for the postponement of the Required Delivery Dates of the seventeen (17) Spacecraft under Phase 3; and

(ii) No later than September 1, 2010 for the postponement of the Required Delivery Dates of the six (6) Spacecraft under Phase 3 for which LLI have been procured.

In the event of a thirteen month postponement, the agreed to Security Instrument shall be in place by March 5, 2011 for the postponement of 26(C) (i) and by October 1, 2011 for the postponement of 26 (C) (ii).

In the event of the aforementioned postponement in Article 26(C)(i) or (ii), the price for Spacecraft, Launch Support Services and MOSS under Phase 3 shall be increased as by

(a) [*]percent ([*]%) per quarter: if the postponements in both Article 26(C)(i) and (ii) are elected for all twenty-three (23) Spacecraft under Phase 3; and

(b) [*]percent ([*]%) per quarter: if the postponement in Article 26(C)(i) only is elected for the seventeen (17) Spacecraft under Phase 3.

For the sake of clarification, there will be no price increase for Spacecraft, Launch Support Services and MOSS under Phase 3 if the Purchaser issues the Completion Notice for the advanced six (6) Spacecraft under Phase 3 and maintains the Regular Delivery of the remaining seventeen (17) Spacecraft under Phase 3.

For a postponement period greater than thirteen (13) months but not to exceed eighteen (18) months from the Regular Delivery Schedule (the "Maximum Postponement Period") (subject to non obsolescence of parts, materials and qualification processes), or for postponement of Spacecraft quantities other than stated above, the Parties shall negotiate in good faith the appropriate equitable adjustment in price and schedule.

The Parties acknowledge that should Purchaser elect to postpone the six (6) Spacecraft under 26 (C) (ii), then the 17 Spacecraft under 26 (C) (i) cannot maintain the Regular Delivery Schedule and should the Purchaser elect to postpone the delivery of the 17 Spacecraft under 26 (C) (i), then the Postponement Period shall, as a minimum, correspond to the one elected for the six (6) Spacecraft under 26 (C) (ii).

The Security Instrument date for a postponement period greater than thirteen (13) months shall be calculated based on March 5, 2011 plus the actual additional postponement period greater than thirteen (13) months. This calculation shall apply to postponement of Spacecraft under 26 (C) (i) and/or 26 (C) (ii).

However, if the Security Instrument is not in place for Phase 3 Spacecraft by the required date set forth in 26 (C) corresponding to the elected postponement period, then the Contract shall be deemed terminated by Purchaser for convenience in relation to the remaining Spacecraft under Phase 3 and the provisions of Article 21 shall apply.

(D) Security Instrument for Phase 3 Delivery

As a condition for Contractor's performance for Phase 3 delivery in accordance with either (A), (B) or (C) above, the Parties agree that a certain Security Instrument in a form and substance to be mutually agreed at least thirty (30) days prior to the date(s) Purchaser elects to implement regarding the Phase 3 delivery as set forth in each of the above subparagraphs. The need for a Security Instrument and/or a Security Amount shall take into consideration Purchaser's funds available resulting from launch insurance proceeds available for the funding of Phase 3 delivery. Failing such mutual agreement, the Security Instrument, by default, shall be as follows: On a quarterly basis, Purchaser shall deposit into the Escrow Account the Security Amounts as identified and set forth in Exhibit F.

Article 27. Licenses for Export and Launch

(A) This Contract is subject to all applicable United States laws and regulations relating to the export of Licensed Items and to all applicable laws and regulations of the country or countries to which such Licensed Items are exported or are sought to be exported. Contractor and Purchaser shall fully comply with all requirements of any Technical Assistance Agreement related to the substance of this Contract, whether included as an Appendix hereto or not.

(B) Without limiting the scope of Article 27(A), Contractor shall use its reasonable best efforts to obtain all approvals and licenses required by the laws and regulations of the country or countries to which the Licensed Items are exported or are sought to be exported. Purchaser shall use its reasonable best

efforts to obtain all US government approvals and licenses to export Licensed Items.

(C) If a government refuses to grant a required approval or license to export the Licensed Items, or to launch a Spacecraft, or revokes or suspends an approval or license subsequent to its grant, or grants a license or approval subject to conditions, then (i) this Contract shall, nevertheless, remain in full force and effect unless terminated for convenience pursuant to Article 21, and (ii) the Delivery Schedule shall be adjusted on a day-for-day basis for each day that Contractor is impacted by such action or inaction of the United States government. Such government action or inaction shall not modify in any way the rights and obligations of the Parties under this Contract except to relieve Contractor of any obligations which cannot be performed without such an approval or license.

(D) The Parties confirm that their performance of, and obligations under, this Contract is in all matters subject to the provisions of this Article 27, notwithstanding that (i) other Articles (including without limitation those paragraphs in Articles 8 and 9) and Exhibits may not specifically reference Article 27, and (ii) other Articles and Exhibits may state that they are subject to compliance with other Articles of this Contract.

(E) Contractor and Purchaser shall cooperate in amending as necessary the existing Technical Assistance Agreement set forth in Appendix 2 and in the establishment of Appendix 3, which will allow Purchaser to be directly involved in matters related to some or all Licensed Items.

Article 28. Spacecraft Storage

(A) In the event of a delay or failure to launch which is attributable to Contractor, Contractor, at its expense, shall provide for all transportation, storage (if needed), testing and refurbishment and any Work and expense of maintenance to prevent deterioration of a Spacecraft required before and until such time as a rescheduled launch can reasonably be effected.

(B) If Purchaser has not secured a firm launch commitment for Spacecraft having completed PSR, then Purchaser shall direct Contractor to store such Spacecraft and the provisions of Article 29(A) and of the Storage Plan shall apply.

(C) Title and risk of loss for a Spacecraft to be stored in accordance with this Article 28 shall remain with, and the associated cost of insurance shall be borne by Contractor.

Article 29. Options

(A) Option for extended storage

(i) If, for any reason other than the fault of Contractor, Purchaser so requests of Contractor, after successful completion of Pre-Shipment Review, Contractor shall place a Spacecraft in storage, in accordance with a Storage Plan, for a maximum period of twelve (12) years. Unless otherwise set forth in the Storage Plan, title and risk of loss for a Spacecraft in storage in accordance with this Article 29(A)(i) shall pass to Purchaser in accordance with Article 9. In addition, Purchaser shall be responsible for all transportation costs in transit, (a) from Contractor's facility to storage, (b) if necessary, from the storage site to a refurbishment site, and (c) if applicable, from the Launch Site to the storage site and return. Assuming a storage location within a 150-mile radius of Contractor's facility, Contractor shall be responsible for all transportation costs from the storage site, or the refurbishment site if applicable, to the Launch Site and for the risk of loss and the expense of any insurance to cover such risk while in transit.

(ii) If storage of a Spacecraft is effected pursuant to Article 29(A), upon the request of Purchaser, Contractor shall provide periodic testing, necessary equipment, and environmental maintenance suitable for prevention of deterioration to the Spacecraft during the period of storage. Unless such environmental services are provided by Contractor, any deterioration to a Spacecraft while in storage shall be at Purchaser's risk and shall be corrected at Purchaser's expense. If such services are provided by Contractor, correction of such deterioration shall be at Contractor's expense.

(iii) The price for storage activities will be negotiated in good faith between the Parties upon request from Purchaser.

(iv) If, at any time after storage effected pursuant to Article 29(A) begins, Purchaser elects to launch a stored Spacecraft, Contractor shall inspect, test and refurbish as necessary such Spacecraft to a launch-ready condition and arrange for transit to the Launch Site as directed by Purchaser. The price for such activities will be negotiated in good faith between the Parties.

(v) If the Spacecraft is placed in storage pursuant to Article 29(A), then the provisions of Article 18.1 and Article 20 shall no longer apply with respect to such Spacecraft.

(B) Additional Spacecraft

Purchaser shall have the option to order from Contractor up to eighteen (18) additional recurring Spacecraft under the following conditions :

(i) Each order shall be for a minimum of six (6) additional Spacecraft.

(ii) If the order is exercised on or before July 1, 2008, then the firm fixed price for each additional Spacecraft shall be [*] Euros.

(iii) If the order is exercised on or after July 2, 2008 for delivery of Satellites before December 31, 2013, then the firm fixed price for each additional Spacecraft shall be [*] Euros.

(iv) If the order is exercised after July 2, 2008 for delivery after December 31, 2013, then the firm fixed price for each additional Spacecraft shall be [*] Euros plus a [*]% annual increase for each year after 2013.

(v) The Delivery schedule for each additional Spacecraft ordered on or before April 1, 2013 (under the Regular Delivery) shall be :

· the first Spacecraft ordered will be delivered twenty two (22) months after the date of receipt of the order by Contractor ; and

· the subsequent Spacecraft will be delivered at a rate of one (1) per month after the first one of that Batch (the minimum size of the order being of 6 to 8 satellites per Batch).

The Delivery schedule for each additional Spacecraft ordered after April 1, 2013 (under the Regular Delivery) shall be :

· the first Spacecraft ordered will be delivered thirty (30) months after the date of receipt of the order by Contractor ; and

· the subsequent Spacecraft will be delivered at a rate of one (1) per month after the first one of that Batch (the minimum size of the order being of 6 to 8 satellites per Batch).

In any case, in case of obsolescence of components, Contractor reserves the right to renegotiate in good faith with Purchaser the price and schedule for these additional satellites.

(C) Satellite OBPE Software enhancement

Purchaser shall have the option to order from Contractor OBPE Software enhancement activities to be defined on a case-by-case basis. The scope and price for such activities will be negotiated in good faith between the Parties on time and material basis.

(D) Extended Anomaly Support

Purchaser shall have the option to order from Contractor extended Anomaly Support activities to be defined on a case-by-case basis. The scope and price for such activities will be negotiated in good faith between the Parties on time and material basis.

Article 30. Key Personnel

(A) At EDC, Contractor shall identify the Key Personnel for the following positions to perform the services and staff the Work, working dedicated until successful completion of the Work performed hereunder (individually a “Key Person” and collectively the “Key Personnel”). No person can serve the role of more than one Key Person.

Position	Name
Program Manager	[*]

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

Article 31. Indemnification and Insurance

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

At Contractor’s expense, Contractor shall defend any suits or other proceedings brought against the Purchaser Indemnitees on account thereof, and shall pay all expenses and satisfy all judgments which may be incurred by or rendered against them, or any of them, in connection therewith.

Contractor shall have the right to settle any claim or litigation against which it indemnifies hereunder. Further, the Purchaser Indemnitees shall provide to Contractor such reasonable cooperation and assistance as Contractor may request to perform its obligations hereunder.

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

In addition, Purchaser shall waive any claim against and shall indemnify and hold harmless Contractor Indemnitees from any direct or indirect loss, damage (including damage to property and injuries, including death), liability and expense incurred by any third party and arising from use, operation or performance of the DSSs, the Satellite OBPE Software and any Spacecraft after Intentional Ignition, including as a result of modification or improvements made by Purchaser.

Purchaser shall, at Purchaser's expense, defend any suits brought against the Contractor Indemnitees referred to above and shall pay all expenses and satisfy all judgments which may be incurred by or rendered against them, or any of them, in connection therewith. Purchaser shall have the right to settle any claim or litigation against which it indemnifies hereunder. Further, the Contractor Indemnitees shall provide to Purchaser such reasonable cooperation and assistance as Purchaser may request to perform its obligations hereunder.

(C) Contractor shall, at its own expense, provide and maintain insurance which shall cover all WIP (including all Purchaser's property while in Contractor's custody) against physical loss or damage on an "all risks" property insurance basis, including coverage for the perils of flood or earthquake while in or about Contractor's and its Subcontractors' premises, while at other premises which may be used or operated by Contractor for construction or storage purposes, and while in transit, or while at the Launch Site until Intentional Ignition for a Satellite or upon placing a Satellite into storage.

The amount of insurance shall be sufficient to cover the full replacement value of all Work. Upon request by Purchaser, Contractor will provide certificate of insurance to Purchaser. Additionally, Contractor will add Purchaser as an additional insured under the All Risks insurance as far as Purchaser's interests may appear.

The insurance may be issued with deductibles, which are consistent with Contractor's current insurance policies. The amount of any loss up to the value of the deductible level, or not otherwise covered by the insurance, shall be borne by Contractor.

In addition, Contractor shall, at its own expense, provide and maintain a Commercial General Liability Insurance Policy ("CGL Policy") which shall cover property damage and injuries, including death, caused to third parties. Upon written request by Purchaser, Contractor will provide a certificate of insurance to Purchaser. Contractor shall use its reasonable best efforts to add Purchaser as additional insured under such CGL Policy.

(D) Contractor shall provide to Purchaser, prior to Intentional Ignition, a written statement containing the following :

· the Satellites to be launched have passed qualification and acceptance tests, including the FRR, under the Contract, subject to written waivers that have been issued and approved by Purchaser ; and

· any and all known defects or anomalies observed on (i) already launched or on ground similar satellites manufactured by Contractor, or (ii) on the Satellites to be launched during their development, which came to Contractor's knowledge prior to the Flight Readiness Review, have been recorded and investigated and that all required remedy measures have been implemented in accordance with the applicable quality procedures as far as applicable and in so far as they would adversely affect the performance of the Satellites to be launched, such information provided to Purchaser.

Article 32. Effective Date of Contract

(A) This Amended and Restated Contract shall enter into force when all of the following conditions are fulfilled :

(i) signature of the Amended and Restated Contract by both Parties ; and
(ii) signature of the Export Credit Facility between Purchaser and Lender for the financing for Phase 1, Phase 2 (including LLI for 6 Spacecraft from Phase 3) has occurred as notified by the Purchaser to the Contractor in writing.

N.B.:
(1) All of the above conditions must be completed No Later Than June 5, 2009 in order to preserve the Terms and Conditions as set forth in this Amended and Restated Contract. Therefore, time is of the essence.

(2) For convenience, all dates in this Amended and Restated Contract were based upon an assumed EDC2 of June 5, 2009, meaning that the first draw down under the Export Credit Facility referred to here above has occurred prior to that date. However, should the first draw down occur later than June 5th, 2009, then all dates in this Amended and Restated Contract shall be postponed accordingly by the

number of days elapsed between June 5th, 2009 and actual date of the first draw down.

Article 33. Representations

(A) Contractor represents, covenants and warrants that :

(i) Contractor's execution of and performance under this Contract will not result in a breach of, or constitute a default under, any contract, instrument or other agreement to which Contractor is a party or is bound; and

(ii) Contractor has full power, authority and legal right to execute, deliver and perform this Contract, that the execution, delivery and performance by Contractor of this Contract have been duly authorized by all necessary action on the part of Contractor and do not require any further approval or consent of any person or entity (whether governmental or otherwise), and that once executed by Contractor this Contract shall constitute a legal, valid and binding obligation of Contractor enforceable against Contractor in accordance with its terms.

(B) Purchaser represents, covenants and warrants that :

(i) Purchaser has full power, authority and legal right to execute, deliver and perform this Contract, that the execution, delivery and performance by Purchaser of this Contract have been duly authorized by all necessary action on the part of Purchaser and do not require any further approval or consent of any person or entity (whether governmental or otherwise), and that once executed by Purchaser this Contract shall constitute a legal, valid and binding obligation of Purchaser enforceable against Purchaser in accordance with its terms.

(ii) Purchaser's execution of and performance under this Contract does not result in a breach of, or constitute a default under, any contract, instrument or other agreement to which Purchaser is a party or is bound.

Article 34. General Provisions

(A) Each Party hereby agrees that it will not, without the prior written approval of the other Party (such approval not to be unreasonably withheld or unduly delayed), assign or delegate any of their rights, duties, and obligations under this Contract, except to a wholly-owned subsidiary of such Party (which assignment or delegation shall not relieve the assignor or delegator of liability). In case of assignment by Purchaser, Purchaser shall demonstrate to Contractor's satisfaction that its successor or assignee possesses the financial resources to fulfill Purchaser's obligations under this Contract. Upon such assignment, the assignee shall assume all rights and obligations of the assignor existing

under this Contract at the time of such assignment. This Article 34(A) shall not preclude the granting of a security interest by a Party to a lender.

(B) Nothing contained in this Contract shall be deemed or construed by the Parties or by any third party to create any rights, obligations or interests in third parties, or to create the relationship of principal and agent, partnership or joint venture or any other fiduciary relationship or association between the Parties and the rights and obligations of the Parties shall be limited to those expressly set forth herein.

(C) No failure on the part of either Party to notify the other Party of any noncompliance hereunder, and no failure on the part of either Party to exercise its rights hereunder, shall prejudice any remedy for any subsequent noncompliance with any term or condition of this Contract and shall be limited to the particular instance and shall not operate or be deemed to waive any future breaches or noncompliance with any term or condition. Except as otherwise expressly provided herein, all remedies and rights hereunder shall be exclusive and in lieu of all other rights and remedies available by law or in equity.

(D) The Parties shall comply with the United States Foreign Corrupt Practices Act, the OECD Antibribery Convention and all other laws of any country dealing with improper or illegal payments, gifts or gratuities. Contractor agrees not to pay, promise to pay or authorize the payment of any money or anything of value, directly or indirectly to any person for the purpose of illegally or improperly inducing a decision or obtaining or retaining business in connection with this Contract.

(E) This Contract (including all Exhibits and Appendices) constitutes the entire agreement between the Parties and supersedes all prior understandings, commitments and representations between the Parties with respect to the subject matter hereof. In particular, this Contract supersedes the ATP entered into by and between the Parties. The Work performed by Contractor pursuant to the ATP and any amounts paid by the Purchaser to Contractor under the ATP are considered as Work performed and costs incurred and paid in the performance of this Contract.

The Escrow Agreement is separate and independent from this Contract. The Parties do not intend for this Contract and the Escrow Agreement to constitute a single agreement.

This Contract may not be amended or modified and none of its provisions may be waived, except by a writing signed by an authorized representative of the Party against which the amendment, modification or waiver is sought to be enforced.

In the event any one or more of the provisions of this Contract shall for any reason be held to be invalid or unenforceable, the remaining provisions of this Contract shall be unimpaired, and the invalid or unenforceable provision shall be replaced by a provision which, being valid and enforceable, comes closest to the intention of the Parties underlying the invalid or unenforceable provisions. The Parties shall negotiate in good faith to attempt to agree upon any such replacement provision.

The paragraph headings herein shall not be considered in interpreting the text of this Contract.

All oral and written communications between the Parties shall be conducted in English.

This Contract shall be governed by and interpreted in accordance with the laws of the State of New York, U.S.A., excluding its conflict of laws rules. The U.N. Convention on Contracts for the International Sales of Goods is not applicable to this Contract.

(F) In view of a number of factors, including the substantial payments to Subcontractors that Contractor will be making in connection with its performance under this Contract, the Parties acknowledge and agree that if Purchaser should become a debtor in a case under the United States Bankruptcy Code, Contractor would be severely and irreparably damaged unless Purchaser continues uninterrupted and timely performance of its obligations under the Contract and promptly assumes or rejects this Contract. In continuing to perform this Contract following a bankruptcy filing by the Purchaser, Contractor would incur millions of Euros of expense (including commitments to Subcontractors) that Contractor could avoid incurring through termination clauses if the Contract ultimately is to be rejected in a bankruptcy proceeding. Accordingly, if Purchaser should become a debtor in a case (the "Bankruptcy Case") under the United States Bankruptcy Code, Purchaser shall, within thirty (30) days after the commencement of the Bankruptcy Case, (i) promptly advise Contractor of such, (ii) file a motion (the "Motion") with the bankruptcy court presiding over the Bankruptcy Case seeking an order approving Purchaser's assumption or rejection of this Contract within such thirty day period, and (iii) obtain a final and non-appealable order (the "Order") approving the assumption or rejection of this Contract. Purchaser agrees that it shall not, without the prior written consent of Contractor, withdraw the Motion or adjourn any hearing on the Motion. Purchaser further agrees that it will promptly take and diligently pursue any and all actions necessary and/or appropriate, including such actions as may be reasonably requested by Contractor, to obtain the Order within the thirty (30) day period set forth above. In the event Purchaser does not file the Motion and obtain the Order within thirty (30) days after the commencement of the Bankruptcy Case, Contractor shall, in addition to any other rights and/or remedies it has or may have, be entitled to stop the Work under this Contract. Following such Work stoppage, if Purchaser still has not filed the Motion and obtained the Order within thirty (30) days after Contractor has stopped the Work then, Contractor shall be entitled to terminate the Contract by written notice sent to Purchaser and the provisions of Article 22(B)(iv) shall apply.

Purchaser acknowledges that the provisions of this Article 34(F) are critical elements of the transaction to Contractor. The Parties have consulted legal counsel experienced in such issues, and agree that a provision of this type is beneficial in these circumstances.

(G) Purchaser agrees to give to Contractor access to its financial information and to provide to Contractor an update, via teleconference call as frequently as requested by Contractor, of measures implemented or anticipated to secure full financing of the constellation.

Execution

In witness whereof, the Parties have duly executed this Contract.

Globalstar, Inc.		**Thales Alenia Space France**	
By:	/s/ Anthony J. Navarra	By:	/s/ Blaise Jaeger
Name:	Anthony J. Navarra	Name:	Blaise JAEGER
Title:	President	Title:	EVP and General Manager, Telecom
Date:	June 2, 2009	Date:	June 3, 2009

CONVERSION AGREEMENT

This Conversion Agreement ("**Agreement**") is entered into as of June 19, 2009 between **THERMO FUNDING COMPANY LLC**, a Colorado limited liability company ("**Thermo**"), and **GLOBALSTAR, INC.**, a Delaware corporation (the "**Company**").

WHEREAS, the Company and Thermo have determined that it is in their mutual best interests for Thermo to convert all of the debt of the Company owed to Thermo under the Second Amended and Restated Credit Agreement dated as of December 17, 2007, as amended (the "**Thermo Debt**") into Series A Convertible Preferred Stock ("**Preferred Stock**").

WHEREAS, upon the recommendation of the Thermo Transactions Special Committee, the Board of Directors has approved conversion of the Thermo Debt, on the terms set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. Sale of Stock in Exchange for Reduction of Debt. Subject to the terms and conditions of this Agreement, Thermo agrees to exchange the Thermo Debt (the "**Transaction**") for one share of Series A Convertible Preferred Stock (the "**Share**") convertible into common equity as provided in the Certificate of Designation to be filed with the Secretary of State of Delaware.

2. Consideration. As consideration for the Transaction and the agreements set forth herein, the following shall occur at the Closing (as defined below):

(a) Thermo shall credit to the Company by reduction in outstanding principal and interest under the Thermo revolving and term credit facility, the sum of $180,176,520.30 in U.S. Dollars (the "**Exchange Price**"); and

(b) The Company shall deliver to Thermo a stock certificate for the Share.

3. Closing. The closing of the Transaction (the "**Closing**") contemplated by this Agreement shall take place at 9:00 a.m. Eastern Daylight Time on June 19, 2009 at the offices of the Company in Milpitas, California, or such other date, time and place as the parties may agree.

4. Maximum Shares; Stockholder Approval. Thermo acknowledges that its conversion rights for the Preferred Stock limits the amount of voting stock it may hold. Upon written notice to the Company, the Company will use its reasonable efforts to obtain Board of Director and stockholder approval to issue a nonvoting class of common stock with the same rights as the existing class of common

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stock on the date hereof, except with regard to voting rights that would have an adverse effect on the Company. The Company also undertakes to use its reasonable efforts to obtain stockholder approval of the Transaction as required by Nasdaq Listing Rules.

5. Representations and Warranties of the Company. The Company represents and warrants to Thermo, with respect to the Transaction as of the Closing Date, as follows:

(a) *Organization and Authority*. The Company has all requisite power and authority to enter into this Agreement and to consummate the Transaction. The Company is duly organized and validly existing under the laws of the State of Delaware. The execution and delivery by the Company of this Agreement and the consummation by the Company of the Transaction has been duly authorized. This Agreement, when duly executed and delivered by the Company will constitute a legal, valid, and binding obligation of the Company, enforceable against it in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and general equitable principles whether in a proceeding in equity or at law.

(b) *Noncontravention.* The execution and delivery of this Agreement, the consummation of the Transaction and the fulfillment of and compliance with the terms and conditions hereof do not and will not with the passing of time or giving of notice (i) result in a violation of the organizational documents of the Company, (ii) violate any law, rule, regulation, provision of any judicial or administrative order, award, judgment or decree applicable to the Company or the Share, or (iii) conflict with, result in a breach of or right to cancel or constitute a default under any agreement or instrument to which the Company is a party, by which the Company is bound or to which the Company or the Share are subject.

(c) *Title.* Upon delivery of the certificate or certificates representing the Share, Thermo will obtain good, valid and transferable title to the Share free and clear of all liens, claims and encumbrances whatsoever.

(d) *Share.* The Company is issuing the Share pursuant an exemption from registration under Section 4(2) of the Securities Act of 1933 (the "**Securities Act**").

(e) *Broker.* No officer, director, employee or third party shall be entitled to receive any brokerage commissions or similar compensation in connection with the Transaction contemplated by this Agreement based on any arrangement or agreement made by or on behalf of the Company.

(f) *Acknowledgement*. The Company acknowledges that Thermo has not made any representations or warranties to it except to the extent of the representations and warranties of Thermo in this Agreement.

6. Representations and Warranties of Thermo. Thermo hereby represents and warrants to the Company as follows:

(a) *Organization and Authority*. Thermo has all requisite power and authority to enter into this Agreement and to consummate the Transactions contemplated hereby. Thermo is duly organized or formed and validly existing as a limited liability company, and in good standing under the laws of the State of Colorado. The execution and delivery by Thermo of this Agreement and the consummation by Thermo of the Transaction have been duly authorized. This Agreement, when duly executed and delivered by Thermo will constitute a legal, valid and binding obligation of Thermo, enforceable against Thermo in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general equitable principles whether in a proceeding in equity or at law.

(b) *Noncontravention.* The execution and delivery of this Agreement, the consummation of the Transaction and the fulfillment of and compliance with the terms and conditions hereof do not and will not with the passing of time or giving of notice (i) result in a violation of the organizational documents of Thermo, (ii) violate any law, rule, regulation, provision of any judicial or administrative order, award, judgment or decree applicable to Thermo, or (ii) conflict with, result in a breach of or right to cancel or constitute a default under any agreement or instrument to which Thermo is a party, by which Thermo is bound or to which Thermo is subject.

(c) *Securities Act*. Thermo is acquiring the Share for its own account for investment only and not with a present view towards the public sale or distribution thereof, except pursuant to sales registered or exempted under the Securities Act.

(d) *Thermo's Qualifications*. Thermo is an "accredited investor" as such term is defined in Regulation D under the Securities Act.

(e) *Transfer or Resale*. Thermo understands that the Share has not been and is not being registered under the Securities Act or any state securities laws and may not be offered for sale, sold, assigned or transferred without registration under the Securities Act or an exemption therefrom, and that the grounds for exemption of the Transaction is Section 4(2) of the Securities Act. Thermo understands that a legend restricting transfer except in compliance with the Securities Act will be reflected on the certificate or records representing the Share.

(f) *Broker.* No officer, director, employee or third party shall be entitled to receive any brokerage commissions or similar compensation in connection with the Transaction contemplated by this Agreement based on any arrangement or agreement made by or on behalf of Thermo.

(g) *Acknowledgement*. Thermo acknowledges that the Company has not made any representations or warranties to it except to the extent of the representations and warranties of the Company in this Agreement.

7. Condition Subsequent. If the initial funding to the Company under the COFACE Facility Agreement dated as of June 5, 2009 does not occur by [June 30], 2009, the parties agree that the Transaction shall be deemed void and status quo ente

to immediately prior to the Transaction. The Company shall take all actions to affect this Section 7 and pay all costs and fees related to this condition.

8. Reporting. Each party is responsible for making and shall make its own required reports with the Securities and Exchange Commission and NASDAQ regarding the Transaction.

9. Survival. The representations and warranties of Thermo and the Company contained in Sections 5 and 6 and the covenant in Section 7 shall survive this Agreement.

10. Successors and Assigns. No party may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party. Subject to the preceding, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

11. Severability. If any provision of this Agreement is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Agreement so long as this Agreement as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

12. Entire Agreement; Amendments. This Agreement super-sedes all other prior oral or written agreements between Thermo, the Company, and their respective affiliates and persons acting on their behalf with respect to the matters discussed herein, and this Agreement contains the entire understanding of the parties with respect to the matters covered herein and, except as specifically set forth herein, neither Thermo nor the Company makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be amended, waived, terminated or otherwise modified other than by an instrument in writing signed by Thermo and the Company. Any amendment to this Agreement made in conformity with the provisions of this Section 11 shall be binding on all parties. No provision hereof may be waived other than by an instrument in writing signed by the party against whom enforcement is sought.

13. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and the respective successors, legal representatives and assigns of each.

14. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed one and the same instrument.

15. Applicable Law. This Agreement shall be governed by the laws of the State of Delaware, without regard to the choice of law rules thereof.

Signatures are on the following page.

IN WITNESS WHEREOF, this Agreement has been duly executed by each of the parties hereto as of the date first above written.

THERMO FUNDING COMPANY LLC

By: /s/ James Monroe III
Printed Name: James Monroe III
Title: Manager

GLOBALSTAR, INC.

By: /s/ Fuad Ahmad
Printed Name: Fuad Ahmad
Title: Senior Vice President and CFO

CONTINGENT EQUITY AGREEMENT

This Contingent Equity Agreement ("**Agreement**") is entered into as of June 19, 2009 between **THERMO FUNDING COMPANY LLC**, a Colorado limited liability company ("**Thermo**"), and **GLOBALSTAR, INC.**, a Delaware corporation (the "**Company**").

WHEREAS, on June 5, 2009, the Company entered into a facility agreement with a syndicate of banks for a secured loan facility being used to fund primarily the Company's second-generation satellite constellation (the "**Facility Agreement**");

WHEREAS, Thermo has agreed to deposit $60 million in the Contingent Equity Account to fulfill one of the conditions precedent to funding the Facility Agreement; and

WHEREAS, upon the recommendation of the Thermo Transactions Special Committee, the Board of Directors has approved certain payments to Thermo.

NOW, THEREFORE, in consideration of the promises and of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. Certain Definitions.

"Closing Price" means, for any trading day, the closing price of the Common Stock on the primary trading market for the Common Stock.

"Common Equity" means the Common Stock and the Nonvoting Common Stock.

"Common Stock" means the Company's common stock, par value $0.0001 per share.

"**Nonvoting Common Stock**" means any class of nonvoting common stock of the company approved by the Board of Director of the Corporation and for which stockholder approval is obtained, and any securities into which such nonvoting common stock may hereafter be reclassified.

"Securities" means the Common Equity and the Warrants.

"Warrants" means warrants to purchase the Common Stock at an exercise price of $0.01 per share, in a form reasonably satisfactory to Thermo.

2. Other Definitions. Unless otherwise defined herein, capitalized terms will have the meaning set forth in the Accounts Agreement dated 5 June 2009

between the Company, Thermo and BNP Paribas, as Security Agent, the COFACE Agent and the Offshore Account Bank.

3. Contingent Equity Facility. Thermo hereby agrees to provide to the Company, on the terms and conditions described herein, a contingent equity facility (the "**Contingent Equity Facility**") of $60,000,000, which Contingent Equity Facility may be drawn upon by the Company for the purposes and subject to the limitations set forth in this Agreement.

4. Funding Obligations.

(a) If, at any time after the date of this Agreement until the Contingent Equity Release Date, Thermo receives a Contingent Equity Funding Notice indicating that it is required to advance funds from the Thermo Contingent Equity Account to the Collection Account in accordance with Section 6.3 of the Accounts Agreement, Thermo shall promptly advance such funds.

(b) Thermo hereby consents to any advance of funds from the Thermo Contingent Equity Account into the Collection Account initiated by the COFACE Agent in accordance with Paragraph (d) of Section 6.3 of the Accounts Agreement.

(c) Any advance made from the Thermo Contingent Equity Account to the Collection Account pursuant to paragraph (a) or (b) of this Section 3 is referred to herein as a "Thermo Advance."

5. Issuance of Common Equity.

(a) In consideration for, and simultaneously with, the funding of each Thermo Advance, the Company shall issue to Thermo a number of shares Common Equity of equal to the amount of such Thermo Advance divided by 80% of the trailing 15-day average Closing Price immediately preceding such Thermo Advance.

(b) Except as provided in paragraph (c) of this Section 5, all shares Common Equity delivered in consideration for a Thermo Advance shall be shares of Common Stock.

(c) To the extent the issuance of Common Stock pursuant to this Section 5 would result in Thermo or its affiliates individually or as a group acquiring beneficial ownership of voting stock representing more than 69.9% of the total voting power of all outstanding voting stock of the Company, the Company will deliver Nonvoting Common Stock in lieu of Common Stock.

(d) The shares of Common Equity to be issued to Thermo shall be delivered to Thermo free and clear of any encumbrances. In connection with any such issuance of Common Equity, the Company shall deliver a stock certificate representing the shares of Common Equity to be issued to Thermo.

The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Equity, for the purpose of complying with the terms of this Agreement, such number of its duly authorized shares of Common Equity as shall be sufficient to effect the terms of this Agreement.

6. Termination of Contingent Equity Facility. The Contingent Equity Facility and all Funding Obligations hereunder shall terminate upon expiration of the Funding Term; provided, that, the Contingent Equity Facility and all Funding Obligations hereunder shall earlier terminate in the event that a Change of Control (as defined in the Amended Charter) shall occur. Upon termination of the Contingent Equity Facility, Thermo shall have no obligation to provide any additional capital to the Company.

7. Loan Fee.

(a) In consideration of Thermo's funding of the Contingent Equity Account, the Company will pay to Thermo, upon execution of this Agreement and annually thereafter, a loan fee in the amount of 10% of the outstanding amount of the Contingent Equity Facility ("**Outstanding Amount**") delivered in the form of a number of Warrants calculated as described in this section (the "**Loan Fee**").

(b) The number of Warrants delivered as the Loan Fee shall be equal to the Outstanding Amount divided by the Warrant Price. The Warrants shall be delivered within 10 days of calculation of the Loan Fee.

(c) The Warrant Price shall initially be equal to $1.37 and shall be adjusted as set forth in this Section 7.

(d) If on either or both of the second and third anniversaries of the date of this Agreement the initial Warrant Price is more than the Closing Price of the Common Stock on such date, the Warrant Price shall be adjusted to equal the higher of (i) the Closing Price on such date or (ii) $0.20.

(e) If on the last day of any year, the fair market value of the Warrants received in consideration of Loan Fees for such year is lower than the fair market value of such Warrants at the time they were delivered, the Company shall deliver additional Warrants with a fair market value equal to such difference to Thermo. All calculations of fair market value shall be based on the Closing Price. If the Closing Price is less than $0.20, the Company shall pay Thermo cash for any of the difference in fair market value below $0.20 if permitted under the Facility Agreement. If not permitted such amounts shall be accrued and added to the Outstanding Amount.

(f) If the Company at any time on or after the date hereof the Company subdivides the outstanding Common Stock (whether by stock split, stock dividend or otherwise) into a greater number of shares, the Warrant Price shall be proportionately reduced.

8. Representations and Warranties.

(1) The Company hereby represents, warrants and certifies to Thermo that each of the following representations and warranties with respect to itself is true and correct:

(a) *Organization and Authority*. The Company has all requisite power and authority to enter into this Agreement and to consummate the Transaction. The Company is duly organized and validly existing under the laws of the State of

Delaware. The execution and delivery by the Company of this Agreement and the consummation by the Company of the Transaction has been duly authorized. This Agreement, when duly executed and delivered by the Company will constitute a legal, valid, and binding obligation of the Company, enforceable against it in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and general equitable principles whether in a proceeding in equity or at law.

(b) *Noncontravention.* The execution and delivery of this Agreement, the consummation of the Transaction and the fulfillment of and compliance with the terms and conditions hereof do not and will not with the passing of time or giving of notice (i) result in a violation of the organizational documents of the Company, (ii) violate any law, rule, regulation, provision of any judicial or administrative order, award, judgment or decree applicable to the Company or the Securities, or (iii) conflict with, result in a breach of or right to cancel or constitute a default under any agreement or instrument to which the Company is a party, by which the Company is bound or to which the Company or the Securities are subject.

(c) *Title.* Upon delivery of the certificate or certificates representing any Security, Thermo will obtain good, valid and transferable title to such Security free and clear of all liens, claims and encumbrances whatsoever.

(e) *Broker.* No officer, director, employee or third party shall be entitled to receive any brokerage commissions or similar compensation in connection with the Transaction contemplated by this Agreement based on any arrangement or agreement made by or on behalf of the Company.

(f) *Acknowledgement*. The Company acknowledges that Thermo has not made any representations or warranties to it except to the extent of the representations and warranties of Thermo in this Agreement.

(2) Thermo hereby represents, warrants and certifies to the Company that each of the following representations and warranties with respect to itself is true and correct:

(a) *Organization and Authority*. Thermo has all requisite power and authority to enter into this Agreement and to consummate the Transactions contemplated hereby. Thermo is duly organized or formed and validly existing as a limited liability company, and in good standing under the laws of the State of Colorado. The execution and delivery by Thermo of this Agreement and the consummation by Thermo of the Transaction have been duly authorized. This Agreement, when duly executed and delivered by Thermo will constitute a legal, valid and binding obligation of

Thermo, enforceable against Thermo in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general equitable principles whether in a proceeding in equity or at law.

(b) *Noncontravention.* The execution and delivery of this Agreement, the consummation of the Transaction and the fulfillment of and compliance with the terms and conditions hereof do not and will not with the passing of time or

giving of notice (i) result in a violation of the organizational documents of Thermo, (ii) violate any law, rule, regulation, provision of any judicial or administrative order, award, judgment or decree applicable to Thermo, or (ii) conflict with, result in a breach of or right to cancel or constitute a default under any agreement or instrument to which Thermo is a party, by which Thermo is bound or to which Thermo is subject.

(c) *Securities Act*. Thermo is acquiring the Securities for its own account for investment only and not with a present view towards the public sale or distribution thereof, except pursuant to sales registered or exempted under the Securities Act.

(d) *Thermo's Qualifications*. Thermo is an "accredited investor" as such term is defined in Regulation D under the Securities Act.

(e) *Transfer or Resale*. Thermo understands that the Securities have not been and are not being registered under the Securities Act or any state securities laws and may not be offered for sale, sold, assigned or transferred without registration under the Securities Act or an exemption therefrom, and that the grounds for exemption of the Transaction is Section 4(2) of the Securities Act. Thermo understands that a legend restricting transfer except in compliance with the Securities Act will be reflected on the certificates or records representing the Securities.

(f) *Stockholder Approval*. Thermo understands that neither the Warrants may be exercised nor the Common Equity may be issued until receipt of any necessary approval by a majority of the stockholders of the Company in accordance with applicable Nasdaq Listing Rules or the Delaware General Corporation Law.

(g) *Acknowledgement*. Thermo acknowledges that the Company has not made any representations or warranties to it except to the extent of the representations and warranties of the Company in this Agreement.

9. Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be delivered in person, mailed by certified or registered mail, return receipt requested, or sent by telecopier or telex, addressed as follows:

(a) if to the Company:
Globalstar, Inc.
461 S. Milpitas Blvd.
Milpitas, CA 95035
Attn: Chief Financial Officer
Phone: (408) 933-4000
Facsimile: (408) 933-4949

(b) if to Thermo:
Thermo Funding Company LLC
1735 Nineteenth Street
Denver, CO 80202
Attention: Manager

or, in any such case, at such other address or addresses as shall have been furnished in writing by such party to the others.

10. Successors and Assigns. No party may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party. Subject to the preceding, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

11. Severability. If any provision of this Agreement is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Agreement so long as this Agreement as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

12. Entire Agreement; Amendments. This Agreement supersedes all other prior oral or written agreements between Thermo, the Company, and their respective affiliates and persons acting on their behalf with respect to the matters discussed herein, and this Agreement contains the entire understanding of the parties with respect to the matters covered herein and, except as specifically set forth herein, neither Thermo nor the Company makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be amended, waived, terminated or otherwise modified other than by an instrument in writing signed by Thermo and the Company. Any amendment to this Agreement made in conformity with the provisions of this Section 11 shall be binding on all parties. No provision hereof may be waived other than by an instrument in writing signed by the party against whom enforcement is sought.

13. **Further Assurances.** The parties shall execute and deliver such further instruments and perform such further acts as may reasonably be required to carry out the purposes of this Agreement.

14. **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of the parties hereto and the respective successors, legal representatives and assigns of each.

15. **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed one and the same instrument.

16. **Applicable Law.** This Agreement shall be governed by the laws of the State of New York, without regard to the choice of law rules thereof.

Signatures are on the following page.

IN WITNESS WHEREOF, this Agreement has been duly executed by each of the parties hereto as of the date first above written.

THERMO FUNDING COMPANY LLC

By: /s/ James Monroe III
Printed Name: James Monroe III
Title: Manager

GLOBALSTAR, INC.

By: /s/ Fuad Ahmad
Printed Name: Fuad Ahmad
Title: Senior Vice President and CFO

LOAN AGREEMENT

Loan Agreement dated as of 25 June 2009, between Globalstar, Inc., a Delaware corporation (the "**Borrower**"), and Thermo Funding Company LLC, a Colorado limited liability company (the "**Lender**").

Recitals:

1. The Borrower is party to the COFACE Facility Agreement dated 5 June 2009 (the "**COFACE Agreement**"), between, among others, the Borrower, BNP Paribas as the Security Agent and the COFACE Agent ("**Paribas**") and the lenders thereunder, pursuant to which the Borrower will borrow up to $586,342,000.

2. It is a condition precedent to any borrowings under the COFACE Agreement that the Borrower establish an account with Paribas under the Accounts Agreement (as defined in the COFACE Agreement) entitled the Debt Service Reserve Account (the "**DSRA**") with an initial balance of $46,773,000 million in cash and guarantee obligations.

3. Thales Alenia Space France ("**Thales**") has entered into a Guarantee dated as of 5 June 2009 (the "**Guarantee**"), pursuant to which, under certain circumstances, Thales will pay up to $12.5 million to the Borrower for deposit in the DSRA.

4. To induce Thales to enter into the Guarantee, the Lender has entered into a Reimbursement Agreement dated 5 June 2009 (the "**Reimbursement Agreement**"), with Thales.

5. The Lender has entered into a Cash Contribution Agreement with Arianespace dated on or about the date hereof and with Hughes Network Systems LLC ("**Hughes**") dated 17 June 2009 (together the "**Contribution Agreements**"), pursuant to which the Lender may borrow up to $10 million from each of Arianespace and Hughes.

6. The Lender has agreed to lend an additional $5 million to Borrower to complete the funding of the DSRA.

The Borrower and the Lender hereby agree as follows:

1. **Loans**.

a. On the date hereof, (i) the Lender is borrowing, in aggregate, $20,000,000 from Arianespace and Hughes pursuant to the Contribution Agreements and (ii) the Borrower is borrowing an additional $5 million directly from Lender.

b. On the date hereof, the Lender has directed Arianespace and Hughes to advance such funds directly to the Borrower for deposit in the DSRA and the Lender has deposited $5 million in the DSRA. Such funds shall be deemed to be a loan by the Lender to the Borrower.

c. If at any time Thales makes any payment to the Borrower pursuant to the Guarantee, the amount of such payment shall be deemed to be an additional loan from the Lender to the Borrower.

d. Any loans made or deemed to be made by the Lender to the Borrower pursuant to 1(b) or 1(c), together with all accrued and unpaid interest capitalized pursuant to 2(b), are referred to in this Agreement as the "Loans."

e. The Loans shall not be evidenced by a note.

2. **Interest**.

a. Interest on the outstanding principal amount of the Loans shall accrue at the rate of 12% per annum, payable monthly in arrears on the last day of each month.

b. Interest accruing on the Loans as provided in 2(a) shall not be payable in cash but shall be capitalized and added to the outstanding principal amount of the Loans.

3. **Payments**.

a. The Borrower shall make cash payments to the Lender with respect to the Loans when and as permitted by Clauses 5.2(b)(i) or 9.3(b) of the Accounts Agreement or Clause 7.3(a) or 7.4(a) of the COFACE Agreement.

b. The Loans shall become immediately due and payable in full upon:

(i) any Borrower Change in Control (as defined in the COFACE Agreement) or

(ii) any acceleration of the maturity of the loans under the COFACE Agreement,

provided that the Lender will not take any action to recover any sum due in accordance with this clause 3b. unless permitted by and in accordance with the Subordination Deed.

c. Unless previously paid, the Loans shall be due and payable six months after all obligations under the COFACE Agreement have been paid in full.

4. **Subordination**. All obligations of the Borrower to the Lender under this Agreement are subordinated to the Borrower's obligations under the COFACE Agreement and are subject to the provisions of the Subordination Deed between the Borrower, the Lender, BNP Paribas, as COFACE Agent, and BNP Paribas, as Security Agent, dated 22 June 2009, a copy of which is attached hereto as Exhibit A. The Subordination Deed is for the benefit of and enforceable by the lenders under the COFACE Agreement *provided that* the Lender may not require the Borrower to do anything under this Agreement which is inconsistent with the

obligations of the parties to the Subordination Deed or seek any remedies for the failure of the Borrower to do anything under this Agreement that is inconsistent with the Borrower's obligations under the Subordination Deed or the other Finance Documents (as such term is defined in the COFACE Agreement).

5. **Warrant**. As additional consideration for the Lender entering into this Agreement and making the Loans, on the date hereof the Borrower is issuing to the Lender a warrant (the "Warrant") in the form attached hereto as Exhibit B.

6. **Representations and Warranties of the Borrower**. The Borrower represents and warrants to the Lender, with respect to the transactions contemplated hereby (collectively, the "Transaction") as of the date hereof, as follows:

a. *Organization and Authority*. The Borrower has all requisite power and authority to enter into this Agreement and to consummate the Transaction. The Borrower is duly incorporated and validly existing under the laws of the State of Delaware. The execution and delivery by the Borrower of this Agreement and the Warrant and the consummation by the Borrower of the Transaction have been duly authorized. This Agreement and the Warrant, when duly executed and delivered by the Borrower, will constitute a legal, valid, and binding obligations of the Borrower, enforceable against it in accordance with their respective terms, except as the enforcement hereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and general equitable principles whether in a proceeding in equity or at law.

b. *Noncontravention*. The execution and delivery of this Agreement and the Warrant, the consummation of the Transaction and the fulfillment of and compliance with the terms and conditions hereof and thereof do not and will not with the passing of time or giving of notice (i) result in a violation of the organizational documents of the Borrower, (ii) violate any law, rule, regulation, provision of any judicial or administrative order, award, judgment or decree applicable to the Borrower, or (iii) conflict with, result in a breach of or right to cancel or constitute a default under any agreement, or instrument to which the Company is a party, by which the Borrower is bound or to which the Borrower is subject.

c. *Title*. Upon exercise of the Warrant in accordance with its terms, the Lender will obtain good, valid and transferable title to the shares subject to the Warrant (the "Warrant Shares") free and clear of all liens, claims and encumbrances whatsoever, and all of the Warrant Shares when issued will be validly authorized, duly issued and outstanding, fully paid and non-assessable.

d. *Shares*. The Borrower is issuing the Warrant and any Warrant Shares pursuant to an exemption from registration under Section 4(2) of the Securities Act of 1933 (the "Securities Act").

e. *Broker*. No officer, director, employee or third party shall be entitled to receive any brokerage commissions or similar compensation in connection with the Transaction contemplated by this Agreement based on any arrangement or agreement made by or on behalf of the Borrower.

f. *Acknowledgement*. The Borrower acknowledges that the Lender has not made any representations or warranties to it except to the extent of the representations and warranties of the Lender in this Agreement.

7. **Representations and Warranties of the Lender**. The Lender hereby represents and warrants to the Borrower as follows:

a. *Organization* and Authority. The Lender has all requisite power and authority to enter this Agreement and to consummate the Transactions contemplated hereby. The Lender is duly organized or formed and validly existing as a limited liability company and in good standing under the laws of the State of Colorado. The execution and delivery by the Lender of this Agreement and the consummation by the Lender of the Transaction have been duly authorized. This Agreement, when duly executed and delivered by the Lender will constitute a legal, valid and binding obligation of the Lender in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general equitable principles whether in a proceeding in equity or at law.

b. *Noncontravention*. The execution and delivery of this Agreement, the consummation of the Transaction and the fulfillment of and compliance with the terms and conditions hereof do not and will not with the passing of time or giving of notice (i) result in a violation of the organizational documents of the Lender, (ii) violate any law, rule, regulation, provision of any judicial or administrative order, award, judgment or decree applicable to the Lender or (iii) conflict with, result in a breach of or right to cancel or constitute a default under any agreement or instrument to which the Lender is a party, by which the Lender is bound or to which the Lender is subject.

c. *Securities Act*. The Lender is acquiring the Warrant and any Warrant Shares for its own account for investment only and not with any view towards the public sale or distribution thereof, except pursuant to sales registered or exempted under the Securities Act.

d. *Lender's Qualifications*. The Lender is an "accredited investor" as such term is defined in Regulation D under the Securities Act of 1933 (the "Securities Act").

e. *Transfer or Resale*. The Lender understands that the Warrant and any Warrant Shares have not been and are not being registered under the Securities Act or any state securities laws and may not be offered for sale, sold, assigned or transferred without registration under the Securities Act or an exemption therefrom, and that the for exemption of the Transaction is Section 4(2) of the Securities Act. The Lender understands that a legend

restricting transfer except in compliance with the Securities Act will be reflected on the certificates or records representing the Warrant and any Warrant Shares.

f. *Broker*. No officer, director, employee or third party shall be entitled to receive any brokerage commissions or similar compensation in connection with the Transaction contemplated by this Agreement based on any arrangement or agreement made by or on behalf of the Lender.

g. *Acknowledgements*. The Lender acknowledges that the Borrower has not made any representations or warranties to it except to the extent of the representations and warranties of the Borrower in this Agreement.

8. **Reporting**. Each party is responsible for making and shall make its own required reports with the Securities and Exchange Commission and NASDAQ regarding the Transaction.

9. **Survival**. The representations and warranties of the Lender and the Borrower contained in Sections 6 and 7 and the covenant in Section 8 shall survive this Agreement.

10. **Successors and Assigns**. Neither party may assign this Agreement or its rights or obligations hereunder without the prior written consent of the other party. Subject to the preceding, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

11. **Severability**. If any provision of this Agreement is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Agreement so long as this Agreement as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

12. **Entire Agreement; Amendment**. This Agreement supersedes all other prior oral or written agreements between the Lender, the Borrower, and their respective affiliates and persons acting on their behalf with respect to the matters discussed herein, and, except as specifically set forth herein, neither the Lender nor the Borrower makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be amended, waived, terminated or otherwise modified other than by an instrument in writing signed by the Lender and the Borrower. Any amendment to this Agreement made in conformity with the provisions of this Section 12 shall be binding on all parties. No provision hereof may be waived other than by an instrument in writing signed by the party against whom enforcement is subject.

13. **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of the parties hereto and the respective successors, legal representatives and assigns of each.

14. **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed one and the same instrument.

15. **Applicable Law**. This Agreement shall be governed by the laws of the State of Delaware, without regard to the choice of law rules thereof.

Signatures are on the following pages.

IN WITNESS WHEREOF, this Agreement has been duly executed by each of the parties hereto as of the date first above written.

THERMO FUNDING COMPANY LLC

By: /s/ James Monroe III
Printed Name: James Monroe III
Title: Manager

GLOBALSTAR, INC.

By: /s/ Fuad Ahmad
Printed Name: Fuad Ahmad
Title: Senior Vice President and CFO

CONFIDENTIAL TREATMENT

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

AMENDMENT Nº 2
TO THE AGREEMENT FOR THE LAUNCHING INTO
LOW EARTH ORBIT
OF THE GLOBALSTAR SATELLITES
BY THE SOYUZ LAUNCH VEHICLE

This Amendment Nº 2 to the Agreement for the launching of the GLOBALSTAR Satellites, (hereinafter referred to as the "Agreement") is entered into

BY AND BETWEEN

GLOBALSTAR, INC., a company organized and existing under the laws of the State of Delaware, with head offices located at 461 South Milpitas Blvd, Milpitas, CA 95035, U.S.A., (hereinafter referred to as "CUSTOMER"),

On the one hand,

AND

ARIANESPACE a company organized and existing under the laws of the Republic of France, with head offices at Boulevard de l'Europe, 91006 Evry-Courcouronnes Cedex, France (hereinafter referred to as "ARIANESPACE").

On the other hand,

PREAMBLE

Whereas On September 5, 2007 CUSTOMER and ARIANESPACE have entered into a Launch Services Agreement ("the Agreement"), as amended on 9 July 2008 ("Amendment #1), for the launch of the GLOBALSTAR Satellites.

Whereas On June 25, 2009, upon the request of CUSTOMER, ARIANESPACE has accepted to loan to Thermo Funding Company LLC (principal stockholder of CUSTOMER) a sum of US$ 10,000,000 to help fund CUSTOMER debt service reserve account required under the COFACE guaranteed financing.

Whereas Pursuant to commercial discussions and negotiations between the Parties it has been agreed that as soon as drawings are permitted under the COFACE-guaranteed financing dated 5 June 2009 and entered among CUSTOMER as borrower, BNP Paribas as Arranger, Security Agent and COFACE Agent and the Lenders named therein, Globalstar has shall draw down under the Facility an amount sufficient to prepay to Arianespace (i) the entire amount of the pre-Launch financing granted by Arianespace to Globalstar under the Agreement together with interest thereon and (ii) plus late payments and interests corresponding to the unpaid installments due at L-9 months and L-6 months for Launch #1 (respective due dates — December 23rd, 2008 and March 23rd, 2009) and at L-9 months for Launch #2 (due date March 22nd, 2009).

Whereas The Parties have therefore agreed, in light of the loan agreement referred to above and entered into between Thermo Funding Company LLC and Arianespace, to amend the terms of the Agreement and its Amendment #1 on the terms and conditions set out herein.

NOW THEREFORE, THE PARTIES HAVE AGREED UPON THE FOLLOWING MODIFICATION TO THE AGREEMENT:

Section 1 - -

This Amendment #2 cancels and replaces the terms of Amendment #1 and modifies the terms of the Agreement as follows:

1.1 The first paragraph of the recitals is cancelled and replaced as follows:

"**WHEREAS** CUSTOMER has approached ARIANESPACE with a request to launch TWENTY FOUR (24) Satellites through FOUR (4) Firm Launches, with the option to launch an additional SIX (6) Satellites, subject to the terms and conditions herein."

1.2 The definition of "Launch Option" included in Article 1 ("Definitions") of the Agreement is deleted and replaced as follows:

"Launch Option means the right for CUSTOMER to order from ARIANESPACE an Optional Launch in accordance with this Agreement for the launch of additional GLOBALSTAR Satellites to be performed by ARIANESPACE."

1.3 Article 2 of the Agreement is deleted and replaced as follows:

"ARTICLE — 2 SUBJECT OF THE AGREEMENT

The subject of this Agreement is the performance of FOUR (4) Firm Launch Services, each launching six Satellites supplied by CUSTOMER from the Launch Site for the purpose of accomplishing the Launch Mission in accordance with the terms and conditions of this Agreement plus, subject to the conditions stipulated herein, ONE (1) additional Launch Services for the Launch Option exercised by CUSTOMER."

1.4 Paragraph 4.1 of Article 4 (ARIANESPACE'S SERVICES) of the Agreement is deleted and replaced as follows:

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

4.1.1 Launch Services;

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

1.5 Paragraph 4.3 (Launch Option) of Article 4 (ARIANESPACE'S SERVICES) of the Agreement is deleted and replaced as follows:

"4.3 Launch Option

ARIANESPACE undertakes to maintain ONE (1) Launch Option available to CUSTOMER and to be exercised by CUSTOMER in accordance with the terms of Article 6 and subject to the conditions below.

ARIANESPACE shall be obligated for:

(i) ONE (1) Optional Launch in addition to the FOUR (4) firm Launches if no Launch Failure or Satellite Mission failure has occurred,

or

(ii) ONE (1) Optional Launch in addition to the FOUR (4) firm Launches and ONE (1) Replacement Launch in case of one Launch Failure or Satellite Mission failure.

For sake of clarity, ARIANESPACE shall not be obligated to CUSTOMER for any Optional Launch in case of two or more Launch Failure(s) or Satellite Mission failure(s)."

1.6 Paragraph 4.4 (Launch Site Selection) of Article 4 (ARIANESPACE'S SERVICES) of the Agreement is deleted and replaced as follows (for clarity, this new Paragraph 4.4 cancels Section 1 ("Launch Site Selection for the Firm Launches and Associated Remuneration") of Amendment #1):

"4.4 Launch Site

The Launch Site for the FOUR (4) Firm Launches shall be the SOYUZ launch complex at the Baikonur Space Center (BSC), in Baikonur, Kazakhstan.

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

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

1.7 Paragraph 5.3 of Article 5 ("CUSTOMER COMMITMENTS") of the Agreement is deleted and replaced as follows:

"5.3 CUSTOMER will have the possibility to exercise the Launch Option under sub-paragraph 4.3 of Article 4 of this Agreement, in addition to the TWENTY-FOUR (24) CUSTOMER Satellites to be launched through the FOUR (4) Firm Launches under this Agreement.

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

(i) ARIANESPACE becomes bankrupt or insolvent or has a receiving order made against it, or takes the benefit of any status or legislation related to bankruptcy or insolvent debtors, or if an order is made or resolution passed for the winding-up of ARIANESPACE,

(ii) If, following a CUSTOMER request for a single Launch Period in accordance with sub-paragraph 6.2.2, the first day of the nearest available Launch Period proposed by ARIANESPACE is more than TWELVE (12) months later than the first day of the Launch Period requested by CUSTOMER."

1.8 Paragraph 6.1 ("Launch Term") of Article 6 ("LAUNCH SCHEDULE") of the Agreement is cancelled and replaced as follows:

"6.1 Launch Term

The FOUR (4) Firm Launches shall take place during the term from EDC + TWENTY-SEVEN (27) months up to March 31, 2011.

The Optional Launch shall be available to CUSTOMER during the term extending from April 01, 2010 up to and including December 31, 2013."

1.9 Sub-paragraph 6.2.2 ("Optional Launches") of Article 6 ("LAUNCH SCHEDULE") of the Agreement is cancelled and replaced as follows:

"6.2.2 Optional Launch

The Launch Period for the Optional Launch, if any, shall be established within the Launch Term defined in Sub-paragraph 6.1 of Article 6 of this Agreement.

(i) CUSTOMER shall notify ARIANESPACE by written notice to be received no later than TWELVE (12) months prior to the first day of the Launch Period desired by CUSTOMER for the corresponding Optional Launch, being further agreed that such Launch Period shall not be earlier than the provisional Launch Period defined in sub-paragraph (ii) hereinafter.

Within ONE (1) month of receipt of CUSTOMER's notice, ARIANESPACE shall inform CUSTOMER whether a Launch Opportunity exists within the desired Launch Period.

(ii) For the purpose of Article 10 and Article 18, the provisional Launch Period for the Optional Launch shall be defined at option exercise. The first day of the provisional Launch Period shall not be earlier than EIGHTEEN (18) months following option exercise.

1.10 Paragraph 8.1 of Article 8 ("REMUNERATION") of the Agreement is cancelled and replaced as follows

"A For the Firm Launch Services:

The Price for Launch Services for the SOYUZ Firm Launches, each of SIX (6) Satellites is as follows:

- For each of the three first Firm Launches:

  FIFTY TWO MILLION FIVE HUNDRED THOUSAND United States Dollars (US$ 52,500,000).

- For the fourth Firm Launch:

  FIFTY EIGHT MILLION FIVE HUNDRED THOUSAND United States Dollars (US$ 58,500,000).

For the sake of clarity, it is acknowledged by the Parties that, for the Firm Launches from the Baikonur Launch Site, each Firm Launch and related Launch Services shall be increased by [*]United States Dollars (USD [*]), subject to a contractual cap at [*]United States Dollars (USD [*]), and said USD [*] is included in the above-identified Price of USD [*] for the fourth Firm Launch.

B For the Optional Launch Services:

(i) The firm fixed price of the Optional Launch Services exercised by CUSTOMER for a Launch to take place on or prior to 31 December 2010 is: [*]United States Dollars (US$ [*]).

(ii) The price of the Optional Launch Services exercised by CUSTOMER for a Launch to take place on or after 1 January 2011 up to and including 31 December 2013, shall be as follows:

[*]United States Dollars (US$ [*]), as escalated as set forth in paragraph 8.2.

(iii) The price and terms and conditions applicable to the Optional Launch Services requested by CUSTOMER for a Launch to occur after 31 December 2013, shall be negotiated in good faith by the Parties.

1.11 Paragraph 8.2 of Article 8 ("REMUNERATION") of the Agreement is cancelled and replaced as follows:

With respect to Articles 10 and 18, and for the Optional Launch, it is agreed that the Launch Services prices as set forth in Sub-paragraph 8.1(B) (ii) and the prices for Associated Services shall be escalated, prorata, on a quarterly basis from 1 January

2011 to L* (L* being the first day of the provisional Launch Period selected at Optional Launch exercise) by an escalation rate of [*]% per quarter. Said escalation rate is provisional.

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

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

- [*]% on a Western European producer price growth index,

- [*]% on a worldwide steel price growth index,

· [*]% on a Russian labor cost growth index.

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

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

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

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

1.12 Paragraph 10.1 of Article 10 ("PAYMENT FOR SERVICES") of the Agreement is deleted and replaced as follows (for clarity, this new Paragraph 10.1 cancels Section 2 ("Payment Schedule and Financing") of Amendment #1):

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

10.1.1 For each Firm Launch Services:

DUE DATE	Total amount in US$ for each Firm Launch referred in the sub-paragraph 8.1 (A) of Article 8 of this Agreement
EDC	[*]
EDC + 6 months	[*]
EDC + 12 months	[*]
L* - 9 months	[*]
L* - 6 months	[*]
L* - 3 months	[*]
Launch Associated Payment	[*]for Launch 1, 2 and 3 [*]for Launch 4
Total	52 500 000 for Launch 1, 2 and 3 58 500 000 for Launch 4

Where

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

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

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

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

10.1.2 For the Optional Launch Services:

DUE DATE	Percentage of the Launch Services Price for the Optional Launch referred in the sub-paragraph 8.1 (B) of Article 8 of this Agreement
Optional Launch Date of Exercise	[*]%
L* - 18 months	[*]%
L* - 15 months	[*]%
L* - 12 months	[*]%
L* - 9 months	[*]%
L* - 6 months	[*]%
L* - 3 months	[*]%
Launch Associated Payment	[*]%
TOTAL	**100%**

Where

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

The Launch Associated Payment shall be made at L — 1 week (L being the actual Launch Day of the Optional Launch).

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

1.13 Sub-paragraph 13.1.1 of Paragraph 13.1 ("Terms") of Article 13 ("REPLACEMENT LAUNCH") of the Agreement is deleted and replaced as follows:

"13.1.1 For the Firm Launches and the Optional Launch, if any, CUSTOMER is entitled to request a Replacement Launch from ARIANESPACE in the event that, following Intentional Ignition, except in the case of Terminated Ignition, either the Launch Mission or the Satellite Mission has not been accomplished for any reason whatsoever. Replacement Launch Services are subject to the conditions set forth in this Article 13. Any and all other rights and remedies of CUSTOMER are excluded whatever their nature.

For clarity it is hereby acknowledged by the Parties that CUSTOMER shall be entitled to a limited number of Replacement Launches, such that the maximum number of Launches provided by ARIANESPACE under this Agreement, together with said Replacement Launches, equals to SIX (6), including the FOUR (4) Firm Launches and the Optional Launch if any."

1.14 Sub-paragraph 18.2.1, 18.2.2 and 18.2.3 of Paragraph 18.2 of Article 18 ("TERMINATION BY CUSTOMER") of the Agreement are deleted and replaced as follows:

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

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

Where:

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

(*) with respect to Firm Launch N° 4 only, the percentage of termination fees applicable after C-7 shall be [*]%.

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

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

Where:

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

18.2.3 Plus (i) any other amount(s) due including, without limitation, late payment interest under the Agreement at the effective date of termination, and (ii) the price of those Associated Services provided, at CUSTOMER's cost, which have actually been performed as of the date of termination.

Section 3 -

This Amendment Nº 2 shall be effective as of its date of execution by both Parties.

This Amendment #2 constitutes an amendment to the Agreement. It cancels the terms of Amendment #1. Except as expressly provided herein, any other terms and provisions of the Agreement not modified by this Amendment #2 shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF THE PARTIES HAVE EXECUTED TWO (2) ORIGINALS OF THIS AMENDMENT #2.

Executed in Paris, on 24th June 2009

CUSTOMER		**ARIANESPACE**	
Name:	Anthony J. Navarra	Name:	Jean–Yves Le Gall
Title:	President	Title:	Chairman & CEO
Signature:	/S/ Anthony J. Navarra	Signature:	/S/ Jean-Yves Le Gall

Exhibit 31.1

Certification of Chief Executive Officer

I, Peter J. Dalton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Globalstar, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) 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 our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our 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 our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2009

By: /s/ Peter J. Dalton

Peter J. Dalton
Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer

I, Fuad Ahmad, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Globalstar, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) 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 our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our 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 our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2009

By: /s/ FUAD AHMAD

Fuad Ahmad
Chief Financial Officer

Exhibit 32.1

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

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

This quarterly report on Form 10-Q for the quarter ended June 30, 2009 of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 10, 2009

By: /s/ Peter J. Dalton
Peter J. Dalton
Chief Executive Officer

Dated: August 10, 2009

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