

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2008

OR

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

For the transition period from _____ to _____

Commission File Number 001-33117

GLOBALSTAR, INC.

(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	41-2116508 (I.R.S. Employer Identification No.)
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**461 South Milpitas Blvd.
Milpitas, California 95035**
(Address of principal executive offices)

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

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, \$.0001 par value	The NASDAQ Global Select Stock Market

Securities registered pursuant to Section 12(g) of the Act:

None

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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. (Check one):

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

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

The aggregate market value of the Registrant's common stock held by non-affiliates at June 30, 2008, the last business day of the Registrant's most recently completed second fiscal quarter, was approximately \$168.5 million.

The number of shares of the Registrant's common stock outstanding as of March 6, 2009 was 129,787,067.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2009 Annual Meeting of Stockholders are incorporated by reference in Part III of this Report.

FORM 10-K

For the Fiscal Year Ended December 31, 2008

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PART I

Forward-Looking Statements

Certain statements contained in 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 obtain additional financing, our ability to manage costs, our ability to exploit and respond to technological innovation, the effects of laws and regulations (including tax laws and regulations) and legal and regulatory changes, the opportunities for strategic business combinations and the effects of consolidation in our industry on us and our competitors, our anticipated future revenues, our anticipated capital spending (including for future satellite procurements and launches), our anticipated financial resources, our expectations about the future operational performance of our satellites (including their projected operational lives), the expected strength of and growth prospects for our existing customers and the markets that we serve, and other statements contained in this Report regarding matters that are not historical facts, involve predictions. Risks and uncertainties that could cause or contribute to such differences include, without limitation, those in "Item 1A. Risk Factors" of this Report. We do not intend, and undertake no obligation, to update any of our forward-looking statements after the date of this Report to reflect actual results or future events or circumstances.

Item 1. Business

Overview

Globalstar, Inc. (the "Company") is a leading provider of mobile voice and data communications services via satellite. By providing wireless services in areas not served or underserved by terrestrial wireless and wireline networks, we seek to address our customers' increasing desire for connectivity. Using, at any given time, approximately 48 in-orbit satellites and 26 ground stations, which we refer to as gateways, we offer voice and data communications services in over 120 countries. Unaffiliated companies, which we refer to as independent gateway operators and which purchase communications services from us on a wholesale basis for resale to their customers, operate 13 of these gateways.

Our 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 and Qualcomm Incorporated, or 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, we completed the second stage of a two stage acquisition of the business and assets of Old Globalstar. We completed the first stage on December 5, 2003, when Thermo Capital Partners LLC was deemed to obtain operational control of the business, as well as certain ownership rights and risks. We completed the second stage in 2004 when we received final approval from the U.S. Federal Communications Commission, or the FCC. Thermo Capital Partners LLC, which owns and operates companies in diverse business sectors and is referred to in this Report, together with its affiliates, as "Thermo," became our principal owner in this transaction. We refer to this transaction as the "Reorganization."

We were formed as a Delaware limited liability company in November 2003, and were converted into a Delaware corporation on March 17, 2006. Unless we specifically state otherwise, we present all information in this Report as if we were a corporation throughout the relevant periods.

In anticipation of our initial public offering, which was completed on November 2, 2006, we amended our certificate of incorporation on October 25, 2006 to combine our three series of common stock into one class and our board of directors approved a six-for-one stock split. Unless we specifically state otherwise, we present all information in this Report as if these corporate events had occurred at the beginning of the relevant periods.

We currently provide the following telecommunications services:

- two-way voice communication between mobile or fixed handsets or user terminals and other mobile and fixed devices;
- two-way data transmissions (which we call duplex) between mobile and fixed data modems; and
- one-way data transmissions (which we call Simplex) between a mobile or fixed device that transmits its location or other telemetry information and a central monitoring station.

We currently have authority to operate a global wireless communications network via satellite over 25.225 MHz of radio spectrum, which is comprised of two blocks of contiguous global radio frequencies. A few countries limit us to less than 25.225 MHz because of conflicting internal frequency assignments. We refer to our licensed radio frequencies as our "spectrum." The FCC also licenses us to use 19.275MHz of our spectrum to provide an ancillary terrestrial component, known as ATC, in the United States in combination with our existing satellite communications service. ATC services enable the integration of a satellite-based service with terrestrial wireless service, resulting in a hybrid network designed to provide customers with advanced service and broad coverage. See "Regulation."

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

- SPOT™ satellite messenger products;
- mobile telephones;
- fixed telephones;
- telephone accessories, such as car kits and chargers; and
- data modems.

At December 31, 2008, we served approximately 344,000 subscribers. We increased our net subscribers by approximately 21% from December 31, 2007 to December 31, 2008. We count "subscribers" based on the number of devices that are subject to agreements which entitle them to use our voice or data communications services rather than the number of persons or entities who own or lease those devices.

Old Globalstar launched our satellite constellation in the late 1990s. To supplement our then-existing satellite constellation, we launched eight spare satellites in 2007. We expect these eight satellites to be an integral part of our second-generation constellation. All of our originally launched satellites have experienced various anomalies over time, one of which is a degradation in the performance of the solid-state power amplifiers of the S-band communications antenna subsystem. The S-band antenna provides the downlink from the satellite to a subscriber's phone or data terminal. Degraded performance of an S-band antenna amplifier reduces the availability of two-way voice and data communication between the affected satellite and the subscriber. When the S-band antenna on a satellite ceases to function, two-way communication is impossible over that satellite, but not over the constellation as a whole. Two-way subscriber service continues to be available because some 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.

This S-band antenna amplifier degradation does not adversely affect our one-way Simplex data transmission services, which use only the L-band uplink from a subscriber's Simplex terminal to our satellites. The satellites transmit the signal back down on our C-band feeder links, which are

functioning normally. We have exploited and intend to continue to exploit our ability to provide uninterrupted Simplex services with the introduction of new products and services, including a consumer-oriented, hand-held tracking and emergency messaging device. We began sales of SPOT satellite messenger products and services in November 2007.

In November 2006, we and Thales Alenia Space entered into a contract for the construction of 48 low-earth-orbit satellites for our second-generation satellite constellation, which we expect to extend the life of our network until at least 2025. The contract requires Thales Alenia Space to commence delivery of the satellites in the third quarter of 2009. At our request, Thales Alenia Space has presented a four-part sequential plan for accelerating delivery of the initial 24 satellites by up to four months. We have accepted the first two portions of this plan. We cannot assure you that the acceleration will occur. 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 "Control Network Facility") for our second-generation satellite construction. 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, our Launch Provider will make four launches of six satellites each, and we have the option to require our Launch Provider to make four additional launches of six satellites each. The contract price for the procurement of our second-generation satellite constellation and related launch services (excluding launch costs for the second 24 satellites) is approximately \$1.26 billion (the majority of which is denominated in Euros, at a weighted average conversion rate of €1.00=\$1.3151).

Our revenue for 2008, 2007 and 2006 was \$86.1 million, \$98.4 million, and \$136.7 million, respectively. Our net income (loss) for 2008, 2007 and 2006 was \$(68.0) million, \$(27.9) million, and \$23.6 million, respectively.

Industry

We compete in the mobile satellite services sector of the global communications industry. Mobile satellite services operators provide voice and data services using a network of one or more satellites and associated ground facilities. Mobile satellite services are usually complementary to, and interconnected with, other forms of terrestrial communications services and infrastructure and are intended to respond to users' desires for connectivity at all times and locations. Customers typically use satellite voice and data communications in situations where existing terrestrial wireline and wireless communications networks are impaired or do not exist.

Worldwide, government organizations, military and intelligence agencies, natural disaster aid associations, event-driven response agencies and corporate security teams depend on mobile and fixed voice and data communications services on a regular basis. Businesses with global operating scope require communications services when operating in remote locations around the world. Mobile satellite services users span the forestry, maritime, government, oil and gas, mining, leisure, emergency services, construction and transportation sectors, among others. We believe many existing customers increasingly view satellite communications services as critical to their daily operations.

Over the past two decades, the global mobile satellite services market has experienced significant growth. Increasingly, better-tailored, improved-technology products and services are creating new channels of demand for mobile satellite services. Growth in demand for mobile satellite voice services is driven by the declining cost of these services, the diminishing size and lower costs of the handsets, as well as heightened demand by governments, businesses and individuals for ubiquitous global voice coverage. Growth in mobile satellite data services is driven by the rollout of new applications requiring higher bandwidth, as well as low cost data collection and asset tracking devices.

Communications industry sectors that are relevant to our business include:

- mobile satellite services, which provide customers with connectivity to mobile and fixed devices using a network of satellites and ground facilities;
- fixed satellite services, which use geostationary satellites to provide customers with voice and broadband communications links between fixed points on the earth's surface; and
- terrestrial services, which use a terrestrial network to provide wireless or wireline connectivity and are complementary to satellite services.

Within the major satellite sectors, fixed satellite services and mobile satellite services operators differ significantly from each other. Fixed satellite services providers, such as Intelsat Ltd., Eutelsat Communications ("Eutelsat") and SES Global, and very small aperture terminals companies, such as Hughes Networks and Gilat Satellite Networks, are characterized by large, often stationary or "fixed," ground terminals that send and receive high-bandwidth signals to and from the satellite network for video and high speed data customers and international telephone markets. On the other hand, mobile satellite services providers, such as Globalstar, Inmarsat P.L.C. ("Inmarsat") and Iridium Satellite L.L.C. ("Iridium"), focus more on voice and data services (including data services which track the location of remote assets such as shipping containers), where mobility or small sized terminals are essential. As mobile satellite terminals begin to offer higher bandwidth to support a wider range of applications, we expect mobile satellite services operators will increasingly compete with fixed satellite services operators.

Low earth orbit ("LEO") systems, such as the systems we and Iridium currently operate, reduce transmission delay compared to a geosynchronous system due to the shorter distance signals have to travel. In addition, LEO systems are less prone to signal blockage and, consequently, can provide a better overall quality of service.

Currently, our principal mobile satellite services global competitors are Inmarsat and Iridium. United Kingdom-based Inmarsat owns and operates a geostationary satellite network and U.S.-based Iridium owns and operates a low earth orbit satellite network. Inmarsat provides communications services, such as telephony, fax, video, email and high-speed data services. Iridium offers narrow-band data, fax and voice communications services. We also compete with several regional mobile satellite services providers that operate geostationary satellites, such as Thuraya Satellite Communications Company ("Thuraya"), principally in the Middle East and Africa; SkyTerra (formerly Mobile Satellite Ventures ("MSV")) and SkyTerra (Canada) Inc. (formerly Mobile Satellite Ventures Canada) in the Americas; and Asia Cellular Satellite ("ACeS"—now operated by Inmarsat) in Asia.

Sales and Marketing

We sell our products and services through a variety of retail and wholesale channels depending on the nature of the product and the targeted market. Our sales and marketing efforts are tailored to each of our geographic regions and targeted markets. In the past, we did not conduct mass consumer marketing campaigns. Rather, our sales professionals targeted specific commercial vertical markets and customers with face-to-face meetings, product trials, advertising in specific publications for those markets and direct mailings. However, we have curtailed the marketing of our two-way communications business, except store-and-forward data, pending the launch of our second-generation satellites. Our current marketing campaign targets mass audiences for our SPOT satellite messenger and vertical market segments for our other Simplex products and services. We also focus our marketing efforts on attending tradeshow. In 2008, we attended approximately 100 corporate tradeshow, where we sponsored booths and demonstrated our products. Our dealers and resellers attended additional tradeshow where they showcased our products.

Direct Sales, Dealers and Resellers

Our distribution managers are responsible for conducting direct sales with key accounts and for managing agent, dealer and reseller relationships in assigned territories in over 30 countries. They conduct direct sales with key customers and manage approximately 800 distribution outlets. We also distribute our services and products indirectly through over 50 major resellers and value added resellers in the United States and through nine independent gateway operators that employ their own salespeople to sell the full range of our voice and data products and services, directly and indirectly, in over 60 countries. Wholesale sales to independent gateway operators represented approximately 4% of our service revenue for 2008. No agent, dealer or reseller represented more than 10% of our revenue for 2008.

The reseller channel is comprised primarily of communications equipment retailer companies and commercial communications equipment rental companies that retain and bill clients directly, outside of our billing system. Many of our resellers specialize in niche vertical markets where high-use customers are concentrated. We have productive sales arrangements with major resellers to market our services, including some value added resellers that integrate our products into their proprietary end products or applications.

Our typical dealer is a communications services business-to-business equipment retailer. We offer competitive service and equipment commissions to our network of dealers to encourage increased sales. We continually monitor the effectiveness of our dealers and have terminated our relationship with underperforming dealers and agents and replaced them with better performing new dealers and agents. We believe our more stringent dealer and agent requirements and our incentive programs position us to continue to experience growing dealer and agent sales due to a better-trained, focused and motivated sales network.

In addition to sales through our distribution managers, agents, dealers and resellers, customers can place orders through our websites at www.globalstar.com and www.findmespot.com or by calling our customer sales office at (877) 728-7466.

SPOT Satellite Messenger Distribution

We distribute and sell our SPOT satellite 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 Canada, Big 5 Sporting Goods, Big Rock Sports, Cabela's, Campmor, Costco, Joe's Sport, London Drug, Outdoor and More, Gander Mountain, REI, Sportsman's Warehouse, Wal-Mart.com, West Marine, DBL Distribution, D.H. Distributions, and CWR Electronics. We currently sell SPOT satellite messenger products through approximately 7,500 distribution points and expect to reach 10,000 by the end of 2009. We also sell SPOT satellite messenger products and services directly using our existing salesforce and through our direct e-commerce website (www.findmespot.com).

Independent Gateway Operators

Our wholesale operations encompass primarily bulk sales of wholesale minutes to the independent gateway operators around the globe. These independent gateway operators maintain their own subscriber bases that are mostly exclusive to us and promote their own service plans. The independent gateway operator system has allowed us to expand in regions that hold significant growth potential but are harder to serve without sufficient operational scale or where local regulatory requirements or business or cultural norms do not permit us to operate directly. Our wholesale efforts also include our Simplex and duplex data tracking devices.

Set forth below is a list of independent gateway operators as of December 31, 2008:

<u>Location</u>	<u>Gateway</u>	<u>Independent Gateway Operators</u>
Argentina	Bosque Alegre	TE.SA.M Argentina
Australia	Dubbo	Pivotal Group PTY Limited
Australia	Mount Isa	Pivotal Group PTY Limited
Australia	Meekatharra	Pivotal Group PTY Limited
China	Beijing	China Spacecom
Italy	Avezzano	Elsacom N.V.
Korea	Yeo Ju	Dacom
Mexico	San Martin	Globalstar de Mexico
Peru	Lurin	TE.SA.M Peru
Russia	Khabarovsk	GlobalTel
Russia	Moscow	GlobalTel
Russia	Novosibirsk	GlobalTel
Turkey	Ogulbey	Globalstar Avrasya

We do not own or control these independent gateway operators nor do we operate their gateways. We own and operate directly gateways in the United States, Canada, Venezuela, Nicaragua, Puerto Rico, France and Brazil. We also own a gateway in Singapore which is operated by a third party. See "Item 2. Properties." As of March 1, 2009, we held 24% of the ordinary shares in Globaltouch (West Africa) Limited, which is installing a gateway in Nigeria.

Services and Products

Our principal services are satellite communications services, including mobile and fixed voice and data services, SPOT satellite messenger services and asset tracking and monitoring services. We introduced our asset tracking and monitoring services in late 2003, and demand for these services has grown rapidly since then. In November 2007, we introduced our SPOT satellite messenger product and services. Sales of all services accounted for approximately 72%, 80%, and 67% of our total revenues for 2008, 2007 and 2006, respectively. We also sell the related voice and data equipment to our customers, which accounted for approximately 28%, 20%, and 33% of our total revenues for 2008, 2007 and 2006, respectively.

Our Services

Mobile Voice and Data Satellite Communications Services

We offer our mobile voice and data services to customers via numerous monthly plans at price levels that vary depending upon expected usage. Except for our asset tracking and remote monitoring service, which we refer to as our Simplex service, subscribers under these plans typically pay an initial activation fee to the agent or dealer, as well as a monthly usage fee to us that entitles the customer to a fixed number of minutes in addition to services such as voicemail, call forwarding, short messaging, email, data compression and internet access. We receive both an activation fee and monthly fee for Simplex services. Extra fees may apply for non-voice services, roaming and long-distance.

We regularly monitor our service offerings in accordance with customer demands and market changes. We have introduced a number of innovative pricing plans such as "bundled minutes," Annual Plans and Unlimited Plans.

Personal Asset Tracking and Remote Monitoring (Simplex)

Our Simplex service, introduced in 2003, is designed to address the market for a small and cost-effective solution for sending data (such as geographic coordinates) from assets in remote locations

to a central monitoring station. Simplex is a one-way burst data transmission from a Simplex device to our network. A customer may locate the device, for example, on a container in transit. At the heart of the Simplex service is an application server, called an appliqué, which is located at a gateway. The appliqué-equipped gateways provide coverage over vast areas of the globe. The server receives and collates messages from all Simplex telemetry devices transmitting over our satellite network. Simplex devices consist of a telemetry unit, an application specific sensor, a battery (with up to a seven-year life depending on the number of transmissions) and optional global positioning functionality. The small size of the devices makes them attractive for use in tracking asset shipments, monitoring unattended remote assets, trailer tracking and mobile security. Current users include various governmental agencies, including the Federal Emergency Management Agency (FEMA), the U.S. Army and the Mexican Ministry of Education, as well as commercial and non-governmental organizations such as General Electric, Dell and The Salvation Army.

Customers are able to realize an efficiency advantage from tracking assets on a single global system as opposed to several regional systems. Our Simplex services are currently available in countries served by the gateways in North America, France, Venezuela, Mexico, Turkey, Korea, Australia, Singapore, Peru and Brazil. We sell our Simplex services (except our SPOT satellite messenger services) through value added resellers. Value added resellers purchase the services directly from us by subscribing to various pricing options offered by us to address various applications for this service and resell them to their end users. We receive a monthly subscription service fee and a one-time activation fee for each activated Simplex device.

Fixed Voice and Data Satellite Communications Services

We provide fixed voice and data services in rural villages, at remote industrial, commercial and residential sites and on ships at sea, among other places. Fixed voice and data satellite communications services are in many cases an attractive alternative to mobile satellite communications services in situations where multiple users will access the service within a defined geographic area and cellular or ground phone service is not available. Our fixed units also may be mounted on vehicles, barges and construction equipment and benefit from the ability to have higher gain antennas. Our fixed voice and data service plans are similar to our mobile voice and data plans and offer similar flexibility. In addition to offering monthly service plans, our fixed phones can be configured as pay phones (installed at a central location, for example, in a rural village) that accept tokens, debit cards, prepaid usage cards, or credit cards.

Satellite Data Modem Services (Duplex)

In addition to data utilization through fixed and mobile services described above, we offer data-only services. Our system is well-suited to handle duplex data transmission. Duplex devices have two-way transmission capabilities; for asset-tracking applications, this enables customers to control directly their remote assets and perform more complicated monitoring activities. We offer asynchronous and packet data service in all of our territories. Customers can use our products to access the internet, corporate virtual private networks and other customer specific data centers. Satellite data modems are sold principally through integrators and value added resellers, who developed innovative end-market solutions. Our satellite data modems can be activated under any one of our current pricing plans. Satellite data modems are a fast growing product group that provide solutions that are accessible in every region we serve. Their store-and-forward capability reduces the impact of our S-band downlink degradation for those customers who do not require real-time transmission and reception of data. The revenue that flows from these products provides an important and growing source of recurring service revenue and subscriber equipment sales for us.

Additionally, we offer a data acceleration and compression service to the satellite data modem market. This service increases web-browsing, email and other data transmission speeds without any special equipment or hardware.

Other Service Revenue

We also provide certain engineering services to assist customers in developing new technologies related to our system. These services include installation of gateways and antennas.

Our Products

SPOT Satellite Messenger

In the fourth quarter of 2007, we introduced the SPOT satellite 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 our Simplex network and web-based mapping software, this device provides consumers with the capability to trace geographically or map the location of individuals. The product also enables users to transmit messages to a specific preprogrammed email address, phone or data device, including a request for assistance in the event of an emergency.

- **SPOT Satellite Messenger Addressable Market**

We believe the addressable market for our SPOT satellite messenger products and services in North America alone is approximately 50 million units. Our objective is to capture 2-3% of that market in the next few years. Our Simplex System, on which our SPOT satellite messenger products and services rely, covers approximately 60% of the world population. We intend to market our SPOT satellite messenger product 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 Messenger Pricing**

We intend the pricing for SPOT satellite messenger products and services to be extremely competitive. Annual service fees currently range from \$99.99 to approximately \$140.00 for our basic plan, and \$149.98 to approximately \$200.00 for plans with additional tracking capability. Retailers sell the equipment to end users at \$149.99 to \$280.00 per unit (subject to foreign currency rates) and determine subscription prices in their service areas.

We began commercial sales of SPOT satellite messenger products and services in November 2007, and the commercial success of these products and services cannot be assured. However, sales of SPOT satellite messenger products and services to date have shown that there is a viable market for affordable emergency and tracking functionality worldwide.

Voice and Data Equipment

We offer our services for use only with equipment designed to work on our network, which is typically sold to users in conjunction with an initial service plan. Our mobile phones, similar to ordinary cellular phones, are simple to use. In the fourth quarter of 2006, we began offering a new satellite-only GSP-1700 phone, which is an update to the GSP-1600. The GSP-1700 phone includes a user-friendly color LCD screen and a rugged, water resistant case available in multiple colors. The phones represent a significant improvement over earlier-generation equipment, and we believe that the advantages will drive increased adoption from prospective users as well as increased revenue from our existing subscribers as we launch our second-generation satellites. We also believe that the GSP-1700 is among the smallest, lightest and least-expensive satellite phones available. We are the only satellite network operator currently using the patented QUALCOMM CDMA technology that permits the selection of the strongest signal available. QUALCOMM will supply us with what we project will be a sufficient number of advanced mobile phone units and accessories and advanced data products to meet our expected demand through 2011.

Data-Only Duplex Equipment QUALCOMM GSP-1720 Satellite Voice and Data Modem

We introduced the GSP-1720 modem in the first half of 2007. The GSP-1720 is a satellite voice and data modem board with multiple antenna configurations and an enlarged set of commands for modem control and is smaller, less expensive and easier to operate than our previous product. We expect this board will be attractive to integrators because it has more user interfaces that are easily programmable, which makes it easier for value added resellers to integrate the satellite modem processing with the specific application (e.g., monitoring and controlling oil and gas pumps, monitoring and controlling electric power plants and more economically facilitating security and control monitoring of remote facilities).

Customers

The specialized needs of our global customers span many markets. Our system is able to offer our customers cost-effective communications solutions in areas underserved or unserved by existing telecommunications infrastructures. Although traditional users of wireless telephony and broadband data services have access to these services in developed locations, our targeted customers often operate or live in remote or under-developed regions where these services are not readily available or are not provided on a reliable basis.

Our top revenue generating markets in the United States and Canada are (i) government (including federal, state and local agencies), public safety and disaster relief, (ii) recreation and personal and (iii) maritime and fishing, comprising 26%, 16% and 7%, respectively, of our total subscribers in those regions at December 31, 2008. We also serve customers in the telecommunications, oil and gas, natural resources (mining and forestry), and construction and utilities markets, which together comprised approximately 20% of our total subscribers in the United States and Canada at December 31, 2008. We focus our attention on obtaining customers who will be long-term users of our services and products and who will generate high average revenue per user and, therefore, higher revenue growth.

None of our customers was responsible for more than 10% of our revenue in 2008, 2007 or 2006.

Our Spectrum

In most of the world, we were originally authorized to operate a wireless communications network via satellite in 27.85 MHz of radio spectrum comprised of two blocks of contiguous global radio frequencies. In the United States, the FCC reduced our assignment from 27.85 MHz to 25.225 MHz in November 2007. In October 2008, the FCC directed us to reduce our global spectrum usage by the same amount. We have appealed the FCC's decision reducing our U.S. assignment and have asked the FCC to reconsider its October 2008 decision applying its November 2007 decision outside the United States. See "Regulation—United States FCC Regulation." Most of our competitors only have access to spectrum frequencies regionally. Access to this global spectrum enables us to design satellites, network and terrestrial infrastructure enhancements cost effectively because the products and services can be deployed and sold worldwide. This broad spectrum assignment enhances our ability to capitalize on existing and emerging wireless and broadcast applications.

Because most of the desirable spectrum below 3GHz has already been allocated by the FCC or will be auctioned by the FCC for terrestrial wireless services, we believe there are limited options for new MSS spectrum allocations in the United States. The European Community and other countries are considering whether to authorize MSS service in the 2 GHz MSS spectrum. The FCC authorized ICO Global and TerreStar to operate in this band several years ago. Our spectrum location near the PCS bands should allow us to deploy cost effectively the terrestrial component of an ATC network by leveraging existing terrestrial wireless infrastructures and by adopting off-the-shelf infrastructure equipment to our spectrum bands. Further, we believe the ability of our current network to support

ATC services allows us to introduce new services and capabilities before our competitors, who must first launch new satellites. To that end, we have entered into an agreement with Open Range Communications, Inc. which we believe will begin to deploy its ATC services in 2009. See "Ancillary Terrestrial Component (ATC)—ATC Opportunities." We are exploring selective opportunities with a variety of additional media and communication companies to capture the full potential of our spectrum and U.S. ATC license. See "Ancillary Terrestrial Component (ATC)."

The FCC has allocated a total of 40 MHz of spectrum at 2 GHz for mobile satellite services. This augments the mobile satellite services spectrum allocation at 1.6 and 2.4 GHz and 1.5 and 1.6 GHz. In 2001, we received a license to use a portion of this 2 GHz spectrum. In February 2003, the FCC's International Bureau cancelled our authorization based upon our alleged inability to meet future construction milestones and, in June 2004, the FCC affirmed this cancellation. We have asked for reconsideration of the cancellation although there can be no assurance that the FCC will reconsider it. See "Regulation—2 GHz Spectrum" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview."

Domestic and Foreign Revenue

We supply services and products to a number of foreign customers. Although most of our sales are denominated in U.S. dollars, we are exposed to currency risk for sales in Canada, Europe and Brazil. In 2008, approximately 40% of our sales were denominated in foreign currencies. For information on our revenue from sales to foreign and domestic customers, see Note 9 to our consolidated financial statements in Item 8 of this Report.

Our Network

Our satellite network includes, at any given time, approximately 48 in-orbit operational low earth orbit satellites, plus in-orbit spares. The design of our orbital planes ensure that generally at least one satellite is visible from any point on the earth's surface between 70° north latitude to 70° south latitude. A gateway must be within line-of-sight of a satellite to provide services and we have positioned our gateways to cover most of the world's land and population. In response to the S-band degradation in our existing satellites, described elsewhere in this Report, we believe we have optimized the service availability of our duplex services, while seeking to maintain the reliability of our Simplex services, by creating a constellation that combines two different orbital configurations. Each satellite has a high degree of on-board subsystem redundancy, an on-board fault detection system and isolation and recovery for safe and quick risk mitigation. Our ability to reconfigure the orbital location of each satellite provides us with operating flexibility and continuity of service. The design of our space and ground control system facilitates the real time intervention and management of the satellite constellation and service upgrades via hardware and software enhancements.

In November 2006, we entered into a definitive contract with Thales Alenia Space to construct 48 satellites for our second-generation low-orbit satellite constellation and to provide launch-related and operations support services. 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 for our second-generation satellite constellation. 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, our Launch Provider will make four launches of six satellites each, and we have the option to require our Launch Provider to make four additional launches of six satellites each. The contract price for the procurement of our second-generation satellite constellation and related launch services (excluding launch services for the second 24 satellites) is approximately \$1.26 billion (the majority of which is denominated in Euros, at a weighted average conversion rate of €1.00=\$1.3151) of which we spent \$414.2 million through December 31, 2008.

In May 2008, we entered into a contract with Hughes Network Systems, LLC ("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 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.

In October 2008, we signed an agreement with Ericsson Federal Inc. ("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. We are currently designing the new core network system with Ericsson.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Commitments."

Our satellites communicate with a network of 26 gateways, each of which serves an area of approximately 700,000 to 1,000,000 square miles. We own 13 of these gateways and the rest are owned by independent gateway operators. In addition to our satellites and 13 gateways, we have in storage spare parts for our gateways and our independent gateway operators' gateways, including antennas and gateway electronic equipment. We selectively replace parts as necessary, and anticipate that this supply will be sufficient to serve all of our gateway needs throughout the expected life of our existing satellite constellation and beyond the introduction of upgraded gateways designed and supplied by Hughes, which will begin delivering in 2011.

Each of our gateways has multiple antennas that communicate with our satellites and pass calls seamlessly between antenna beams and satellites as the satellites traverse the gateways, thereby reflecting the signals from our users' terminals to our gateways. Once a satellite acquires a signal from an end-user, the serving gateway authenticates the user and establishes the voice or data channel to complete the call to the public switched telephone network, to a cellular or another wireless network, or, in the case of a Simplex data call, to the internet.

We believe that our terrestrial gateways provide a number of advantages over the in-orbit switching used by our principal competitor, including better call quality and convenient regionalized local phone numbers for inbound calling. We also believe that our network's design, which relies on terrestrial gateways rather than in-orbit switching, enables faster and more cost-effective system maintenance and upgrades because the system's software and much of its hardware is based on the ground. Our multiple gateways allow us to reconfigure our system quickly to extend another gateway's coverage to make up some or all of the coverage of a disabled gateway or to handle increased call capacity resulting from surges in demand.

Our network uses QUALCOMM's patented CDMA technology to permit dynamic selection of the strongest available signals. Patented receivers in our handsets track the pilot channel or signaling channel as well as three additional communications channels simultaneously. Compared to other satellite and network architectures, we offer superior call clarity, virtually no discernable delay and, with satellites unaffected by the S-band antenna degradation, a low incidence of dropped calls. Our system architecture provides full frequency re-use. This maximizes diversity (which maximizes quality) and maximizes capacity as the assigned spectrum can be reused in every satellite beam in every satellite. Our network also works with internet protocol data for reliable transmission of IP messages. We have a long-standing relationship with QUALCOMM for the manufacture of our phone handsets and data terminals.

Although our network is CDMA-based, it is configured so that we can also support one or more other air interfaces that we select in the future. For example, we have developed a non-QUALCOMM proprietary CDMA technology for our Simplex data services. Because our satellites are essentially "mirrors in the sky," and all of our network's switches and hardware are located on the ground, we can easily and relatively inexpensively modify our ground hardware and software to use other wave forms to meet customer demands for new and innovative services and products. At this time, we are developing several inexpensive additional products and services which will operate in this manner.

Gateway Acquisitions and Openings

Effective January 1, 2006, we consummated the purchase of all of the issued and outstanding stock of Globalstar Americas Holding ("GAH"), Globalstar Americas Telecommunications ("GAT"), and Astral Technologies Investment Limited ("Astral"), collectively, the "GA Companies." The GA Companies owned assets, contract rights, and licenses to operate a satellite communications business in Panama, Nicaragua, Honduras, El Salvador, Guatemala, and Belize. The purchase of the GA Companies has enhanced our presence and coverage in Central America. We paid the \$5.2 million purchase price for the GA Companies by issuing approximately 521,000 shares of our Common Stock to the selling stockholders of the GA Companies for the purchase price and interest. See Note 3 to our Consolidated Financial Statements in Item 8 of this Report.

In March 2008, we acquired an independent gateway operator that owns three gateways in Brazil for \$6.5 million. We also incurred transaction costs of \$0.3 million related to this acquisition. Again, we paid the purchase price primarily in our Common Stock. The acquisition allowed us to expand our coverage in South America and engage in discussions with potential partners to provide ATC-type services in Brazil. See Note 3 to our Consolidated Financial Statement in Item 8 of this Report. We are unable to predict the timing or cost of further acquisitions because independent gateway operations vary in size and value.

We have completed construction of a gateway in Singapore at a total cost of approximately \$4.0 million. This gateway was fully operational for Simplex service in October 2008. We expect to introduce Duplex service when our second-generation constellation becomes operational.

We have entered into an agreement with Globaltouch (West Africa) Limited to construct and operate a gateway in Kaduna, Nigeria, for which Globaltouch has paid us \$6.8 million of its \$8.4 million purchase obligation. As of March 1, 2009, we had acquired 24% of the ordinary shares of Globaltouch for \$1.8 million.

Ancillary Terrestrial Component (ATC)

Background

In February 2003, the FCC adopted rules that permit satellite service providers to establish ATC networks. ATC authorization enables the integration of a satellite-based service with terrestrial wireless services, resulting in a hybrid mobile satellite services/ATC network designed to provide advanced services and broad coverage throughout the United States. The ATC network would extend our services to urban areas and inside buildings where satellite services currently are impractical, as well as to rural and remote areas that lack terrestrial wireless services. We believe we are at the forefront of ATC development and expect to be among the first market entrants. For a description of the FCC's ATC rules and our authorization to provide ATC services, see "Regulation—United States FCC Regulation—ATC."

On April 10, 2008, the FCC issued a decision extending our ATC authorization from 11MHz to a total of 19.275 MHz of our spectrum, 7.775 MHz of which is in the L-band and 11.5 MHz is in the S-band. Outside the United States, other countries are implementing regulations to facilitate ATC

services. We expect to pursue ATC licenses in jurisdictions such as Canada and the European Community.

In keeping with the FCC's decision, ATC services must be complementary or ancillary to mobile satellite services in an "integrated service offering," which can be achieved by using "dual-mode" devices capable of transmitting and receiving mobile satellite and ATC signals. Further, user subscriptions that include ATC services must also include mobile satellite services. Because of these requirements, the number of potential early stage competitors in providing ATC services is limited, as only mobile satellite services operators who are offering commercial satellite services can provide ATC services. At the time we commence ATC operations, we must meet, or secure from the FCC a waiver, of all of the FCC's authorization, or "gating" requirements, including having an operational in-orbit spare satellite.

ATC Opportunities

We believe we are uniquely positioned to benefit from the development of our ATC license given our existing in-orbit satellite fleet and ground stations and we expect to be the first to introduce these services. Unlike several of our competitors, who need to launch new satellites and build ground facilities, our existing constellation and our ground stations, with relatively minor modification, are technically capable of accommodating ATC operations. Even with high-bit rate applications, we believe that our network and spectrum are sufficient to meet the demanding band-width requirements of the current and next generation of wireless services.

We could offer the following terrestrial services, among others, with ATC:

- mobile voice
- mobile broadband data
- fixed broadband data
- voice over internet protocol, or VOIP
- multi-casting and broadcasting services for music and video

On October 31, 2007, we entered into an agreement with Open Range Communications, Inc., or Open Range, 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 terrestrial wireless WiMAX services with a dual mode terrestrial/MSS terminal to over 500 rural American communities. Open Range will use our spectrum to offer dual mode mobile satellite based and terrestrial wireless WiMAX services to up to over 500 rural American communities. 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. See—"Management's Discussion and Analysis of Financial Conditions and Results of Operations—Overview."

On April 10, 2008, the FCC increased our ATC grant to a total of 19.275 MHz in our two frequency bands. The FCC's order is now final and effective. On May 16, 2008, we filed an application with the FCC to modify our authorization by adding additional wave forms. One of these is the time division duplex (TDD) WiMAX wave form that Open Range intends to deploy. Two parties, Iridium and Sprint Nextel, filed petitions to deny our application, and we and Open Range filed our oppositions to their petitions. On October 31, 2008, the FCC granted us the authority necessary to implement our agreement with Open Range but deferred a decision on waveforms other than WiMax. CTIA—The Wireless Industry Association petitioned the FCC to reconsider its decision and Iridium

filed a petition for review in the U.S. Court of Appeals for the District of Columbia Circuit. At the FCC's request, the court is holding the appeal in abeyance pending the FCC's action on the petition for reconsideration.

Northern Sky Research has predicted that the ATC services market will account for 29% of in-service mobile satellite units and 16% of industry retail revenues by the end of 2010.

Competition

The global communications industry is highly competitive. We currently face substantial competition from other service providers that offer a range of mobile and fixed communications options. Our most direct competition comes from other global mobile satellite services providers. Our two largest global competitors are Inmarsat and Iridium. We compete primarily on the basis of coverage, quality, portability and pricing of services and products.

Inmarsat has been a provider of global communications services since 1982. Inmarsat owns and operates a fleet of geostationary satellites. Due to its multiple-satellite geostationary system, Inmarsat's coverage area extends and covers most bodies of water more completely than we do. Accordingly, Inmarsat is the leading provider of satellite communications services to the maritime sector. Inmarsat also offers global land-based and aeronautical communications services. Inmarsat generally does not sell directly to customers. Rather, it markets its products and services principally through a variety of distributors, including Stratos Global Corporation, Telenor Satellite Services, Vizada (formerly France Telecom Mobile Satellite), KDDI Corporation and The SingTel Group, who, in most cases, sell to additional downstream entities who sell to the ultimate customer. We compete with Inmarsat in several key areas, particularly in our maritime markets. We believe that the size and functionality of our mobile handsets and data devices are superior to Inmarsat's fixed units, which tend to be significantly bulkier and more cumbersome to operate. In addition, our products generally are substantially less expensive than those of Inmarsat.

Iridium owns and operates a fleet of low earth orbit satellites that is similar to our network of satellites. Iridium entered into bankruptcy protection in March 2000 and was out of service from March 2000 to January 2001. Since Iridium emerged from bankruptcy in 2001, we have faced increased competition from Iridium in some of our target markets. Iridium provides data and voice services at rates of up to 2.4 Kbps, which is approximately 25% of our uncompressed speed. In September 2008, GHQ Acquisition Corp. ("GHQ") and Iridium Holdings LLC signed an agreement under which GHQ will acquire the parent company of Iridium subject to shareholder and regulatory approvals. We have filed an objection to the acquisition with the FCC.

We compete with regional mobile satellite communications services in several markets. In these cases, our competitors serve customers who require regional, not global, mobile voice and data services, so our competitors present a viable alternative to our services. All of these competitors operate geostationary satellites. Our regional mobile satellite services competitors currently include Thuraya, principally in the Middle East and Africa; ACeS (now operated by Inmarsat) in Asia; SkyTerra (formerly MSV) and SkyTerra (Canada), Inc. (formerly Mobile Satellite Ventures Canada) in the Americas; and Optus MobileSat in Australia.

In some of our markets, such as rural telephony, we compete directly or indirectly with very small aperture terminal operators that offer communications services through private networks using very small aperture terminals or hybrid systems to target business users. Very small aperture terminal operators have become increasingly competitive due to technological advances that have resulted in smaller, more flexible and cheaper terminals.

We compete indirectly with terrestrial wireline (landline) and wireless communications networks. We provide service in areas that are inadequately covered by these ground systems. To the extent that

terrestrial communications companies invest in underdeveloped areas, we will face increased competition in those areas. We believe that local telephone companies currently are reluctant to invest in new switches and landlines to expand their networks in rural and remote areas due to high costs and to decreasing demand and subscriber line loss associated with wireless telephony. Many of the underdeveloped areas are sparsely populated so it would be difficult to generate the necessary returns on the capital expenditures required to build terrestrial wireless networks in such areas. We believe that our solutions offer a cost-effective and reliable alternative to ground-based wireline and wireless systems and that continued growth and utilization will allow us to further lower costs to consumers.

With the launch of the SPOT satellite messenger, we created a new product category by combining a GPS receiver with a multi-featured satellite transmitter. The SPOT satellite messenger can send a user's GPS coordinates and status to others for tracking, notification of "OK" or "HELP" status, or to alert emergency responders. We compete indirectly with Personal Locator Beacons (PLBs). A variety of manufacturers, including ACR Electronics and McMurdo, offer PLBs to an industry specification. PLBs provide only emergency response services via the COSPAS-SARSAT satellite system, and therefore do not assess any service fees. Currently, PLB hardware is considerably more expensive than SPOT satellite messenger hardware.

Our industry has significant barriers to entry, including the cost and difficulty associated with obtaining spectrum licenses and successfully building and launching a satellite network. In addition to cost, there is a significant amount of lead-time associated with obtaining the required licenses, designing and building the satellite constellation and synchronizing the network technology. We will continue to face competition from Inmarsat and Iridium and other businesses that have developed global mobile satellite communications services in particular regions. We will also face competition from incipient mobile satellite ATC services providers, such as TerreStar and ICGlobal, who are currently designing a core satellite operating business and a terrestrial component around their spectrum holdings.

Employees

As of December 31, 2008, we had 415 full-time employees and 4 part-time employees. Approximately 40 of those employees who work in Brazil were subject to collective bargaining agreements. We consider our employee relations to be good.

Intellectual Property

At December 31, 2008, we held 78 U.S. patents with 13 additional U.S. patents pending and 10 foreign patents with 18 additional foreign patents pending. These patents expire between 2010 and 2021. These patents cover many aspects of our satellite system, our global network and our user terminals. In recent years, we have reduced our foreign filings and allowed some previously-granted foreign patents to lapse based on (a) the significance of the patent, (b) our assessment of the likelihood that someone would infringe in the foreign country, and (c) the probability that we could or would enforce the patent in light of the expense of filing and maintaining the foreign patent which, in some countries, is quite substantial. We continue to maintain all of the patents in the United States, Canada and Europe which we believe are important to our business.

In January 2009, Sorensen Research and Development filed a patent infringement complaint involving our SPOT satellite messenger in a U.S. district court. See "Item 3. Legal Proceedings."

Regulation

United States FCC Regulation

Mobile Satellite Services Spectrum and Satellite Constellation.

Our satellite constellation and four U.S. gateways are licensed by the FCC. Our system is sometimes called a "Big LEO" (for "low earth orbit") system.

Prior to November 9, 2007, we held regulatory authorization for two pairs of frequencies on our current system: user links (from the user to the satellites, and vice versa) in the 1610 - 1621.35 and 2483.5 - 2500 MHz bands and feeder links (from the gateways to the satellites, and vice versa) in the 5091 - 5250 and 6875 - 7055 MHz bands. 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 us while increasing the L-band spectrum available to Iridium by 2.625 MHz. On February 5, 2008, we filed a notice of appeal of the FCC's decision in the U.S. Court of Appeals for the D.C. Circuit. The court heard oral argument on February 17, 2009, and should issue a decision later in 2009.

In a related matter, on October 15, 2008, the FCC interpreted its November 7, 2007 decision as applying to our service globally, not only in the United States where the FCC has jurisdiction. The FCC invited us to file a request for waiver of its decision where the decision would cause unusual hardship, and we have done so. We have also petitioned the FCC to reconsider its interpretation. We cannot predict when, or if, the FCC will act on our waiver request and petition.

The FCC authorizes the operation of our satellite constellation and our gateways and mobile phones in the United States. We will need FCC approval for the operation of our second-generation constellation, but we believe this approval will be routine. Gateways outside the United States are licensed by the respective national authorities; these licenses are held by our foreign subsidiaries or the independent gateway operators.

Three of our subsidiaries hold our FCC licenses. Globalstar Licensee LLC holds our mobile satellite services license. GUSA Licensee LLC ("GUSA"), is authorized by the FCC to distribute mobile and fixed subscriber terminals and to operate gateways in the United States. GUSA also holds the licenses for our gateways in Texas, Florida and Alaska. Another subsidiary, GCL Licensee LLC ("GCL"), holds an FCC license to operate a gateway in Puerto Rico. GCL is also subject to regulation by the Puerto Rican regulatory agency.

ATC.

In January 2006, the FCC granted our application to add an ATC service to our existing mobile satellite services. ATC authorization enables the integration of a satellite-based service with terrestrial wireless services, resulting in a hybrid mobile satellite services/ATC network designed to provide advanced services and ubiquitous coverage throughout the United States. The FCC regulates mobile satellite services operators' ability to provide ATC-related services, and our authorization is predicated on compliance with and achievement of various "gating criteria" adopted by the FCC in February 2003 and summarized below.

- The mobile satellite services operator must demonstrate that its satellites are capable of providing substantial satellite service to all 50 states, Puerto Rico and the U.S. Virgin Islands and that its network can offer commercial mobile satellite services service to subscribers throughout that area. A mobile satellite services operator can provide ATC services only within its satellite footprint and within its assigned spectrum.

- Mobile satellite services and ATC services must be fully integrated either by supplying subscribers with dual-mode mobile satellite services/ATC devices or otherwise showing that the ATC service is substantially integrated with the mobile satellite services service.
- Companies, including our company, that operate low earth orbit constellations must maintain an in-orbit spare satellite at the time that they initiate ATC service.
- The mobile satellite services operator may not offer terrestrial-only subscriptions.

In April 2008, the FCC granted, in part, our petition to use all of our remaining spectrum for ATC services. We are now authorized to provide ATC over an aggregate 19.275 MHz of our licensed spectrum, including the portion of our S-band between 2483.5 and 2495 MHz and in the portion of the L-band that we do not share with Iridium.

2 GHz Spectrum.

On July 17, 2001, the FCC granted Old Globalstar and seven other applicants authorizations to construct, launch and operate mobile satellite services systems in the 2 GHz mobile satellite services band, subject to strict milestone requirements. In the case of foreign-licensed applicants, the FCC "reserved" spectrum but required the foreign applicants to meet the same milestones as the domestic applicants. On July 17, 2002, Old Globalstar requested the FCC to grant certain waivers of later milestones. On January 30, 2003, the FCC's International Bureau denied our waivers and declared the 2 GHz license to be null and void. In June 2004, the FCC declined to reverse that decision, and we requested reconsideration, which request remains pending. Subsequently, all but two of the other licensees (TerreStar Networks, Inc., a Canadian company licensed by Industry Canada, and ICO Global Communications, a company licensed in the U.K.) either surrendered their licenses or had them cancelled.

On December 9, 2005, the FCC decided to reserve all of the 40 MHz allocation for TerreStar and ICO Global Communications, both of which are non-U.S. corporations, although the reservation was made expressly subject to the outcome of our request for reconsideration of the invalidation of our 2 GHz license. It is unlikely that the FCC will reverse its decision; however, we do not believe that our existing operations or plans for the introduction of ATC services or for a second-generation satellite constellation will be adversely impacted if the 2 GHz license is not reinstated.

Spectrum Sharing.

In July 2004, the FCC issued a decision giving Iridium shared access to the 1618.25 - 1621.35 MHz portion of our 1610 - 1621.35 MHz band and requested comments on whether it should require us to share an additional 2.25 MHz of spectrum with Iridium. In shared spectrum, we and Iridium are "co-primary" for uplink usage, but we retain priority and are "primary" with respect to the downlink usage in this band. We opposed any further sharing and requested reconsideration of certain portions of this decision, including the specific frequencies that must be shared with Iridium and the technical requirements that will govern the sharing. Iridium sought to extend the sharing over an additional 2.25 MHz of our spectrum, which we vigorously opposed. On November 9, 2007, the FCC issued a Second Order on Reconsideration changing our and Iridium's assignments. We and Iridium each now have access to 7.775 MHz of unshared spectrum, and we share 0.950 MHz of spectrum in the center of the band. The FCC expects us and Iridium to reach a mutually acceptable coordination agreement in the shared portion. On February 5, 2008, we filed a notice of appeal of the FCC's decision in the U.S. Court of Appeals for the D.C. Circuit. Oral argument took place on February 17, 2009. On October 15, 2008, the FCC released an Order of Modification ("Order") modifying both our and Iridium's satellite constellation licenses consistent with its Second Report. The FCC's Order, which was effective December 14, 2008, reduces our spectrum assignment not only in the United States but globally. The

FCC invited us to file applications for waiver of the Order in the event that the Order would cause particular hardship which we have done. We have also petitioned the FCC to reconsider its decision.

Also in the July 2004 decision, the FCC required us to share the 2496 - 2500 MHz portion of our downlink spectrum with certain Broadband Radio Service fixed wireless licensees and with about 100 "grandfathered" Broadcast Auxiliary Service licensees. We expect the latter to be relocated out of the band in the relatively near future. Although we and others requested reconsideration of certain of the rules that will govern our sharing with these Broadband Radio Service and Broadcast Auxiliary Service licensees, the FCC affirmed this portion of its decision in an order issued in April 2006. Certain parties have filed further requests with the FCC for reconsideration of this decision, which we have opposed. In addition, on July 21, 2006, Sprint Nextel Corporation ("Sprint Nextel") one of the largest Broadband Radio Service licensees, filed an appeal of the FCC's decision to relocate them to the 2496-2500 MHz band with the U.S. Court of Appeals for the D.C. Circuit. The court is holding the case in abeyance pending the FCC's decision on reconsideration.

International Coordination

Our system operates in frequencies which were allocated on an international basis for mobile satellite services user links and mobile satellite services feeder links. We are required to engage in international coordination procedures with other proposed mobile satellite services systems under the aegis of the International Telecommunications Union. We believe that we have met all of our obligations to coordinate our system.

National Regulation of Service Providers

In order to operate gateways, the independent gateway operators and our affiliates in each country are required to obtain a license from that country's telecommunications regulatory authority. In addition, the gateway operator must enter into appropriate interconnection and financial settlement agreements with local and interexchange telecommunications providers. All 26 gateways which we and the independent gateway operators operate are licensed. An independent gateway operator in South Africa, Vodacom, was unable to secure a license to activate and operate the gateway in that country and turned the gateway over to Telkom, the South African telephone company, in settlement of debts. We have initiated efforts to reestablish the business in South Africa through our own subsidiary. In January 2009, we obtained new operating licenses that allow us to provide a broad array of services in South Africa. However, we expect to do so with or through a local telecommunications company, which we have not yet arranged

Our subscriber equipment generally must be type certified in countries in which it is sold or leased. The manufacturers of the equipment and our affiliates or the independent gateway operators are jointly responsible for securing type certification. Thus far, our equipment has received type certification in each country in which that certification was required.

United States International Traffic in Arms Regulations

The United States International Traffic in Arms regulations under the United States Arms Export Control Act authorize the President of the United States to control the export and import of articles and services that can be used in the production of arms. The President has delegated this authority to the U.S. Department of State, Directorate of Defense Trade Controls. Among other things, these regulations limit the ability to export certain articles and related technical data to certain nations. Some information involved in the performance of our operations falls within the scope of these regulations. As a result, we may have to obtain an export authorization or restrict access to that information by international companies that are our vendors or service providers. We have received and expect to continue to receive export licenses for our telemetry and control equipment located outside the United

States and for providing technical data to our Launch Provider and the developers of our next generation of satellites.

Environmental Matters

We are subject to various laws and regulations relating to the protection of the environment and human health and safety (including those governing the management, storage and disposal of hazardous materials). Some of our operations require continuous power supply. As a result, current and historical operations at our ground facilities, including our gateways, include storing fuel and batteries, which may contain hazardous materials, to power back-up generators. As an owner or operator of property and in connection with our current and historical operations, we could incur significant costs, including cleanup costs, fines, sanctions and third-party claims, as a result of violations of or in connection with liabilities under environmental laws and regulations.

Additional Information

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). You may read and copy any document we file with the SEC at the SEC's public reference room at 100 F Street, NE, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for information on the public reference room. The SEC maintains an internet site that contains annual, quarterly and current reports, proxy and information statements and other information that issuers (including Globalstar) file electronically with the SEC. Our electronic SEC filings are available to the public at the SEC's internet site, www.sec.gov.

We make available free of charge financial information, news releases, SEC filings, including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports as soon as reasonably practical after we electronically file such material with, or furnish it to, the SEC, on our website at www.globalstar.com. The documents available on, and the contents of, our website are not incorporated by reference into this Report.

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.

Risks Related to Our Business

If we fail to obtain, on a timely basis, the additional financing necessary to fund the procurement and deployment of our second-generation constellation and other related construction costs and ongoing operations, which are generating negative cash flows, we may not be able to continue as a going concern.

We must obtain additional financing to fund the procurement and deployment of our second-generation constellation and other related construction costs and our on-going operations, which are currently generating negative cash flows. Due to the worldwide economic crisis and the tight credit market, obtaining suitable financing remains challenging. Our registered public accounting firm's audit report on our consolidated financial statements as of December 31, 2008, and for the year then ended includes a "going concern" explanatory paragraph that expresses substantial doubt about our ability to continue as a going concern. The "going concern" explanatory paragraph reflects substantial doubt about our ability to obtain this financing in a timely manner. We are pursuing a number of options involving issuance of additional debt, equity or both to obtain the required funding as well as seeking

to reduce our internal costs and aggressively grow our revenues. We cannot assure you that the necessary additional financing will be obtained on acceptable terms, if at all. If we fail to obtain the necessary additional financing in a timely manner, the construction of our second-generation satellite constellation, related construction costs and our ongoing operations will be materially adversely impacted. We could default on our commitments to our satellite, launch, ground facilities and other third party vendors, possibly leading to termination of our second-generation construction contracts or other contracts, some of which have substantial termination fees. We may also be required to reduce substantially our ongoing operations or discontinue operations altogether. If we do not procure and deploy our second generation constellation and/or discontinue operations, we may lose our FCC license, international spectrum rights and/or ATC authority in the United States. If we lose our FCC license, rights to international spectrum or ATC authority, we will lose the right to operate our business in those parts of the world and may not be able to continue as a going concern and would be required to sell our satellite business or assets in those areas of the world or cease operations all together.

In addition, we may have difficulty maintaining existing relationships, or developing new relationships, with suppliers or vendors as a result of our financial condition. Our suppliers or vendors could choose to provide supplies or services to us on more stringent payment terms than those currently in place, such as by requiring advance payment or payment upon delivery of such supplies or services, which would have an adverse impact on our short-term cash flows. As a result, our ability to retain current customers, attract new customers and maintain contracts that are critical to our operations may be adversely affected.

Finally, these events may result in defaults under our current financing arrangements which would permit acceleration of our indebtedness and exercise of remedies by our lenders.

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 an operating loss of \$24.6 million in 2007. Largely as a result of problems with our two-way communications services, we incurred an operating loss of \$57.7 million in 2008. 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 some have failed, which causes our network to be compromised and which materially and adversely affects our business, prospects and profitability.

Since the first Old Globalstar satellites were launched in 1998, 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.

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 2008, our ARPU decreased by 24% to \$35.19 from \$46.26 in 2007. In addition, our service revenue declined from \$78.3 million to \$61.8 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.

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.

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
- 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 recently 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 fourth quarter of 2009, and we have arranged with Thales Alenia Space for acceleration of a portion of the initial 24 satellites by up to four months, there can be no assurance that the delivery of these satellites will be timely. We have not arranged an alternative source if Thales Alenia Space is unable or unwilling to fulfill these contracts. If Thales Alenia Space fails to deliver these initial satellites in a timely manner, our ability to meet our projected launch schedule would be materially adversely affected, and our operations and business plan, which assume a functioning second-generation satellite constellation by 2010, would be materially adversely affected.

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. There is some risk that the FCC will not grant our application as filed, in which case we might not be able to re-establish our duplex services as soon as planned.

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

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

For each of 2008 and 2007, we derived approximately 86% 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 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 in part on the market acceptance and success of our SPOT satellite messenger and other Simplex 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.

Although we now have more than a year's experience distributing our SPOT satellite messenger, we cannot predict with certainty the potential longer term demand for the services we offer or the extent to which we will be able to meet that demand. A survey has assessed the potential addressable market for SPOT satellite messenger products and services in North America at 50 million units, but the actual size of the market is unknown and subject to significant uncertainty. Our objective is to capture 2-3% of that market in the next few years, but we cannot assure you that we will reach that goal. Demand for our Simplex offerings in general, in particular geographic markets, for particular types of services or during particular time periods may not enable us to generate sufficient positive cash flow to fund a portion of the cost of our second-generation satellite constellation. Among other things, end user acceptance of our Simplex offerings will depend upon:

- the actual size of the addressable market;
- our ability to provide attractive service offerings 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.

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 December 31, 2008, we had outstanding contractual obligations of over \$1.27 billion (a majority 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 do not currently have and have not arranged all of the funds necessary to fulfill these purchase commitments and may not be able to obtain them.

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.

We must raise additional capital in order to complete our second-generation satellite constellation.

We estimate the capital costs of procuring and deploying our second-generation satellite constellation and related upgrades to be approximately \$1.26 billion (at a weighted average conversion rate of €1.00=\$1.3151 and excluding launch costs for the second 24 satellites, internal costs and capitalized interest). As of December 31, 2008, we had incurred approximately \$514.4 million (excluding internal costs, capitalized interest but including \$43.5 million which is held in escrow pursuant to the contract for the procurement of our second-generation satellite constellation to secure our payment obligations under that contract) of this amount. We estimate approximately \$531.3 million (excluding launch costs related to the second batch of 24 satellites) will be incurred from January 1, 2009 through the third quarter of 2010, when we anticipate the launching of 24 second-generation satellites to be completed. We plan to fund approximately \$55.8 million of this amount from cash on hand (including our restricted funds held in escrow as described above) and approximately \$509.8 million with cash from other sources including but not limited to the sale of debt, equity or a combination of both or cash flow from operations, if positive. Our cash needs could increase depending on, for example, our operational requirements and continued declines in the value of the U.S. dollar against the Euro.

Our cash flow from operations was negative in 2007 and 2008, and we expect this to continue in 2009. Our ability to generate any portion of the required \$1.26 billion (at a weighted average conversion rate of €1.00=\$1.3151) from operations by late 2010 depends on our ability to generate substantial earnings from our SPOT satellite messenger and other Simplex products and to maintain our current level of revenue from subscribers for two-way communications service. We introduced SPOT satellite messenger products and services to consumers in November 2007; accordingly the longer term commercial success of this product is still uncertain. After 2010, our ability to generate sufficient cash from operations to complete construction of our second-generation satellite constellation is based on the continued success of these Simplex product offerings and our ability both to transition our then-existing two-way subscriber base to significantly increased ARPU through rejuvenated two-way service with our new satellites, and to add new two-way subscribers at higher priced service offerings consistent with the enhanced capabilities and increased service quality we expect from our second-generation satellite constellation.

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

Moreover, if for any other reason we are unable to deploy our second- generation satellite constellation before our current constellation ceases to provide commercially viable service, we are likely to lose subscribers, and will incur a further decline in revenues and profitability as our ability to provide commercially viable service declines.

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.

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.

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 and TerreStar Corporation 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.

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 2008 and 2007 accounted for, in the aggregate, approximately 11% and 16% of our total revenues of \$86.1 million and \$98.4 million, respectively. For 2008 and 2007, revenues from our largest customer were \$1.8 million or 2%, and \$6.2 million or 6% 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 12% and 11% of our total service revenue for 2008 and 2007, respectively. Government sales are made pursuant to individual purchase orders placed from time to time by the governmental agencies and are not related to long-term contracts. U.S. government agencies may terminate their business with us at any time without penalty 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.

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, one company has filed a lawsuit against us for allegedly infringing with its patent rights. See "Item 3—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, including the funds held in escrow to secure our payment obligations under the contract for construction of our second-generation satellite constellation, are denominated in Euros. Accordingly, our operating results may be significantly affected by fluctuations in the exchange rates for these currencies, 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.

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 \$10.5 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. We expect QUALCOMM to 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 2010. 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.

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 \$200.0 million in committed facilities under our restated and amended credit agreement had been drawn fully at December 31, 2008, our indebtedness would have been \$329.0 million. This would have resulted in annual interest expense of approximately \$36.2 million, assuming an interest rate of 11.0%. In addition, we anticipate incurring additional indebtedness in connection with our future business plans. Our indebtedness could:

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

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

Our ability to make scheduled payments on or to refinance indebtedness obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to sell assets, seek additional capital or seek to restructure or refinance our indebtedness.

These alternative measures may not be successful or feasible. Our credit agreement restricts our ability to sell assets. Even if we could consummate those sales, the proceeds that we realize from them may not be adequate to meet any debt service obligations then due.

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

Our credit agreement permits us to incur, in addition to the \$200.0 million of revolving credit and delayed draw term loans that Thermo Funding Company LLC, or Thermo Funding, has committed to advance under the credit agreement, other indebtedness under certain conditions, including up to \$250.0 million of additional equally and ratably secured, pari passu, term loans, up to \$200.0 million of unsecured debt and up to \$25.0 million of purchase money indebtedness or capitalized leases. We may incur this additional indebtedness only if no event of default under our credit agreement then exists and if we are in pro forma compliance with all of the financial covenants of our credit agreement. Our credit agreement also permits us to incur obligations that do not constitute "indebtedness" as defined in the credit agreement, including obligations to satellite vendors that are not evidenced by a note and not secured by assets other than those purchased with such obligations. To the extent additional debt or other obligations are added to our currently anticipated debt levels, the substantial indebtedness risks described above would increase.

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

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

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

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

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

terms that are acceptable to us. If our indebtedness is in default for any reason, our business, financial condition and results of operations could be materially and adversely affected. In addition, complying with these covenants may also cause us to take actions that are not favorable to holders of the common stock and may make it more difficult for us to successfully execute our business plan and compete against companies who are not subject to such restrictions. Furthermore, our ability to draw on our credit facility is subject to conditions, including the absence of a material adverse change after September 30, 2007 in our business or financial condition, other than a change resulting from existing and future first-generation satellite constellation degradation or failure issues.

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

On February 9, 2007, the first of three purported class action lawsuits was filed against us, our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO") in the United States District Court for the Southern District of New York alleging that our registration statement related to our initial public offering ("IPO") in November 2006 contained material misstatements and omissions. The Court consolidated the three cases as *Ladmen Partners, Inc. v. Globalstar, Inc.*, et al., Case No. 1:07-CV-0976 (LAP), and appointed Connecticut Laborers' Pension Fund as lead plaintiff. On September 30, 2008, the court granted our motion to dismiss the plaintiffs' Second Amended Complaint with prejudice. The plaintiffs (now appellants) appealed and filed their brief on January 29, 2009. Our brief was filed on March 30, 2009.

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

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

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 product and reduce our ability to raise additional capital in order to complete our second-generation constellation.

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 conditions also have materially impacted liquidity in the capital and credit markets, making terms for certain financings less attractive or unavailable. Continued uncertainty may negatively impact our ability to access additional financing or make it difficult or more costly to raise capital through the issuance of our equity or debt securities. 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) shareholders' 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. On March 6, 2009, the closing bid price of our common stock was \$0.37 and our public float was \$48.0 million. NASDAQ has suspended enforcement, through July 20, 2009, of the rules requiring a minimum closing bid price and a minimum market value of public float. After July 20, 2009, however, 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 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 credit agreement currently prohibits the payment of cash dividends.

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;
- failure to obtain adequate financing in a timely manner;
- 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;
- 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 136.6 million were issued and outstanding as of December 31, 2008 and 663.4 million were available for future issuance, of which approximately 27.1 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 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 but none issued. 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.

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 credit agreement 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 66²/₃% 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 credit 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, 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 December 31, 2008, Thermo owned approximately 48% of our outstanding 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. As of December 31, 2008, we were indebted to Thermo Funding under this credit agreement in the amount of \$166.1 million, and we borrowed an additional \$7.8 million under this credit agreement in 2009. These loans are secured by a first lien on

our assets and the assets of our domestic subsidiaries, other than our FCC licenses. Thermo is not obligated to provide any additional capital to us.

Thermo is controlled by James Monroe III, our chairman and chief executive officer. 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 and chief executive officer. 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 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.

Item 1B. Unresolved Staff Comments

Not Applicable

Item 2. Properties

Our principal headquarters are located in Milpitas, California, where we currently lease approximately 55,300 square feet of office space. We own or lease the facilities described in the following table (in approximate Sq Feet):

<u>Location</u>	<u>Country</u>	<u>Sq Feet</u>	<u>Facility Use</u>	<u>Owned/Leased</u>
El Dorado Hills, California	USA	11,000	Back-Up Control Center	Leased
Mississauga, Ontario	Canada	18,200	Canada Office	Leased
Milpitas, California	USA	55,300	Corporate Office	Leased
Dublin	Ireland	1,700	Europe Office	Leased
Caracas	Venezuela	2,200	Venezuela Office	Leased
Panama City	Panama	1,100	GAT Office	Leased
Seletar Satellite Earth Station	Singapore	4,500	Gateway	Leased
Clifton, Texas	USA	10,000	Gateway	Owned
Sebring, Florida	USA	9,000	Gateway	Leased
Barrio of Las Palmas, Cabo Rojo	Puerto Rico	6,000	Gateway	Owned
Aussaguel	France	4,600	Gateway	Leased
Los Velasquez, Edo Miranda	Venezuela	9,700	Gateway	Owned
Wasilla, Alaska	USA	5,000	Gateway	Owned
Smith Falls, Ontario	Canada	6,500	Gateway	Owned
High River, Alberta	Canada	6,500	Gateway	Owned
Managua	Nicaragua	10,900	Gateway	Owned
Manaus	Brazil	1,900	Gateway	Owned
Presidente Prudente	Brazil	1,300	Gateway	Owned
Rio de Janeiro	Brazil	7,700	Brazil Office	Leased
Petrolina	Brazil	2,500	Gateway	Owned

Our owned properties in Clifton, Texas and Wasilla, Alaska are encumbered by liens in favor of Thermo Funding under our credit agreement. See "Management's Discussion and Analysis—Contractual Obligations and Commitments."

Item 3. Legal Proceedings

From time to time, we are involved in 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 condition. We are involved in certain litigation matters as discussed below.

IPO Securities Litigation. On February 9, 2007, the first of three purported class action lawsuits was filed against us, our CEO and our CFO in the Southern District of New York alleging that our registration statement related to our initial public offering in November 2006 contained material misstatements and omissions and seeking damages and rescission under various provisions of the Securities Act of 1933. 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 our motion to dismiss the plaintiffs' Second Amended Complaint with prejudice. Plaintiffs appealed to the U.S. Second Circuit Court of Appeals. Plaintiffs filed their brief on January 29, 2009, and our responsive brief was filed March 30, 2009.

Stickrath v. Globalstar, Inc. On April 7, 2007, Kenneth Stickrath and Sharan Stickrath filed a purported class action complaint against us in the U.S. District Court for the Northern District of California, Case No. 07-cv-01941. The complaint is based on alleged violations of California Business & Professions Code § 17200 and California Civil Code § 1750, et seq., the Consumers' Legal Remedies Act. Plaintiffs claim that the amount in controversy exceeds \$5.0 million but do not allege any particular damages incurred. In July 2008 we 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. We filed our answer on February 2, 2009. We will continue to seek to have class certification denied and the case dismissed with prejudice.

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 our 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 our motion to intervene as a party in the case. We 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 us while increasing the L-band spectrum available to Iridium by 2.625 MHz. On February 5, 2008, we 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. We do not expect a decision until the third quarter of 2009.

Appeal of FCC ATC Decision. On October 31, 2008, the FCC issued an Order granting us modified Ancillary Terrestrial Component ("ATC") authority. The modified authority allows us 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 is holding the appeal in abeyance pending the FCC's decision on reconsideration.

Patent Infringement. On July 2, 2008, our 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 us 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 us in the U.S. District Court for the Southern District of California. We have filed an answer and counterclaim and a motion to stay the proceeding pending completion of the re-examination of the subject patent, which is now underway.

Sales and Use Tax. We are subject to a sales and use tax examination by the California Board of Equalization for the tax years ended 2005, 2006 and 2007. We believe that the amount accrued on our books related to sales and use tax contingency is adequate.

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

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Our Common Stock has been quoted on The NASDAQ Global Select Market under the symbol "GSAT" since November 2, 2006. Prior to that time, there was no public market for our stock. The following table sets forth the closing high and low prices of our Common Stock as reported by The NASDAQ Global Select Market for the period indicated:

<u>Quarter Ended:</u>	<u>High</u>	<u>Low</u>
March 31, 2007	\$14.68	\$9.75
June 30, 2007	\$11.20	\$9.05
September 30, 2007	\$12.10	\$7.33
December 31, 2007	\$ 9.84	\$6.39
March 31, 2008	\$ 9.05	\$6.50
June 30, 2008	\$ 7.59	\$2.79
September 30, 2008	\$ 3.20	\$1.55
December 31, 2008	\$ 1.75	\$0.15

As of March 6, 2009, we had 310 holders of record of our Common Stock. We have never declared or paid any cash dividends on our Common Stock. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future.

Item 6. Selected Financial Data

The following table presents our selected historical consolidated financial information and other data for the last five years, and as of December 31, 2008, 2007, 2006, 2005 and 2004. Our selected historical consolidated financial data for the years ended December 31, 2005 and 2004 and as of December 31, 2005 and 2004 has been derived from our audited consolidated balance sheets as of those dates, which are not included in this Report.

You should read the selected historical consolidated financial data set forth below together with our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," all included in Items 7 and 8 of this

Report. The selected historical consolidated financial data set forth below are not necessarily indicative of the results of future operations.

	Year Ended December 31,				
	2008	2007	2006	2005	2004
	(Dollars in thousands, except per share data, average monthly revenue per unit and average monthly churn rate)				
Statement of Operations Data:					
Revenue:					
Service revenue	\$ 61,794	\$ 78,313	\$ 92,037	\$ 81,472	\$ 57,927
Subscriber equipment sales(1)	24,261	20,085	44,634	45,675	26,441
Total revenue	86,055	98,398	136,671	127,147	84,368
Operating Expenses:					
Cost of services (exclusive of depreciation and amortization shown separately below)	37,132	27,775	28,091	25,432	25,208
Cost of subscriber equipment sales:					
Cost of subscriber equipment sales(2)	17,921	13,863	40,396	38,742	23,399
Cost of subscriber equipment sales—Impairment of assets	405	19,109	1,943	—	—
Total cost of subscriber equipment sales	18,326	32,972	42,339	38,742	23,399
Marketing, general and administrative	61,351	49,146	43,899	37,945	32,151
Restructuring	—	—	—	—	5,078
Depreciation and amortization	26,956	13,137	6,679	3,044	1,959
Impairment of assets	—	—	—	114	114
Total operating expenses	143,765	123,030	121,008	105,277	87,909
Operating Income (Loss)	(57,710)	(24,632)	15,663	21,870	(3,541)
Interest income	4,713	3,170	1,172	242	58
Interest expense(3)	(6,779)	(9,023)	(587)	(269)	(1,382)
Interest rate derivative loss	(3,259)	(3,232)	(2,716)	—	—
Other	(4,497)	8,656	(3,980)	(622)	921
Total other income (expense)	(9,822)	(429)	(6,111)	(649)	(403)
Income (loss) before income taxes	(67,532)	(25,061)	9,552	21,221	(3,944)
Income tax expense (benefit)	480	2,864	(14,071)	2,502	(4,314)
Net Income (Loss)	\$ (68,012)	\$ (27,925)	\$ 23,623	\$ 18,719	\$ 370

Balance Sheet Data:	As of December 31, 2008	As of December 31, 2007	As of December 31, 2006 (In Thousands)	As of December 31, 2005	As of December 31, 2004
Cash and cash equivalents	\$ 12,357	\$ 37,554	\$ 43,698	\$ 20,270	\$ 13,330
Restricted cash(4)	\$ 57,884	\$ 80,871	\$ 52,581	\$ —	\$ —
Total assets	\$ 803,038	\$ 512,975	\$ 331,701	\$ 113,545	\$ 63,897
Long-term debt	\$ 261,479	\$ 50,000	\$ 417	\$ 631	\$ 3,278
Redeemable common stock	\$ —	\$ —	\$ 4,949	\$ —	\$ —
Ownership equity	\$ 408,423	\$ 405,544	\$ 260,697	\$ 71,430	\$ 40,421

- (1) Includes related party sales of \$0, \$59, \$3,423 and \$440 for the years ended December 31, 2008, 2007, 2006 and 2005, respectively.
- (2) Includes costs of related party sales of \$0, \$46, \$3,041 and \$314 for the years ended December 31, 2008, 2007, 2006 and 2005, respectively.
- (3) Includes related party amounts of \$0, \$83, \$0 and \$176 for the years ended December 31, 2008, 2007, 2006 and 2005, respectively.
- (4) Restricted cash is comprised of funds held in escrow by two financial institutions to secure our payment obligations related to (i) our contract for the construction of the second-generation satellite constellation and (ii) the next five semi-annual interest payments on our 5.75% Senior Convertible Notes.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our consolidated financial statements and notes thereto in Item 8 of this Report.

Overview

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

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

Going Concern. We currently lack sufficient resources to fund the procurement and deployment of our second-generation constellation and other related construction costs and our on-going operations, which are currently generating negative cash flows. Due to the worldwide economic crisis and the tight credit market, obtaining suitable additional financing remains challenging. Our registered public accounting firm's audit report on our consolidated financial statements as of December 31, 2008, and for the year then ended includes a "going concern" explanatory paragraph that expresses substantial doubt about our ability to continue as a going concern. The "going concern" explanatory paragraph reflects substantial doubt about our ability to obtain this financing in a timely manner.

We have initiated plans to improve our liquidity by seeking a combination of debt and equity funding to procure and deploy our second-generation constellation and related ground infrastructure as well as to fund our current operations. Our plans also include restructuring our operations by seeking to reduce costs in underperforming markets and consolidate resources around the world to operate our network more efficiently. We have also undertaken a plan to market aggressively our Simplex based products, including the SPOT personal satellite messenger, to generate incremental cash flow from operations. If our plans are successful, we believe we will have sufficient liquidity to finance the anticipated costs to procure and deploy the second-generation constellation and related ground infrastructure costs and to fund our current operations for at least the next 12 months. However, the successful execution of our plans is dependent upon many factors, some of which are beyond our control. We cannot assure you that any portion of our plans will be achieved. If we fail to obtain the necessary additional financing in a timely manner, the procurement and deployment of our second-generation satellite constellation, related construction costs and our ongoing operations will be materially adversely impacted.

On March 25, 2009, we announced that Coface, the export credit agency acting on behalf of the French government, has agreed to provide long-term credit insurance in support of a proposed \$574 million credit facility to be extended to us by a syndicate of banks. Banks who have received initial credit committee approvals in relation to the credit facility, which will bear interest at approximately 6.3%, include PNB Paribas, Natixis and Societe Generale. The credit facility and our receipt of funding are subject to final documentation and closing conditions, and there can be no assurance that any closing will occur.

The principal closing conditions include the conversion into equity at closing of the senior secured term and revolving credit facility loans to us from Thermo Funding and our receipt of additional equity and contingent equity in an amount of approximately \$100 million, most of which is expected to be provided by Thermo Funding.

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

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

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

- *Financial resources and liquidity.* We currently lack sufficient funds to fulfill our commitments for capital expenditures and support our current operations. See "Going Concern" above.
- *The economy.* The current recession and its effects on credit markets and consumer spending is adversely affecting both sales of our products and services and our ability to obtain the additional financing necessary to fund our capital expenditures and current operations.
- *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 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. Among

other things, we requested Thales Alenia Space to present a four-part sequential plan for accelerating delivery of the initial 24 satellites of our second-generation constellation by up to four months. To date, we have accepted the first two portions of this plan. See "Part I, 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."

- *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 2009, and several competitors, such as ICO Global, 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 79% of our total assets at December 31, 2008 represented fixed assets. Although we plan to procure and deploy our second-generation satellite constellation and upgrade our gateways and other ground facilities, we may nevertheless become vulnerable to the successful introduction of superior technology by our competitors.
- *Capital expenditures.* We have incurred significant capital expenditures during 2007 and 2008 and we expect to incur additional significant expenditures through 2013 under the following commitments:
 - We estimate that procuring and deploying our second-generation satellite constellation and upgrading our gateways and other ground facilities will cost approximately \$1.26 billion (at a weighted average conversion rate of €1.00=\$1.3151 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 November, 2006, we entered into a contract with Thales Alenia Space for the construction of our second-generation constellation. The total contract price, including subsequent additions, will be approximately €670.3 million (approximately \$931.1 million at a weighted average conversion rate of €1.00 = \$1.3891 at December 31, 2008, 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 €258.1 million (approximately \$347.5 million) through December 31, 2008 under this contract. At our request, Thales Alenia Space has presented to us a four-part sequential plan for accelerating delivery of the initial 24 satellites by up to four months. The expected cost of this acceleration will range from approximately €6.7 million to €13.4 million (\$9.4 million to \$18.9 million at € 1.00 = \$1.4097 at December 31, 2008). In 2007, we accepted the first two portions of the Thales four-part sequential acceleration plan with an additional cost of €4.1 million (\$5.9 million at €1.00 = \$1.4499).
 - In March 2007, we entered into a €9.2 million (approximately \$13.1 million at a weighted average conversion rate of €1.00 = \$1.4252) 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 €6.7 million (approximately \$9.9 million) through December 31, 2008.

- 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, our Launch Provider will make four launches of six satellites each, and we have the option to require our Launch Provider to make four additional launches of six satellites each. The total contract price for the first four launches is \$216.1 million. 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 can defer payment on up to 75% of certain amounts due to the Launch Provider. The deferred payments will incur annual interest at 8.5% to 12% and become payable one month before the corresponding launch date. We have made aggregate payments under this contract of approximately \$26.3 million through December, 31, 2008.
- On May 14, 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 \$5.4 million through December 31, 2008. We expensed \$1.8 million of these payments and capitalized \$3.6 million as second-generation ground component.
- On October 8, 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.
- We have completed construction of a gateway in Singapore at a total cost of approximately \$4.0 million. This gateway was fully operational for Simplex service in October 2008. We expect to introduce Duplex service when our second-generation satellite constellation becomes operational.

See "Going Concern" and "Liquidity and Capital Resources" for a discussion of our requirements and resources for funding these capital expenditures.

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

Simplex Products (Personal Tracking Services and Emergency Messaging). In early November 2007, we introduced the SPOT satellite 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. We are continuing to work on second-generation SPOT-like applications.

- SPOT Satellite Messenger Addressable Market

We believe the addressable market for our SPOT satellite messenger products and services in North America alone is approximately 50 million units primarily made up 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 messenger products and services rely, covers approximately 60% of the world population. We intend to market our SPOT satellite 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 Messenger Pricing

We intend the pricing for SPOT satellite 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 \$140.00 for our basic level plan, and \$149.98 to approximately \$200.00 with additional tracking capability. The equipment is sold to end users at \$149.99 to approximately \$280.00 per unit (subject to foreign currency rates). Our distributors set their own retail prices for SPOT satellite messenger equipment and service.

- SPOT Satellite Messenger Distribution

We are distributing and selling our SPOT satellite 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 Canada, Big 5 Sporting Goods, Big Rock Sports, Cabela's, Campmor, Costco, Joe's Sport, London Drug, Outdoor and More, Gander Mountain, REI, Sportsman's Warehouse, The Source by Circuit City dealers, Wal-Mart.com, West Marine, DBL Distribution, D.H. Distributions, and CWR Electronics. We currently sell SPOT satellite messenger products through approximately 7,500 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 messenger products and services have been introduced only recently and their commercial introduction and their commercial success cannot be assured.

- *Fluctuations in interest and currency rates.* Debt under our credit agreement bears interest at a floating rate. Therefore, increases in interest rates will increase our interest costs if debt is outstanding. A substantial portion of our revenue (40% for the year ended December 31, 2008) 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 7A. Quantitative and Qualitative Disclosures about Market Risk" for additional information.
- *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 Communications, Inc. (See "Item 1.—Ancillary Terrestrial Component—ATC Opportunities"), 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 years ended December 31, 2008, 2007 and 2006.

	Year Ended December 31, 2008		Year Ended December 31, 2007		Year Ended December 31, 2006	
	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue
Service Revenue:						
Mobile (voice and data)	\$ 41,883	49%	\$ 60,920	62%	\$ 71,101	52%
Fixed (voice and data)	3,506	4	5,369	5	7,741	6
Data	784	1	1,649	2	1,573	1
Simplex	6,362	7	2,407	2	1,636	1
Independent gateway operators	3,098	4	4,465	5	8,032	6
Other(1)	6,161	7	3,503	4	1,954	1
Total Service Revenue	61,794	72	78,313	80	92,037	67
Subscriber Equipment Sales:						
Mobile equipment	8,095	9	11,931	12	22,542	17
Fixed equipment	1,164	1	2,160	2	6,149	5
Data and Simplex	10,170	12	1,946	2	2,023	1
Accessories/misc.	4,832	6	4,048	4	13,920	10
Total Subscriber Equipment Sales	24,261	28	20,085	20	44,634	33
Total Revenue	\$ 86,055	100%	\$ 98,398	100%	\$ 136,671	100%

(1) Includes activation fees and engineering service revenue.

Operating Income (Loss). We realized an operating loss of \$57.7 million for 2008 compared to an operating loss of \$24.6 million in 2007. We attribute the increase in operating loss to lower service revenue, higher depreciation and operating costs from our acquisition of gateways in Brazil.

Subscribers and ARPU for 2008, 2007 and 2006. The following table set forth our Average number of subscribers and ARPU for retail, IGO and Simplex customers for 2008, 2007 and 2006. The following numbers are subject to immaterial rounding inherent in calculating averages.

	Year Ended December 31,		
	2008	2007	% Net Change
Average number of subscribers for the period:			
Retail	118,580	122,709	(3)%
IGO	79,202	90,254	(12)
Simplex	118,072	64,034	84
ARPU (monthly):			
Retail	\$ 35.19	\$ 46.26	(24)%
IGO	\$ 3.26	\$ 4.12	(21)
Simplex	\$ 4.48	\$ 3.11	44

	Year Ended December 31,		
	2007	2006	% Net Change
Average number of subscribers for the period:			
Retail	122,709	112,390	9%
IGO	90,254	79,822	13
Simplex	64,034	36,035	78
ARPU (monthly):			
Retail	\$ 46.26	\$ 58.91	(21)%
IGO	\$ 4.12	\$ 8.39	(51)
Simplex	\$ 3.11	\$ 3.78	(18)

	December 31,	December 31,	% Net
	2008	2007	Change
Ending number of subscribers:			
Retail	115,371	118,747	(3)%
IGO	73,763	87,930	(16)
Simplex	155,196	77,449	100
Total	<u>344,330</u>	<u>284,126</u>	<u>21%</u>

	December 31,	December 31,	% Net
	2007	2006	Change
Ending number of subscribers:			
Retail	118,747	122,688	(3)%
IGO	87,930	87,458	1
Simplex	77,449	52,656	47
Total	<u>284,126</u>	<u>262,802</u>	<u>8%</u>

The total number of net subscribers increased from approximately 284,000 at December 31, 2007 to approximately 344,000 at December 31, 2008. Although we experienced a net increase in our total customer base of 21% from December 31, 2007 to December 31, 2008, our total service revenue decreased for the same period. This is due primarily to lower contributions from subscribers in addition to the change in our subscriber 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.

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 credit agreement limits to \$25.0 million the aggregate amount of cash we may invest in foreign acquisitions without the consent of our lenders.

In February 2005, we purchased the Venezuela gateway for \$1.6 million in cash to be paid over four years. Effective January 1, 2006, we acquired the Central American gateway and other real property assets for \$5.2 million, paid principally in shares of our common stock. In March 2008, we acquired an independent gateway operator that owns three satellite gateway ground stations in Brazil for \$6.5 million, paid principally in the 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.

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.

Seasonality

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

Critical Accounting Policies and Estimates

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

Revenue Recognition

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.

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 introduced an unlimited airtime usage service plan (called the Unlimited Loyalty plan) which allows existing and new customers to use unlimited satellite voice minutes for anytime calls for a fixed monthly or annual fee. The unlimited loyalty plan incorporates a declining price schedule that reduces the fixed monthly fee at the completion of each calendar year through the duration of the customer agreement, which ends on June 30, 2010. Customers have an option to extend their customer agreement by one year at the fixed price. We record revenue for this plan on a monthly basis based on a straight line average derived by computing the total fees charged over the term of the customer agreement and dividing it by the number of the months. If a customer cancels prior to the ending date of the customer agreement, we recognize the balance in deferred revenue.

We sell SPOT satellite messenger services as 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 December 31, 2008 and December 31, 2007, our deferred revenue aggregated approximately \$20.6 million (with \$1.3 million included in non-current liabilities) and \$20.4 million (with \$1.0 million included in non-current liabilities), respectively.

Subscriber equipment revenue represents the sale of fixed and mobile user terminals, accessories and SPOT satellite 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.

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 segment, and primary and backup terrestrial control centers and gateways, which we refer to as the ground segment. 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 currently being constructed. 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 segment and ground segment 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, which is expected to be sometime in 2010, to justify our carrying value for our second-generation costs.

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 (Notes 8 and 12 of our consolidated financial statements). 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

At December 31, 2008 and 2007, we recognized gross deferred tax assets of approximately \$137.4 million and \$144.0 million, respectively. 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 and 2007, we had established valuation allowances of approximately \$137.4 million and \$122.4 million, respectively. Accordingly, at December 31, 2008 and 2007, net deferred tax assets were approximately \$0 and \$21.6 million, respectively.

On January 1, 2007, we adopted Financial Accounting Standards Board Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" ("FIN 48"). See Note 8 to our consolidated financial statements for the impact of this adoption on our financial statements.

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, our Launch Provider will make four launches of six satellites each, and we have the option to require our Launch Provider to make four additional launches of six satellites each.

On May 14, 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.

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.

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 Instrument

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 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 "Interest rate 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.

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 Years Ended December 31, 2008 and 2007**

<u>Statements of Operations</u>	<u>Year Ended December 31, 2008</u>	<u>Year Ended December 31, 2007</u>	<u>% Change</u>
	(In thousands)		
Revenue:			
Service revenue	\$ 61,794	\$ 78,313	(21)%
Subscriber equipment sales(1)	24,261	20,085	21
Total Revenue	<u>86,055</u>	<u>98,398</u>	(13)
Operating Expenses:			
Cost of services (exclusive of depreciation and amortization shown separately below)	37,132	27,775	34
Cost of subscriber equipment sales:			
Cost of subscriber equipment sales(2)	17,921	13,863	29
Cost of subscriber equipment sales—Impairment of assets	405	19,109	(98)
Total cost of subscriber equipment sales	<u>18,326</u>	<u>32,972</u>	(44)
Marketing, general and administrative	61,351	49,146	25
Depreciation and amortization	26,956	13,137	105
Total Operating Expenses	<u>143,765</u>	<u>123,030</u>	17
Operating loss	<u>(57,710)</u>	<u>(24,632)</u>	(134)
Interest income	4,713	3,170	49
Interest expense	(6,779)	(9,023)	(25)
Interest rate derivative loss	(3,259)	(3,232)	1
Other	(4,497)	8,656	N/A
Loss Before Income Taxes	<u>(67,532)</u>	<u>(25,061)</u>	169
Income tax expense	480	2,864	(83)
Net Loss	<u>\$ (68,012)</u>	<u>\$ (27,925)</u>	(144)

(1) Includes related party amounts of \$0 and \$59 for 2008 and 2007, respectively.

(2) Includes related party amounts of \$0 and \$46 for 2008 and 2007, respectively.

Revenue. Total revenue decreased by \$12.3 million, or approximately 13%, to \$86.1 million for 2008, from \$98.4 million for 2007. This decrease is attributable to lower service revenues as a result of our two-way communication issues. Our service revenue was lower primarily due to price reductions aimed at maintaining our subscriber base despite our two-way communication issues. Our subscriber equipment sales increased during 2008 as compared to 2007 as a result of the launch of our SPOT satellite messenger product and services. Our retail ARPU during 2008, decreased by 24% to \$35.19 from \$46.26 for 2007. We added approximately 60,000 net subscribers in 2008 compared to 21,000 net subscriber additions in 2007.

Service Revenue. Service revenue decreased \$16.5 million, or approximately 21%, to \$61.8 million for 2008, from \$78.3 million for 2007. Although our subscriber base grew 21% during 2008 to approximately 344,000, 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.

Subscriber Equipment Sales. Subscriber equipment sales increased by \$4.2 million, or approximately 21%, to \$24.3 million for 2008, from \$20.1 million for 2007. The increase was due primarily to sales in 2008 of our SPOT satellite messenger product and services.

Operating Expenses. Total operating expenses increased \$20.7 million, or approximately 17%, to \$143.8 million for 2008, from \$123.0 million for 2007. This increase was due to higher cost of goods sold related to our new SPOT satellite messenger product, increased marketing, general and administrative expenses due to our commencing sales of SPOT satellite products and services in late 2007, as well as higher depreciation and amortization expenses related to our eight spare satellites launched in 2007, all of which were partially offset by a \$19.1 million asset impairment charge recognized in 2007. In 2008, we incurred a \$0.4 million asset impairment charge.

Cost of Services. Our cost of services for 2008 and 2007 were \$37.1 million and \$27.8 million, respectively. Our cost of services is comprised primarily of network operating costs. Although our costs are generally fixed in nature, these costs were higher in 2008 as a result of our recently acquired subsidiary in Brazil 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 approximately \$14.6 million, or approximately 44%, to \$18.3 million for 2008, from \$33.0 million for 2007. This decrease was due primarily to the absence in 2008 of a \$19.1 million impairment charge recorded in 2007 offset by higher costs from the launch of our SPOT satellite messenger product, which began in November 2007.

Marketing, General and Administrative. Marketing, general and administrative expenses increased \$12.2 million, or approximately 25%, to \$61.4 million for 2008, from \$49.1 million for 2007. This increase was due primarily to higher sales and marketing costs related to our SPOT satellite messenger product, costs associated with the acquisition of our subsidiary in Brazil, and increased labor and fringe costs.

Depreciation and Amortization. Depreciation and amortization expense increased approximately \$13.8 million, or 105%, to \$27.0 million for 2008, from \$13.1 million for 2007. This increase was due primarily to the additional depreciation associated with placing into service all of our spare satellites launched in 2007.

Operating Income (Loss). Operating loss increased approximately \$33.1 million, to \$57.7 million for 2008, from \$24.6 million for 2007. The increase was due to the higher operating costs described above and lower service revenue.

Interest Income. Interest income increased by \$1.5 million to \$4.7 million for 2008, from \$3.2 million for the same period in 2007. This increase was due to increased average cash and restricted cash balances on hand.

Interest Expense. Interest expense decreased by \$2.2 million, to \$6.8 million for 2008 from \$9.0 million for 2007. This decrease was due primarily to the expensing, in 2007, of our deferred debt issuance costs of \$8.1 million as a result of Thermo Funding assuming all of the obligations of the administrative agent and the lenders under our credit agreement with Wachovia Investment Holdings, LLC and the other lenders parties thereto. In 2008, we expensed \$2.9 million in deferred financing costs.

Interest Rate Derivative Loss. For 2008, interest rate derivative loss was \$3.3 million compared to \$3.2 million in 2007. This increase was due to the unfavorable change in fair value in our interest rate swap agreement which we terminated during the fourth quarter of 2008.

Other Income (Expense). Other income (expense) generally consists of foreign exchange transaction gains and losses. Other income decreased by \$13.2 million for 2008 as compared to 2007 due to an unfavorable exchange rate on the Euro denominated escrow account and a decline in the Canadian dollar during 2008.

Income Tax Expense (Benefit). Income tax expense for 2008 was \$0.5 million compared to \$2.9 million during 2007. The change between periods was primarily a result of a lower taxable income in 2008 for our subsidiaries that are profitable.

Net Loss. Our net loss increased approximately \$40.1 million to a loss of \$68.0 million for 2008, from a net loss of \$27.9 million for 2007. This decrease was due to increased costs of operations related to Brazil, higher depreciation and lower service revenue.

Comparison of Results of Operations for the Years Ended December 31, 2007 and 2006

<u>Statements of Operations</u>	<u>Year Ended December 31, 2007</u>	<u>Year Ended December 31, 2006</u>	<u>% Change</u>
	(In thousands)		
Revenue:			
Service revenue	\$ 78,313	\$ 92,037	(15)%
Subscriber equipment sales(1)	20,085	44,634	(55)
Total Revenue	<u>98,398</u>	<u>136,671</u>	(28)
Operating Expenses:			
Cost of services (exclusive of depreciation and amortization shown separately below)	27,775	28,091	(1)
Cost of subscriber equipment sales:(2)			
Cost of subscriber equipment sales	13,863	40,396	(66)
Cost of subscriber equipment sales—Impairment of assets	19,109	1,943	N/A
Total cost of subscriber equipment sales	<u>32,972</u>	<u>42,339</u>	(22)
Marketing, general and administrative	49,146	43,899	12
Depreciation and amortization	13,137	6,679	97
Total Operating Expenses	<u>123,030</u>	<u>121,008</u>	2
Operating Income (Loss)	(24,632)	15,663	N/A
Interest income	3,170	1,172	170
Interest expense	(9,023)	(587)	N/A
Interest rate derivative loss	(3,232)	(2,716)	19
Other income (expense), net	8,656	(3,980)	N/A
Income (Loss) Before Income Taxes	(25,061)	9,552	N/A
Income tax expense (benefit)	2,864	(14,071)	(120)
Net Income (Loss)	<u>\$ (27,925)</u>	<u>\$ 23,623</u>	N/A

(1) Includes related party amount of \$59 and \$3,423 for the year ended December 31, 2007 and 2006, respectively.

(2) Includes related party amount of \$46 and \$3,041 for the year ended December 31, 2007 and 2006, respectively.

Revenue. Total revenue decreased by \$38.3 million, or approximately 28.0%, to \$98.4 million for the year ended December 31, 2007, from \$136.7 million for 2006. This decrease is attributable in part

to lower service revenues as a result of our two-way communication issues. Our service revenue was lower primarily due to price reductions aimed at maintaining our subscriber base despite our two-way communication issues. Our subscriber equipment sales also decreased significantly during the year ended December 31, 2007 as compared to 2006 as a result of our two-way communications issues. Our retail ARPU during the year ended December 31, 2007, decreased by 21.5% to \$46.26 from \$58.91 for 2006. We added approximately 21,000 subscribers in 2007 compared to 67,000 net subscriber additions in 2006.

Service Revenue. Service revenue decreased \$13.7 million, or approximately 14.9%, to \$78.3 million for the year ended December 31, 2007, from \$92.0 million for 2006. Although our subscriber base grew 8.0% to approximately 284,000 over the year ended December 31, 2007, we experienced decreased retail ARPU resulting in lower service revenue. We believe that the primary reason for this decrease in our service revenue was the reduction of our prices in response to our two-way communication issues.

Subscriber Equipment Sales. Subscriber equipment sales decreased by \$24.5 million, or approximately 55.0%, to \$20.1 million for the year ended December 31, 2007, from \$44.6 million for 2006. The decrease was due primarily to concerns over our two-way communications issues.

Operating Expenses. Total operating expenses increased \$2.0 million, or approximately 1.7%, to \$123.0 million for the year ended December 31, 2007, from \$121.0 million for the year ended December 31, 2006. This increase was due primarily to a net asset impairment charge to our first-generation phone and accessory inventory of \$19.1 million as a result of our assessment of inventory quantities and higher depreciation expense which was partially offset by the lower cost of subscriber equipment consistent with lower equipment sales for the year ended December 31, 2007.

Cost of Services. Our cost of services for the years ended December 31, 2007 and 2006 were \$27.8 million and \$28.1 million, respectively. Our cost of services is comprised primarily of network operating costs, which are generally fixed in nature. Cost of services declined as a result of lower telecom costs and reductions in certain labor costs offset partially by an increase in non-cash executive incentive compensation as compared to 2006.

Cost of Subscriber Equipment Sales. Cost of subscriber equipment sales decreased \$9.4 million, or approximately 22.1%, to \$33.0 million for the year ended December 31, 2007, from \$42.4 million for 2006. This decrease was due primarily to lower equipment sales as a result of our two-way communication issues and lower equipment cost basis as a result of a net asset impairment charge to our first-generation inventory. In 2007, we recorded a net impairment charge of \$19.1 million representing a write down on our first-generation phone and accessory inventory. This charge was taken after our assessment of inventory quantities and recent and projected equipment sales. The asset impairment charge in 2006 was \$1.9 million.

Marketing, General and Administrative. Marketing, general and administrative expenses increased \$5.2 million, or approximately 12.0%, to \$49.1 million for the year ended December 31, 2007, from \$43.9 million for 2006. This increase was due primarily to higher professional fees related to operating as a public company and non-cash stock compensation expense of \$9.6 million resulting from the change in the Executive Incentive Compensation Plan offset partially by lower dealer commissions as a consequence of lower sales. Additionally, advertising expenses were higher as a result of the introduction of our new SPOT products and services in the fourth quarter of 2007.

Depreciation and Amortization. Depreciation and amortization expense increased \$6.4 million, or 96.7%, to \$13.1 million for the year ended December 31, 2007, from \$6.7 million for 2006. This increase was due primarily to the additional depreciation associated with placing five of our recently-launched spare satellites into service and as a result of reducing the remaining useful life of our

satellite system and related assets from 39 months to 27 months, beginning in the fourth quarter of 2006.

Operating Income (Loss). Operating income decreased \$40.3 million, to an operating loss of \$24.6 million for the year ended December 31, 2007, from operating income of \$15.7 million for 2006. The decrease was due to the asset impairment charge described above and lower service and subscriber equipment revenues partially offset by lower cost of equipment sales.

Interest Income. Interest income increased by \$2.0 million to \$3.2 million for the year ended December 31, 2007, from \$1.2 million for the same period in 2006. This increase was due to increased average cash balances on hand.

Interest Expense. Interest expense increased by \$8.4 million, to \$9.0 million for the year ended December 31, 2007 from \$0.6 million for 2006. This increase was due primarily to the expensing of our deferred debt issuance costs of \$8.1 million as a result of Thermo Funding assuming all of the obligations of the administrative agent and the lenders under our credit agreement with Wachovia Investment Holdings, LLC and the other lenders parties thereto.

Interest Rate Derivative Loss. For the year ended December 31, 2007, interest rate derivative loss was \$3.2 million compared to \$2.7 million in 2006. This increase was due to the decrease in the fair value of our interest rate swap agreement.

Other Income (Expense). Other income (expense) generally consists of foreign exchange transaction gains and losses. Other income increased by \$12.6 million for the year ended December 31, 2007 as compared to 2006 due to a favorable exchange rate on the Euro denominated escrow account during 2007.

Income Tax Expense (Benefit). Income tax expense for the year ended December 31, 2007 was \$2.9 million compared to a net income tax benefit of \$14.1 million during 2006. The change between periods was primarily a result of a \$21.4 million deferred tax benefit recorded on January 1, 2006 upon our election to be taxed as a C Corporation.

Net Income (Loss). Our net income decreased \$51.5 million to a loss of \$27.9 million for the year ended December 31, 2007, from net income of \$23.6 million for the year ended December 31, 2006. This decrease was due primarily to the \$19.1 million asset impairment charge related to our inventory recognized in 2007, the non-cash charges relating to the compensation and debt issuance costs discussed above, lower operating income in 2007 and the \$14.1 million net deferred tax benefit recognized in 2006.

Liquidity and Capital Resources

The following table shows our cash flows from operating, investing and financing activities for the years ended December 31, 2008, 2007 and 2006 (in thousands):

<u>Statements of Cash Flows</u>	<u>Year Ended December 31, 2008</u>	<u>Year Ended December 31, 2007</u>	<u>Year Ended December 31, 2006</u>
Net cash from (used in) operating activities	\$ (30,585)	\$ (7,669)	\$ 14,571
Net cash (used in) investing activities	(258,581)	(183,378)	(160,316)
Net cash from financing activities	252,533	193,489	170,601
Effect of exchange rate changes on cash	11,436	(8,586)	(1,428)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (25,197)	\$ (6,144)	\$ 23,428

Currently, our principal sources of liquidity are our credit agreement with Thermo Funding, our existing cash and internally generated cash flow from operations, if positive.

At January 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 €92.1 million payable to Thales Alenia Space by December 31, 2009 under the purchase contract for our second-generation satellites and €2.4 million payable to Thales Alenia Space by December 2009 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 \$132.7 million payable to our Launch Provider by December 31, 2009;
- to make payments related to the construction of our second-generation ground component in the amount of \$20.6 million by December 31, 2009; and
- to fund our working capital (which was a deficit of \$22.2 million at December 31, 2008); we expect this deficit to increase further in 2009.

Our liquidity sources at December 31, 2008 are insufficient to fund our short-term or long-term needs. We must obtain additional financing to fund the procurement and deployment of our second-generation constellation and other related construction costs and our on-going operations, which are currently generating negative cash flows. Due to the worldwide economic crisis and the tight credit market, obtaining suitable financing remains challenging. Our registered public accounting firm's audit report on our consolidated financial statements as of December 31, 2008, and for the year then ended includes a "going concern" explanatory paragraph that expresses substantial doubt about our ability to continue as a going concern. The "going concern" explanatory paragraph reflects substantial doubt about our ability to obtain this financing in a timely manner.

We are pursuing a number of options involving issuance of additional debt, equity or both to obtain the required funding as well as seeking to reduce our internal costs and aggressively grow our revenues. We cannot assure you that sufficient additional financing will be obtained on acceptable terms, if at all. If we fail to obtain necessary additional financing, the procurement and deployment of our second-generation satellite constellation, related construction costs and our ongoing operations will be materially adversely impacted. We could default on our commitments to our satellite, launch, ground component and other third party vendors, possibly leading to termination of our second-generation construction contracts or other contracts some of which have substantial termination fees. We may also be required to reduce substantially our ongoing operations or discontinue operations all together. If we do not acquire and deploy our second generation constellation and/or discontinue operations, we may lose our FCC license, international spectrum rights and/or ATC authority in the United States. If we lose our FCC license, rights to international spectrum or ATC authority, we will lose the right to operate our business in those parts of the world and may not be able to continue as a going concern and would be required to sell our satellite business or assets in those areas of the world or cease operations all together.

In addition, we may have difficulty maintaining existing relationships, or developing new relationships, with suppliers or vendors as a result of our financial condition. Our suppliers or vendors could choose to provide supplies or services to us on more stringent payment terms than those currently in place, such as by requiring advance payment or payment upon delivery of such supplies or services, which would have an adverse impact on our short-term cash flows. As a result, our ability to retain current customers, attract new customers and maintain contracts that are critical to our operations may be adversely affected.

Finally, these events may result in defaults under our current financing arrangements which would permit acceleration of our indebtedness and exercise of remedies by our lenders.

During the years ended December 31, 2008, 2007 and 2006, our principal sources of liquidity were:

	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
	(Dollars in millions)		
Cash on-hand at beginning of period	\$ 37.6	\$ 43.7	\$ 20.3
Proceeds from sale of Notes, net	\$ 145.1	\$ —	\$ —
Capital contributions by Thermo net	\$ —	\$ —	\$ 13.0
Borrowings under Thermo Funding credit agreement, net	\$ 116.1	\$ 50.0	\$ —
Purchase of common stock by Thermo Funding	\$ —	\$ 152.7	\$ 47.3
Proceeds of initial public offering, net	\$ —	\$ —	\$ 116.6
Cash generated (used) by operations	\$ (30.6)	\$ (7.7)	\$ 14.6

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

- cash from our revolving credit agreement with Thermo (\$33.9 million was available on an uncommitted basis at December 31, 2008, of which we borrowed \$7.8 million in 2009);
- cash on hand (\$12.4 million at December 31, 2008);
- cash in our escrow account (\$43.5 million at December 31, 2008), which will be used periodically to pay down our obligation to Thales Alenia Space or, if permitted, for operating purposes; and
- the incurrence of additional indebtedness, additional equity financings or a combination thereof as described above.

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.

We plan to fund our long-term capital needs with additional debt or equity financings as described above, any available cash flow from operations in future periods, which we expect will be generated primarily from sales of our Simplex products and services, including our SPOT satellite messenger products and services, and potential ATC monetization strategies. See "Capital Expenditures" below and Item 1A. Risk Factors—"If we fail to obtain, on a timely basis, the additional financing necessary to fund the procurement and deployment of our second-generation constellation and other related construction costs and our ongoing operations, which are generating negative cash flows, we may not be able to continue as a going concern."

Our liquidity and our ability to fund these needs and to make payments for principal and interest will depend on achieving substantial growth in revenues, having positive cash flows from operations, obtaining additional financing or access to our restricted cash for operating purposes or a combination thereof, which will be subject in part to general economic, financial, regulatory and other factors, including obtaining the consent of others, that are beyond our control, including our ability to achieve positive cash flow from operations despite the problems with our satellite constellation described elsewhere, the willingness of others to invest in us and trends in our industry and technology discussed elsewhere in this Report. In addition to these general and economic and industry factors, the principal factors affecting our cash flows will be our ability to continue to provide attractive and competitive services and products, successfully manage the degradation of our current satellite constellation until we can deploy our second-generation satellite constellation, increase our number of subscribers and retail average revenue per unit, control our costs, and maintain our margins and profitability. If those factors

change significantly or other unexpected factors adversely affect us, our business may not generate sufficient cash flow from operations and future financings may not be available on terms acceptable to us or at all to meet our liquidity needs. In assessing our liquidity, our management reviews and analyzes our current cash on-hand, the average number of days our accounts receivable are outstanding, the contractual rates that we have established with our vendors, inventory turns, foreign exchange rates, capital expenditure commitments and income tax rates.

Net Cash from (used in) Operating Activities

Net cash used in operating activities for 2008 increased to a cash outflow of \$30.6 million from an outflow of \$7.7 million for 2007. This increase was due primarily to lower revenues, lower inventory turnover and higher operating expenses during 2008 as compared to 2007.

Net cash provided by operating activities for 2007 decreased to a cash outflow of \$7.7 million from a cash inflow of \$14.6 million for 2006. This decrease was due primarily to lower revenues and lower inventory turnover during 2007 as compared to 2006.

Net Cash from (used in) Investing Activities

Cash used in investing activities was \$258.6 million for 2008, compared to \$183.4 million in 2007. This increase was primarily the result of capital expenditures associated with construction expenses for our second-generation satellite constellation.

Cash used in investing activities was \$183.4 million for 2007, compared to \$160.3 million in 2006. This increase was primarily the result of capital expenditures associated with construction expenses for our second-generation satellite constellation and the launches of our eight spare satellites in 2007.

Net Cash from Financing Activities

Net cash provided by financing activities increased by \$59.0 million to \$252.5 million in 2008 from \$193.5 million in 2007. The increase was primarily due to \$116.1 million, net drawn on the credit agreement with Thermo Funding and the \$145.1 million from the issuance of the Notes.

Net cash provided by financing activities increased by \$22.9 million to \$193.5 million from \$170.6 million for 2007 as compared to 2006. The increase was primarily the result of \$152.7 million of equity purchased by Thermo Funding pursuant to its irrevocable standby stock purchase agreement and \$50.0 million drawn on the revolving credit agreement with Thermo Funding offset by \$116.6 million received as proceeds from our initial public offering in November, 2006 and \$47.3 million received pursuant to Thermo Funding's irrevocable standby stock purchase agreement during 2006.

Capital Expenditures

Our capital expenditures consist primarily of upgrading our satellite constellation and gateways and other ground facilities. We have completed construction of a gateway in Singapore at a total cost of approximately \$4.0 million. This gateway was fully operational for Simplex service in October 2008. Duplex service is expected to be introduced when the second-generation constellation becomes operational.

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. The total contract price, including subsequent additions, is €670.3 million (approximately \$931.1 million at a weighted average conversion rate of €1.00 = \$1.3891 at December 31, 2008, 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 \$347.5 million in related costs through December 31, 2008. At our request, Thales Alenia Space has presented to us a four-part sequential plan for accelerating delivery of the initial 24 satellites by up to four months. The expected cost of this acceleration will range from approximately €6.7 million to €13.4 million (\$9.4 million to \$18.9 million at €1.00 = \$1.4097 at December 31, 2008). In 2007, we authorized the first two portions of this plan with an additional cost of €4.1 million (\$5.9 million at €1.00 = \$1.4499). We cannot provide assurance that the acceleration will occur.

In March 2007, we entered into an agreement with Thales Alenia Space for the construction of the Satellite Operations Control Centers, Telemetry Command Units and In Orbit Test Equipment (collectively, the "Control Network Facility") for our second-generation satellite constellation. This agreement complements the second-generation satellite construction contract with Thales Alenia Space for the construction of 48 low-earth orbit satellites and allows Thales Alenia Space to coordinate all aspects of the second-generation satellite constellation project, including the transition of first-generation software and hardware to equipment for the second generation. The total contract price for the construction and associated services is €9.2 million (approximately \$13.1 million at a conversion rate of €1.00 = \$1.4252) 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 late 2009. We have made payments in the amount of approximately €6.7 million (approximately \$9.9 million) through December 31, 2008.

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, our Launch Provider will make four launches of six satellites each, and we have the option to require our Launch Provider to make four additional launches of six satellites each. The total contract price for the first four launches is \$216.1 million. As of December 31, 2008, 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 fourth quarter of 2009 through the end of 2010 and the optional launches are available from spring 2010 through the end of 2014. Prolonged delays due to postponements by us or our Launch Provider may result in adjustments to the payment schedule.

On May 14, 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 December 31, 2008, we have made payments in the aggregate amount of approximately \$5.4 million associated with this contract. We expensed \$1.8 million of these payments and capitalized \$3.6 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 \$1.26 billion

(the majority of which is denominated in Euros at a weighted average conversion rate of €1.00=\$1.3151 and excludes 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 under the irrevocable standby stock purchase agreement, the proceeds from our initial public offering, the net proceeds from the sale of the Notes and borrowings under our credit facility with Thermo Funding to fund the approximately \$514.4 million (excluding internal costs and capitalized interest but including \$43.5 million which is held in escrow pursuant to the contract for the procurement of our second-generation satellite constellation to secure our payment obligations under that contract) paid through December 31, 2008. We plan to fund the balance of the capital expenditures through cash generated by our operations, which has been and is currently negative, future debt financings, deferral of payments to certain of our vendors and additional issuance of equity or a combination of these potential sources. The extent of our need for external capital, which we expect to be substantial, will vary depending on the success of our SPOT satellite messenger product and services and other commercial factors. This funding may not be available to us on acceptable terms, or at all.

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):

<u>Contract</u>	<u>Currency of Payment</u>	<u>Payments through</u>						<u>Total</u>
		<u>December 31, 2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Thereafter</u>		
Thales Alenia Second Generation Constellation	EUR	€ 258.1	€ 92.1	€92.3	€80.5	€ 147.3	€670.3	
Thales Alenia Satellite Operations Control Centers	EUR	€ 6.8	€ 2.4	€ —	€ —	€ —	€ 9.2	
Launch Services	USD	\$ 26.3	\$132.7	\$57.1	\$ —	\$ —	\$216.1	
Hughes second-generation ground component	USD	\$ 5.4	\$ 19.6	\$62.2	\$13.6	\$ —	\$100.8	
Ericsson	USD	\$ —	\$ 1.0	\$ 5.9	\$13.0	\$ 2.8	\$ 22.7	

The exchange rate at December 31, 2008 was €1.00 = \$1.4097. The contractual future payments do not include the interest payable on vendor financing agreements related to the Arianespace and Hughes contracts. A portion of these above costs are not considered capitalizable and will be expensed. See "Quantitative and Qualitative Disclosures About Market Risk."

Cash Position and Indebtedness

As of December 31, 2008, our total cash and cash equivalents were \$12.4 million and we had total indebtedness of \$295.1 million, compared to total cash and cash equivalents and total indebtedness at December 31, 2007 of \$37.6 million and \$50.0 million, respectively.

Convertible Debt

On April 15, 2008, we entered into an Underwriting Agreement (the "Convertible Notes Underwriting Agreement") with Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Deutsche Bank Securities Inc. (together, the "Convertible Notes Underwriters") relating to the sale by us of \$135.0 million aggregate principal amount of Notes. Pursuant to the Convertible Notes Underwriting Agreement, we granted the Convertible Notes Underwriters a 30-day option to purchase up to an additional \$15.0 million aggregate principal amount of the Notes solely to cover over-allotments.

The sale of the \$135.0 million aggregate principal amount of the Notes was completed on April 15, 2008. The Convertible Notes Underwriters subsequently executed their over-allotment option and purchased an additional \$15.0 million aggregate principal amount of the Notes on May 8, 2008. The sale of the Notes was registered under the Securities Act of 1933, as amended, pursuant to a Registration Statement on Form S-3 (File No. 333-149798), as supplemented by a prospectus supplement and a free-writing prospectus, both dated April 10, 2008.

The Notes were issued under a Senior Indenture, entered into and dated as of April 15, 2008 (the "Base Indenture"), between us and U.S. Bank, National Association, as trustee (the "Trustee"), supplemented by a First Supplemental Indenture with respect to the Notes, entered into and dated as of April 15, 2008 (the "Supplemental Indenture"), between us and the Trustee (the Base Indenture and the Supplemental Indenture, collectively, the "Indenture"). Also, pursuant to the Indenture, the Company, the Trustee and U.S. Bank, National Association, as escrow agent (the "Escrow Agent"), entered into a Pledge and Escrow Agreement dated as of April 15, 2008 (the "Pledge Agreement").

In accordance with the Pledge Agreement, we placed approximately \$25.5 million of the proceeds of the offering of the Notes in an escrow account with the Escrow Agent. The Escrow Agent invests funds in the escrow account in government securities and, if we do not elect to make the payments from other funds, the funds in the escrow account will be used to make the first six scheduled semi-annual interest payments on the Notes. Pursuant to the Pledge Agreement, we pledged our interest in this escrow account to the Trustee as security for these interest payments. At December 31, 2008, the balance in the escrow account was \$14.4 million.

Except for the pledge of the escrow account under the Pledge Agreement, the Notes are our senior unsecured debt obligations. There is no sinking fund for the Notes. The 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, commencing October 1, 2008, to holders of record on the preceding March 15 and September 15, respectively.

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 ownership of the Company, or certain events relating to the trading of our Common Stock, as further described in the Indenture.

Holders may convert their Notes at their option at any time prior to the close of business on the business day immediately preceding April 1, 2028. Holders may convert their Notes into shares of Common Stock, subject to our option to deliver cash in lieu of all or a portion of the shares. The Notes are convertible at an initial conversion rate of 166.1820 shares of Common Stock per \$1,000 principal amount of the Notes, subject to adjustment in the manner set forth in the Supplemental Indenture. The conversion rate may not exceed 240.9638 shares of Common Stock per \$1,000 principal amount of 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 Notes who convert their Notes 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 Notes being converted.

In 2008, holders of \$36.0 million aggregate principal amount of Notes, or 24% of the Notes originally issued, submitted notices of conversion to the trustee in order to convert their Notes into Common Stock. We also entered into agreements with holders of an additional \$42.2 million aggregate principal amount of Notes, or 28% of the Notes originally issued, to exchange the Notes 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 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 Notes, which was paid from funds in the escrow account for the benefit of the holders of Notes. In the exchanges, Note holders received additional consideration in the form of cash payments or additional shares of Common Stock in the amount of approximately \$1.1 million to induce exchanges. After these conversions and exchanges, approximately \$71.8 million aggregate principal amount of Notes remained outstanding at December 31, 2008.

Holders who convert their Notes in connection with certain events occurring on or prior to April 1, 2013 constituting a "make whole fundamental change" (as defined in Note 16 to the consolidated financial statements) will be entitled to an increase in the conversion rate as described in Note 16 to our Consolidated Financial Statements in Part II, Item 8 of this Report.

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

The Indenture 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 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 Notes may declare the principal of the 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 Notes and accrued interest automatically becomes due and payable.

Concurrently with the offering of the Notes, on April 10, 2008, we entered into a share lending agreement (the "Share Lending Agreement") with Merrill Lynch International (the "Borrower"), through Merrill Lynch, Pierce, Fenner & Smith Incorporated, as agent for Borrower (in such capacity, the "Borrowing Agent"), 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 set forth in the Share Lending Agreement, for a period ending on the earliest of (i) the date we notify the Borrower in writing of its intention to terminate the Share Lending Agreement at any time after the entire principal amount of the Notes ceases to be outstanding and we have settled all payments or deliveries in respect of the Notes (as the settlement may be extended pursuant to market disruption events or otherwise pursuant to the Indenture), whether as a result of conversion, redemption, repurchase, cancellation, at maturity or otherwise, (ii) our written agreement with the Borrower to terminate, (iii) the occurrence of a Borrower default, at our option, and (iv) the occurrence of our 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. The only exception would be that, if pursuant to a merger, recapitalization or reorganization, the Borrowed Shares were exchanged for or converted into cash, securities or other property ("Reference Property"), the Borrower would return the Reference Property. Upon the conversion of 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 remit cash equal to the market value of the corresponding Borrowed Shares instead of returning to us the Borrowed Shares otherwise required by conversions of the Notes.

On April 10, 2008, we entered into an underwriting agreement (the "Equity Underwriting Agreement") with the Borrower and the Borrowing Agent. 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 were being offered to the public. The Borrowed Shares include an aggregate of approximately 32.0 million shares of Common Stock loaned by us to the Borrower on separate occasions, delivered pursuant to the Share Lending Agreement and the Underwriting

Agreement, and an additional 4.2 million shares of Common Stock that, from time to time, may be borrowed from us 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 sale of the Borrowed Shares was registered under the S-3(33-149798). We used two prospectus supplements for the transaction, one for the sale of the convertible notes (and the underlying common stock) and the other for the sale of the Borrowed Shares. We filed the prospectus supplement for the sale of the Borrowed Shares pursuant to Rule 424(b) (3) on April 2, 2008 and pursuant to Rule 424(b) (5) on April 14, 2008. At December 31, 2008, approximately 24.2 million Borrowed Shares remained outstanding. The Borrower returned to us an additional 6.9 million Borrowed Shares in January 2009.

We will not receive any proceeds from the sale of the Borrowed Shares pursuant to the Share Lending Agreement but will receive a nominal lending fee of \$0.0001 per share for each share of Common Stock that we loan to the Borrower pursuant to the Share Lending Agreement. The Borrower will receive all of the proceeds from the sale of Borrowed Shares pursuant to the Share Lending Agreement. At our election, the Borrower may remit to us cash equal to the market value of the corresponding Borrowed Shares instead of returning the Borrowed Shares to us as a result of conversions by Note holders.

The shares that we loaned to the Borrower will be 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 stockholders and the right to receive any dividends or other distributions that we 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 us an amount equal to any cash dividends that we pay 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 of Company Common Stock 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 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 24.2 million Borrowed Shares currently outstanding under the Share Lending Agreement will be considered outstanding for the purpose of computing and reporting our earnings per share. Prior to this amendment, the Borrowed Shares were

not considered 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 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 our detailed assessment, we concluded that these embedded derivatives were either (i) excluded from bifurcation as a result of being clearly and closely related to the 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.

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 addition to the \$200.0 million revolving and term loan facilities, the amended and restated credit agreement permits us to incur additional term loans on an equally and ratably secured, *pari passu*, basis in an aggregate amount of up to \$250.0 million (plus the amount of any reduction in the delayed draw term loan facility or prepayment of loans) from the lenders under the credit agreement or other banks, financial institutions or investment funds approved by us and the administrative agent. We have not sought commitments for these additional term loans. These additional term loans may be incurred only if no event of default then exists and if we are in pro-forma compliance with all of the financial covenants of the credit agreement.

The credit agreement limits the amount of our capital expenditures, requires us to maintain minimum liquidity of \$5.0 million and provides that as of the end of the second full fiscal quarter after we place 24 of our second-generation satellites into service and at the end of each fiscal quarter thereafter, we must maintain a consolidated senior secured leverage ratio of not greater than 5.0 to 1.0. We were in compliance with these financial covenants at December 31, 2008. Additionally, the credit agreement limits our ability to make dividend payments and other distributions.

All loans will mature on December 31, 2012. Revolving credit loans bear interest at LIBOR plus 4.25% to 4.75% or the greater of the prime rate or the Federal Funds rate plus 3.25% to 3.75%. We had borrowings of \$66.1 million under the revolving credit facility at December 31, 2008. The delayed draw term loan bears interest at either 5% plus the greater of the prime rate and the Federal Funds rate plus 0.5%, or LIBOR plus 6%. The delayed draw term loan facility bears an annual commitment fee of 2.0% until drawn or terminated. The revolving credit loan facility bears an annual commitment fee of 0.5% until drawn or terminated. Additional term loans will bear interest at rates to be negotiated. The loans may be prepaid without penalty at any time. On September 29, 2008, we and Thermo agreed that, effective May 26, 2008, all payment of interest on the debt would be deferred until 45 days after Thermo provides notice that the interest is then payable. Interest will accrue on this outstanding interest at the same rate as the underlying loan and be compounded on December 31, 2008 and annually thereafter.

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 14: Derivatives" of the Notes to Consolidated Financial Statements in Part II, Item 8 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. At December 31, 2007 and 2006, the negative value of the interest rate swap agreement was classified as a non-current liability.

Irrevocable Standby Stock Purchase Agreement

In connection with the execution of the initial Wachovia credit agreement on April 24, 2006, we entered into an irrevocable standby stock purchase agreement with Thermo Funding pursuant to which it agreed to purchase under the circumstances described below up to 12,371,136 shares of our Common Stock at a price per share of approximately \$16.17 (approximately \$200.0 million in the aggregate), without regard to any future increase or decrease in the trading price of our Common Stock. Thermo Funding's obligation to purchase these shares was secured by the escrow of cash and marketable securities in an amount equal to 105% of its unfunded commitment. Thermo Funding completed its purchase of all shares subject to the agreement on November 2, 2007. All requirements were fulfilled by Thermo Funding by November 2007. As required by the pre-emptive rights provisions contained in our former certificate of incorporation, we intend to offer our stockholders as of June 15, 2006 who are accredited investors (as defined under the Securities Act of 1933) and who received 36 or more shares of our Common Stock as a result of the Old Globalstar bankruptcy, the opportunity to purchase shares of our Common Stock on substantially the same terms as Thermo Funding. These stockholders, excluding stockholders who have waived their pre-emptive rights, will be entitled to purchase, and upon entering into a commitment may elect to purchase at any time thereafter, up to 785,328 additional shares of our Common Stock at approximately \$16.17 per share in the pre-emptive rights offering.

Contractual Obligations and Commitments

At December 31, 2008, we have a remaining commitment to purchase a total of \$49.2 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.

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.

On November 30, 2006, we and Thales Alenia Space entered into a definitive contract pursuant to which Thales Alenia Space will construct 48 low-earth-orbit satellites in two batches (the first of 25, including a proto-flight model satellite, and the second of 23) for our second-generation satellite constellation. Under the contract, Thales Alenia Space also will provide launch support services and mission operations support services. We have contracted separately with 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 €670.3 million, (approximately \$931.1 million at a weighted average conversion rate of €1.00 = \$1.3891 at December 31, 2008 including approximately €146.8 million which was paid by us in U.S. dollars at a fixed conversion rate of €1.00 = \$1.2940), subject to reduction by approximately €28.0 million (approximately \$41.2 million) if we elect to accelerate construction and delivery of the second batch of satellites. Of the €670.3 million, approximately €630.1 million (\$875.3 million) will be paid for the design, development and manufacture of the satellites and approximately €40.2 million (\$55.8 million) will be paid for launch and mission support services. We are also obligated to pay Thales Alenia Space up to \$75.0 million in bonus payments depending upon the fulfillment of various conditions, including our cumulative EBITDA exceeding certain projections, Thales Alenia Space's achievement of the specified delivery schedule and satisfactory operation of the satellites after delivery. The approximately €12.4 million (\$16.0 million) paid by us to Thales Alenia Space pursuant to an Authorization to Proceed dated October 5, 2006, as amended, was credited against payments to be made by us under the contract. We have established and maintain an escrow account with a commercial bank to secure our payment obligations under the contract, with the amount of the escrow account equal to approximately the next two quarterly payments required by the contract. The initial escrow deposit was €40.0 million. We and Thales Alenia Space entered into the escrow agreement on December 21, 2006. We obtained the consent of our lenders to establish the escrow account. Payments under the contract began in the fourth quarter of 2006 and will extend into the fourth quarter of 2013 unless we elect to accelerate the delivery of the second batch of satellites. The contract requires Thales Alenia Space to commence delivery of the satellites in the third quarter of 2009, with deliveries continuing until the third quarter of 2013, unless we elect to accelerate deliveries. If we elect to accelerate delivery of the second batch of satellites, it is contemplated that all of the satellites will be delivered by the third quarter of 2010. We have made payments in the amount of approximately €258.1 million (approximately \$347.5 million) through December 31, 2008 under this contract. At our request, Thales Alenia Space has presented a four-part sequential plan to us for accelerating delivery of the initial 24 satellites by up to four months. The expected cost of this acceleration will range from approximately €6.7 million to €13.4 million (\$9.4 million to \$18.9 million at €1.00 = \$1.4097 at December 31, 2008). In 2007, we authorized the first two portions of this plan with an additional cost of €4.1 million (\$5.9 million at €1.00 = \$1.4499). We cannot provide assurance that the acceleration will occur.

In March, 2007, we entered into an agreement with Thales Alenia Space for the construction of the Satellite Operations Control Centers, Telemetry Command Units and In Orbit Test Equipment (collectively, the "Control Network Facility") for our second-generation satellite constellation. This agreement complements the second-generation satellite construction contract with Thales Alenia Space for the construction of 48 low-earth orbit satellites and allows Thales Alenia Space to coordinate all aspects of the second-generation satellite constellation project, including the transition of first-generation software and hardware to equipment for the second generation. The total contract price for the construction and associated services is €9.2 million (approximately \$13.1 million at a weighted average conversion rate of €1.00 = \$1.4252) 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 late 2009. We have the option to terminate the contract if excusable delays affecting Thales Alenia Space's ability to perform the contract total six consecutive months or at its convenience. If we terminate the contract, we must pay Thales Alenia Space the lesser of its unpaid costs for work

performed by Thales Alenia Space and its subcontractors or payments for the next two quarters following termination. If Thales Alenia Space has not completed the Control Network Facility acceptance review within sixty days of the due date, we will be entitled to certain liquidated damages. Failure to complete the Control Network Facility acceptance review on or before six months after the due date results in a default by Thales Alenia Space, entitling us to a refund of all payments, except for liquidated damage amounts previously paid or with respect to items where final delivery has occurred. The Control Network Facility, when accepted, will be covered by a limited one-year warranty. The contract contains customary arbitration and indemnification provisions. We have made payments in the amount of approximately €6.7 million (approximately \$9.9 million) through December 31, 2008.

On September 5, 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, our Launch Provider will make four launches of six satellites each, and we have the option to require our Launch Provider to make four additional launches of six satellites each. 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 \$1.26 billion (at a weighted average conversion rate of €1.00=\$1.3151) to procure and deploy our second-generation satellite constellation and related gateway upgrades. The anticipated time period for the first four launches ranges from as early as the fourth quarter of 2009 through the end of 2010 and the optional launches are available from spring 2010 through the end of 2014. Prolonged delays due to postponements by us or 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 can defer payment on up to 75% of certain amounts due to the Launch Provider. The deferred payments will incur annual interest at 8.5% to 12% and become payable one month before the corresponding launch date. As of December 31, 2008, we have incurred \$26.3 million associated with the launch services contract.

On May 14, 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 December 31, 2008, we have made payments in the amount of approximately \$5.4 million associated with this contract. We expensed \$1.8 million of these payments and capitalized \$3.6 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.

Long-term obligations at December 31, 2008, assuming borrowing of the entire \$200.0 million under our credit agreement, are as follows:

<u>Contractual Obligations:</u>	<u>Less than 1 Year</u>	<u>1-3 Years</u>	<u>3-5 Years (In millions)</u>	<u>More Than 5 Years</u>	<u>Total</u>
Long-term debt obligations(1)(2)	\$ —	\$ 200.0	\$ 71.8	\$ —	\$ 271.8
Operating lease obligations	1.4	2.3	0.8	0.1	4.6
Purchase obligations(3)	303.9	590.4	94.2	—	988.5
Pension obligations	0.4	2.6	1.8	—	4.8
Total	<u>\$ 305.7</u>	<u>\$ 795.3</u>	<u>\$ 168.6</u>	<u>\$ 0.1</u>	<u>\$ 1,269.7</u>

Payments due by period:

- (1) Does not include interest on debt obligations. Approximately \$200.0 million of our debt bears interest at a floating rate and, accordingly, we are unable to predict interest costs in future years. In addition, future interest costs will depend on the outstanding balance from time to time of the revolving credit facility under our credit agreement and the date on which we borrow the delayed draw term loan. See "Credit Agreement" above.
- (2) All of the indebtedness under our credit agreement may be accelerated by the lender upon an event of default. See "—Liquidity and Capital Resources—Credit Agreement." Events of default under the credit agreement include default under certain covenants.
- (3) The purchase obligations for the construction of 48 low-earth satellites and the Control Network facility are converted to U.S. dollars using an exchange rate of €1.00 = \$1.4097.

Off-Balance Sheet Transactions

We have no material off-balance sheet transactions.

Recently Issued Accounting Pronouncements

See "Note 2: Summary of Accounting Policies" of the Consolidated Financial Statements in Part II, Item 8 of this Report.

Item 7A. 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 credit agreement requires us to do so on terms reasonably acceptable to the administrative agent not later than 90 days after the end of any quarter in which more than 25% of our revenue is originally denominated in a single currency other than U.S. or Canadian dollars.

As discussed in "Item 7. 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, are denominated in Euros.

Our interest rate risk arises from our variable rate debt under our credit agreement, under which loans bear interest at a floating rate based on the U.S. prime rate or LIBOR. Assuming that we borrowed the entire \$200.0 million in revolving and term debt available under our credit agreement, a 1.0% change in interest rates would result in a change to interest expense of approximately \$2.0 million annually.

Our exposure to fluctuations in currency exchange rates has increased significantly as a result of contracts for the construction of our second-generation constellation satellite and the related control network facility, which are primarily payable in Euros. A 1.0% decline in the relative value of the U.S. dollar, on the remaining balance related to these contracts of approximately €414.7 million on December 31, 2008, would result in \$5.9 million of additional payments. See "Note 4: Property and Equipment" of the Consolidated Financial Statements in Part II, Item 8 of this Report.

Item 8. Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Globalstar, Inc.

We have audited the accompanying consolidated balance sheets of Globalstar, Inc. ("Globalstar") as of December 31, 2008 and 2007, and the related consolidated statements of income (loss), comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2008. We also have audited Globalstar's internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Globalstar's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Annual Report on Internal Control over Financial Reporting." Our responsibility is to express an opinion on these financial statements and an opinion on the company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Globalstar as of December 31, 2008 and 2007, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, Globalstar maintained, in all material respects, effective internal control

over financial reporting as of December 31, 2008, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The accompanying financial statements have been prepared assuming that Globalstar will continue as a going concern. As discussed in Note 1 to the financial statements, Globalstar has suffered recurring losses from operations and has a liquidity deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 18. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in Note 8 to the accompanying consolidated financial statements, effective January 1, 2007, the Company adopted Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*.

/s/ CROWE HORWATH LLP

Oak Brook, Illinois
March 31, 2009

GLOBALSTAR, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands)

	December 31,	
	2008	2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,357	\$ 37,554
Accounts receivable, net of allowance of \$5,205 (2008), and \$4,177 (2007)	10,075	12,399
Inventory	55,105	54,939
Advances for inventory	9,314	9,769
Deferred tax assets	—	1,257
Prepaid expenses and other current assets	5,565	3,262
Total current assets	92,416	119,180
Property and equipment, net	636,362	290,103
Other assets:		
Restricted cash	57,884	80,871
Deferred tax assets	—	20,303
Other assets, net	16,376	2,518
Total assets	\$ 803,038	\$ 512,975
LIABILITIES AND OWNERSHIP EQUITY		
Current liabilities:		
Accounts payable	\$ 28,370	\$ 8,400
Accrued expenses	29,998	17,650
Payables to affiliates	3,344	1,487
Deferred revenue	19,354	19,396
Current portion of long term debt	33,575	—
Total current liabilities	114,641	46,933
Borrowings under revolving credit facility	66,050	50,000
Long term debt	195,429	—
Employee benefit obligations, net of current portion	4,782	1,779
Other non-current liabilities	13,713	8,719
Total non-current liabilities	279,974	60,498
Ownership equity:		
Preferred stock, \$0.0001 par value; 100,000 shares authorized, issued and outstanding—none	—	—
Common stock, \$0.0001 par value; 800,000 shares authorized, 136,606 and 83,693 shares issued and outstanding at December 31, 2008 and 2007, respectively	14	8
Additional paid-in capital	488,343	407,743
Accumulated other comprehensive income (loss)	(6,304)	3,411
Retained deficit	(73,630)	(5,618)
Total ownership equity	408,423	405,544
Total liabilities and ownership equity	\$ 803,038	\$ 512,975

See notes to consolidated financial statements.

GLOBALSTAR, INC.

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(In thousands, except per share data)

	Year Ended December 31,		
	2008	2007	2006
Revenue:			
Service revenue	\$ 61,794	\$ 78,313	\$ 92,037
Subscriber equipment sales	24,261	20,085	44,634
Total revenue	86,055	98,398	136,671
Operating expenses:			
Cost of services (exclusive of depreciation and amortization shown separately below)	37,132	27,775	28,091
Cost of subscriber equipment sales:			
Cost of subscriber equipment sales	17,921	13,863	40,396
Cost of subscriber equipment sales—impairment of assets	405	19,109	1,943
Total cost of subscriber equipment sales	18,326	32,972	42,339
Marketing, general, and administrative	61,351	49,146	43,899
Depreciation and amortization	26,956	13,137	6,679
Total operating expenses	143,765	123,030	121,008
Operating income (loss)	(57,710)	(24,632)	15,663
Other income (expense):			
Interest income	4,713	3,170	1,172
Interest expense	(6,779)	(9,023)	(587)
Interest rate derivative loss	(3,259)	(3,232)	(2,716)
Other income (expense)	(4,497)	8,656	(3,980)
Total other income (expense)	(9,822)	(429)	(6,111)
Income (loss) before income taxes	(67,532)	(25,061)	9,552
Income tax expense (benefit)	480	2,864	(14,071)
Net income (loss)	\$ (68,012)	\$ (27,925)	\$ 23,623
Earnings (loss) per common share:			
Basic	\$ (0.79)	\$ (0.36)	\$ 0.37
Diluted	(0.79)	(0.36)	0.37
Weighted-average shares outstanding:			
Basic	86,405	77,169	63,710
Diluted	86,405	77,169	64,076

See notes to consolidated financial statements.

GLOBALSTAR, INC.**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****(In thousands)**

	Year Ended December 31,		
	2008	2007	2006
Net income (loss)	<u>\$ (68,012)</u>	<u>\$ (27,925)</u>	<u>\$ 23,623</u>
Other comprehensive income (loss):			
Minimum pension liability adjustment	(3,516)	402	524
Net foreign currency translation adjustment	(6,199)	4,175	194
Total comprehensive income (loss)	<u><u>\$ (77,727)</u></u>	<u><u>\$ (23,348)</u></u>	<u><u>\$ 24,341</u></u>

See notes to consolidated financial statements.

GLOBALSTAR, INC.
CONSOLIDATED STATEMENTS OF OWNERSHIP EQUITY

(In thousands)

	Member Interest Units Common Shares	Common Stock Amount	Additional Paid-In Capital	Member Interests Amount	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total
Balances—December 31, 2005	61,856	\$ —	\$ —	\$ 73,314	\$ (1,884)	\$ —	\$ 71,430
Member interests Series A—18,442							
Member interests Series B—4,154							
Member interests Series C—39,259							
Recapitalization	—	6	73,308	(73,314)	—	—	—
Issuance of common stock upon initial public offering, net of related offering costs of \$10,854	7,500	1	116,645	—	—	—	116,646
Issuance of common stock in relation to the GAT acquisition	4	—	249	—	—	—	249
Conversion of Redeemable common stock related to GAT settlement	15	—	—	—	—	—	—
Issuance of restricted stock awards and recognition of stock-based compensation	242	—	1,185	—	—	—	1,185
Distribution payable to member	—	—	—	—	—	(686)	(686)
Contribution of services	—	—	189	—	—	—	189
Issuance of common stock in connection with Thermo agreement	2,928	—	47,343	—	—	—	47,343
Other comprehensive income	—	—	—	—	718	—	718
Net income	—	—	—	—	—	23,623	23,623
Balances—December 31, 2006	72,545	7	238,919	—	(1,166)	22,937	260,697
Issuance of common stock in connection with Thermo agreement	9,443	1	152,656	—	—	—	152,657
Issuance of restricted stock awards and recognition of stock-based compensation	1,179	—	10,430	—	—	—	10,430
Issuance of common stock related to GAT settlement (including interest)	154	—	123	—	—	—	123
Issuance of common stock related to GdeV acquisition	25	—	246	—	—	—	246
Contribution of services	—	—	420	—	—	—	420
Conversion of redeemable common stock related to GAT settlement	347	—	4,949	—	—	—	4,949
Adoption of FIN 48	—	—	—	—	—	(630)	(630)
Other comprehensive income	—	—	—	—	4,577	—	4,577
Net loss	—	—	—	—	—	(27,925)	(27,925)
Balances—December 31, 2007	83,693	8	407,743	—	3,411	(5,618)	405,544
Issuance of restricted stock awards and recognition of stock-based compensation	2,051	—	12,608	—	—	—	12,608
Conversion of Notes, net of tax effect of \$19,649	25,811	3	61,023	—	—	—	61,026
Issuance of common stock in relation to Brazil acquisition	883	—	6,000	—	—	—	6,000
Contribution of services	—	—	449	—	—	—	449
Issuance of common stock under the Share Loan Facility, net	24,168	3	520	—	—	—	523
Other comprehensive loss	—	—	—	—	(9,715)	—	(9,715)
Net loss	—	—	—	—	—	(68,012)	(68,012)
Balances—December 31, 2008	136,606	\$ 14	\$ 488,343	\$ —	\$ (6,304)	\$ (73,630)	\$ 408,423

See notes to consolidated financial statements.

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

	Year Ended December 31,		
	2008	2007	2006
Cash flows from operating activities:			
Net income (loss)	\$ (68,012)	\$ (27,925)	\$ 23,623
Adjustments to reconcile net income (loss) to net cash from operating activities:			
Deferred income taxes	1,332	(554)	(17,720)
Depreciation and amortization	26,956	13,137	6,679
Interest rate derivative loss	3,259	3,232	2,716
Stock-based compensation expense	12,482	9,570	1,185
Loss on disposal of fixed assets	113	198	51
Provision for bad debts	1,818	1,774	2,191
Interest income on restricted cash	(4,015)	(2,310)	—
Contribution of services	449	420	189
Equity losses in investee	249	—	—
Amortization of deferred financing costs	2,913	8,109	294
Impairment of assets	405	19,109	1,943
Non-cash expenses related to debt conversion	508	—	—
Interest on Note Payable	—	—	52
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	(128)	6,416	1,109
Inventory	(12,416)	(36,445)	(18,090)
Advances for inventory	(1,695)	7,912	(2,084)
Prepaid expenses and other current assets	2,137	(971)	(46)
Other assets	(760)	(44)	(1,242)
Receivables from affiliates	—	—	(43)
Accounts payable	6,825	2,494	(746)
Payables to affiliates	2,261	(5,075)	3,160
Accrued expenses and employee benefit obligations	(5,123)	(2,503)	2,277
Other non-current liabilities	(965)	(503)	195
Deferred revenue	822	(3,710)	8,878
Net cash from (used in) operating activities	<u>(30,585)</u>	<u>(7,669)</u>	<u>14,571</u>
Cash flows from investing activities:			
Spare and second-generation satellites and launch costs	(268,433)	(165,377)	(103,185)
Second-generation ground	(5,697)	—	—
Property and equipment additions	(11,956)	(4,612)	(4,359)
Proceeds from sale of property and equipment	141	263	—
Payment for intangible assets	—	(1,657)	(191)
Investment in businesses	(2,620)	—	—
Cash acquired on purchase of subsidiary	1,839	—	—
Restricted cash	28,145	(11,995)	(52,581)
Net cash used in investing activities	<u>(258,581)</u>	<u>(183,378)</u>	<u>(160,316)</u>
Cash flows from financing activities:			
Net proceeds from initial public offering	—	—	116,646
Proceeds from Thermo under the irrevocable standby stock purchase agreement	—	152,657	47,343
Borrowings from long term debt	100,000	—	—
Proceeds from revolving credit loan, net	16,050	50,000	—
Borrowings from long-term convertible senior notes	150,000	—	—
Proceeds from subscription receivable	—	—	13,000
Payments on notes payable	—	(477)	(195)
Deferred financing cost payments	(4,893)	(2,503)	(5,507)
Distribution to affiliate	—	—	(686)
Payments related to interest rate swap derivative margin account	(9,144)	(6,188)	—
Issuance of Common Stock	520	—	—
Net cash from financing activities	<u>252,533</u>	<u>193,489</u>	<u>170,601</u>
Effect of exchange rate changes on cash	11,436	(8,586)	(1,428)
Net increase (decrease) in cash and cash equivalents	(25,197)	(6,144)	23,428
Cash and cash equivalents, beginning of period	37,554	43,698	20,270
Cash and cash equivalents, end of period	<u>\$ 12,357</u>	<u>\$ 37,554</u>	<u>\$ 43,698</u>
Supplemental disclosure of cash flow information:			
Cash paid for:			
Interest	\$ 15,987	\$ 3,526	\$ 1,271
Income taxes	\$ 1,001	\$ 173	\$ 2,701
Supplemental disclosure of non-cash financing and investing activities:			
Accrued launch costs and second-generation satellites costs	\$ 14,762	\$ 3,583	\$ 7,944
Capitalization of interest for spare and second-generation satellites and launch costs	\$ 15,964	\$ 196	\$ 884
Vendor financing of second-generation Globalstar System	\$ 57,200	—	—
Non-cash capitalization of interest expense	\$ 1,970	—	—
Conversion of Convertible Senior Notes into Common Stock	\$ 78,196	—	—
Issuance of redeemable common stock in conjunction with acquisition	—	—	\$ 4,949
Conversion of redeemable common stock to common stock	—	\$ (4,949)	—
Issuance of stock in relation to GdeV acquisition	—	\$ 246	—

See notes to consolidated financial statements.

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

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

Globalstar is a leading provider of mobile voice and data communications services via satellite. Globalstar's network, originally owned by Globalstar, L.P. ("Old Globalstar"), was designed, built and launched in the late 1990s by a technology partnership led by Loral Space and Communications ("Loral") and QUALCOMM Incorporated ("QUALCOMM"). On February 15, 2002, Old Globalstar and three of its subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code. In 2004, Thermo Capital Partners L.L.C. ("Thermo") became Globalstar's principal owner, and Globalstar completed the acquisition of the business and assets of Old Globalstar. Thermo remains Globalstar's largest stockholder. Globalstar's Chairman and Chief Executive Officer controls Thermo and its affiliates. Two other members of Globalstar's Board of Directors are also directors, officers or minority equity owners of various Thermo entities.

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.

Going Concern

The Company's registered public accounting firm's audit report on its consolidated financial statements as of December 31, 2008, and for the year then ended includes a "going concern" explanatory paragraph that expresses substantial doubt about the Company's ability to continue as a going concern. The "going concern" explanatory paragraph reflects substantial doubt about the Company's ability to obtain in a timely manner the necessary financing to complete the procurement and deployment of its second-generation satellite constellation and to support its current operations. Due to the worldwide economic crisis and the tight credit market, obtaining suitable financing remains challenging. The Company is pursuing a number of options involving issuance of debt, equity or both to obtain the required funding as well as seeking to reduce its internal costs and aggressively grow its revenues. The Company cannot assure you that sufficient additional financing will be obtained on acceptable terms, if at all. If the Company fails to obtain sufficient additional financing, the construction of its second-generation satellite constellation, related construction costs and its ongoing operations will be materially adversely impacted. The Company's consolidated financial statements are prepared assuming it is able to continue as a going concern. See Note 18 for management's plans to address the going concern issues presented above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Preparation of Financial Statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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

GLOBALSTAR, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

expenses during the reporting period. Actual results could differ from estimates. Certain reclassifications have been made to prior year consolidated financial statements to conform to current year presentation.

Principles of Consolidation

The consolidated financial statements include the accounts of Globalstar and all its subsidiaries. All significant inter-company transactions and balances have been eliminated in the consolidation.

From January 1 through October 17, 2006, one subsidiary was 75% owned by Globalstar and 25% owned by minority interests (Loral). On October 17, 2006, a \$500,000 payment was made to acquire the 25% minority interest and to resolve then pending litigation with the owner of the minority interest.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments with original maturities of three months or less.

Restricted Cash

Restricted cash is comprised of funds held in escrow by two financial institutions to secure the Company's payment obligations related to its contract for the construction of its second-generation satellite constellation and the remaining scheduled semi-annual interest payments on the Notes through April 1, 2011. On December 31, 2007, restricted cash also included cash equal to the negative value of the interest rate swap agreement. On December 10, 2008, the Company terminated its interest swap agreement.

Fair Value of Financial Instruments

The carrying amounts of financial instruments approximate fair value due to the short maturities of these instruments. The Company has no material off-balance sheet financial instruments.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents and restricted cash. Cash and cash equivalents and restricted cash consist primarily of highly liquid short-term investments deposited with financial institutions that are of high credit quality.

Accounts Receivable

Accounts receivable are uncollateralized, without interest and consist primarily of on-going service revenue and equipment receivables. The Company performs on-going credit evaluations of its customers and records specific allowances for bad debts based on factors such as current trends, the length of time the receivables are past due and historical collection experience. Accounts receivable are considered past due in accordance with the contractual terms of the arrangements. Accounts receivable balances that are determined likely to be uncollectible are included in the allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off against the allowance.

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following is a summary of the activity in the allowance for doubtful accounts (in thousands):

	Year Ended December 31,		
	2008	2007	2006
Balance at beginning of period	\$4,177	\$ 3,609	\$1,774
Provision, net of recoveries	1,818	1,774	2,191
Write-offs	(790)	(1,206)	(356)
Balance at end of period	<u>\$5,205</u>	<u>\$ 4,177</u>	<u>\$3,609</u>

Inventory

Inventory consists of purchased products, including fixed and mobile user terminals, accessories and gateway spare parts. Inventory is stated at the lower of cost or market value. Cost is computed using the first-in, first-out (FIFO) method which determines the acquisition cost on a FIFO basis. Inventory allowances are recorded for inventories with a lower market value or which are slow moving. Unsaleable inventory is written off. During the years ended December 31, 2008, 2007 and 2006, the Company recorded \$0.4 million, \$19.1 million and \$1.9 million, respectively, in impairment charges on its inventory representing a write-down of its first generation phone and accessory inventory, respectively. This charge was recognized after assessment of the Company's inventory quantities and its recent and projected equipment sales.

Property and Equipment

Property and equipment is stated at acquisition cost, less accumulated depreciation and impairment. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets, as follows:

Globalstar System:

Space component	Up to periods of 9 years from commencement of service
Ground component	Up to periods of 9 years from commencement of service
Furniture, fixtures & equipment	3 to 10 years
Leasehold improvements	Shorter of lease term or the estimated useful lives of the improvements, generally 5 years

Effective October 1, 2006, the Company reduced the estimated remaining lives for the Globalstar System assets from 39 months to 27 months due to the uncertainties about their remaining useful lives.

The Globalstar System includes costs for the design, manufacture, test, and launch of a constellation of low earth orbit satellites, including in-orbit spare satellites (the "Space Component"), and primary and backup control centers and gateways (the "Ground Component").

The Company records losses from the in-orbit failure of a satellite in the period it is determined that the satellite is not recoverable.

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company reviews 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. Globalstar looks to current and future undiscounted cash flows, excluding financing costs, as primary indicators of recoverability. If impairment is determined to exist, any related impairment loss is calculated based on fair value.

The Globalstar System includes costs for the design, manufacture, test, and launch of a constellation of low earth orbit satellites, including satellites put into service which were previously recorded as spare satellites and held as ground spares until the Company launched four satellites each in May and October 2007. The spare satellites and associated launch costs included costs that were considered construction-in-progress and were transferred to Globalstar System when placed into service. The Company began depreciating costs for each particular satellite over an estimated life of eight years from the date it was placed into service.

Investments

The Company accounts for its non-marketable equity investments using either the cost or equity method of accounting and includes such investments in other assets. The Company records non-marketable equity investments under the equity method if it has the ability to exercise significant influence, but not control of, the investee. Significant influence generally exists if the Company has an ownership interest representing between 20% and 50% of the voting stock of the investee. Under the equity method of accounting, the Company states investments at initial cost and adjusts the cost for subsequent additional investments and the Company's proportionate share of earnings or losses and distributions. The Company records its share of investee earnings or losses in other income (expense), after elimination of inter-company transactions, in the accompanying consolidated statements of income (loss). For the years ended December 31, 2008, 2007 and 2006, the equity losses in investees included in other income (loss) were \$0.2 million, \$0 and \$0, respectively. At December 31, 2008 and 2007, the Company's investments accounted for under the equity method of accounting, were \$0.8 million and \$0.4 million, respectively. If the Company does not have ability to exercise significant influence over the investee, the non-marketable equity investment is recorded at cost. At December 31, 2008 and 2007, the Company's did not have any investments accounted for under the cost method.

The Company evaluates its equity method investments for impairment when events or changes in circumstances indicate, in management's judgment, that the carrying value of such investment may have experienced an other-than-temporary decline in value. If the estimated fair value is less than the carrying value and the Company considers the decline in value to be other than temporary, the Company recognizes the excess of the carrying value over the estimated fair value in the financial statements as an impairment.

Deferred Financing Costs

These costs represent costs incurred in obtaining long-term debt, credit facilities and long term convertible senior notes. These costs are classified as long-term other assets and are amortized as additional interest expense over the term of the corresponding debt, credit facilities or the first put option date for the long term convertible notes. As of December 31, 2008 and 2007, the Company had net deferred financing costs of \$2.1 million and \$0.1 million, respectively. The Company incurred an additional \$4.9 million in financing costs during 2008. Approximately \$2.9 million and \$8.1 million of

GLOBALSTAR, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

deferred financing costs were recorded as interest expense for the years ended December 31, 2008 and 2007, respectively. In December 2007, upon assignment of the amended and restated credit agreement with Wachovia Investment Holdings, LLC, as the administrative agent, to Thermo Funding Company LLC, the Company expensed all costs associated with the credit agreement to interest expense. Upon conversions of the long term convertible notes, the unamortized portion of the corresponding deferred financing costs were recognized as interest expense.

Asset Retirement Obligation

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 143, "Accounting for Asset Retirement Obligations," the Company capitalized, as part of the carrying amount, the estimated costs associated with the retirement of five gateways owned by the Company. As of December 31, 2008 and 2007, the Company had accrued approximately \$720,000 and \$710,000, respectively, for asset retirement obligations. The Company believes this estimate will be sufficient to satisfy the Company's obligation under leases to remove the gateway equipment and restore the sites to their original condition.

Revenue Recognition and Deferred Revenues

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

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

Occasionally the Company has 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.

The Company also provides certain engineering services to assist customers in developing new technologies related to our system. The revenues associated with these services are recorded when the services are rendered, and the expenses are recorded when incurred. The Company records revenues and costs associated with long term engineering contracts on the percentage-of-completion method of accounting. During 2008, 2007 and 2006, the Company recorded engineering services revenues of

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

\$1.3 million, \$2.5 million and \$2.1 million, respectively, and related costs of \$0.2 million, \$0.7 million and \$1.4 million, respectively.

The Company owns and operates its satellite constellation and earns a portion of its revenues through the sale of airtime minutes on a wholesale basis to independent gateway operators. Revenue from services provided to independent gateway operators is recognized based upon airtime minutes used by customers of independent gateway operators and contractual fee arrangements. Where collection is uncertain, revenue is recognized when cash payment is received.

The Company introduced annual plans (sometimes called Liberty plans) in August 2004 and broadened their availability during the second quarter of 2005. These plans grew substantially in 2005 and 2006. These plans require users to pre-pay usage charges for the entire plan period, generally 12 months, which results in the deferral of certain of the Company's revenues. Under its revenue recognition policy for annual plans, the Company defers revenue until the earlier of when the minutes are used or when these minutes expire. Any unused minutes are recognized as revenue at the expiration of a plan. Most of the Company's customers have not used all the minutes that are available to them which has caused the Company to defer large amounts of service revenue. At December 31, 2008 and 2007, the Company's deferred revenue aggregated approximately \$20.6 million (of which \$1.3 million was included in non-current liabilities) and \$20.4 million (of which \$1.0 million was included in non-current liabilities), respectively. Accordingly, significant revenues from 2007 purchases of annual plans were recognized during 2008 as the minutes were used or expired.

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

The Company sells SPOT satellite messenger services as annual plans and bills the customer at the time the customer activates the service. The Company defers revenue on such annual service plans upon activation and recognizes it ratably over service term.

Subscriber equipment revenue represents the sale of fixed and mobile user terminals, accessories and SPOT satellite messenger product. The Company recognizes 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

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The Company does not record sales and use tax and other taxes collected from its customers in revenue.

Research and Development Expenses

Research and development costs were \$3.2 million, \$2.9 million and \$2.3 million for the years ended December 31, 2008, 2007 and 2006, respectively, and are expensed as incurred as cost of services.

Advertising Expenses

Advertising expenses were \$5.4 million, \$1.5 million and \$0.9 million for the years ended December 31, 2008, 2007 and 2006, respectively, and are expensed as incurred as part of marketing, general and administrative expenses.

Foreign Currency

Foreign currency assets and liabilities are remeasured into U.S. dollars at current exchange rates and revenue and expenses are translated at the average exchange rates in effect during each period. For the years ended December 31, 2008, 2007 and 2006, the foreign currency translation adjustments were \$(6.2) million, \$4.2 million and \$0.2 million, respectively.

Foreign currency transaction gains and (losses) are included in net income. Foreign currency transaction gains (losses) were \$(4.5) million, \$8.2 million and \$(4.0) million for the years ended December 31, 2008, 2007 and 2006, respectively. These were classified as other income or expense on the statement of operations.

Income Taxes

Until January 1, 2006, Globalstar was treated as a partnership for U.S. tax purposes (Notes 8 and 13). Generally, taxable income or loss, deductions and credits of the Company were passed through to its members. Effective January 1, 2006, Globalstar and its U.S. operating subsidiaries elected to be taxed as a corporation in the United States and began accounting for these entities under SFAS 109. Prior to January 1, 2006, Globalstar did have some corporate subsidiaries that require a tax provision or benefit using the asset and liability method of accounting for income taxes as prescribed by SFAS No. 109, "Accounting for Income Taxes." As of December 31, 2008 and 2007, the corporate subsidiaries had gross deferred tax assets of approximately \$137.4 million and \$144.0 million, respectively. The Company established a valuation reserve of \$137.4 million and \$122.4 million as of December 31, 2008 and 2007, respectively, due to the Company's concern over it being more likely than not that it may not utilize those deferred tax assets. On January 1, 2007, the Company adopted Financial Accounting Standards Board Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" ("FIN 48"). See Note 8 to the consolidated financial statements for the impact of this adoption on the Company's financial statements.

GLOBALSTAR, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Stock-Based Compensation*

Effective January 1, 2006, as a result of its initial public offering, the Company adopted the provisions of Statement of Financial Accounting Standards No. 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 has not restated its 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.

Segments

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 No. 131, "Disclosures About Segments of an Enterprise and Related Information," or SFAS No. 131, is included in the consolidated financial statements.

Derivative Instruments

The Company had utilized derivative instruments in the form of an interest rate swap agreement and from time to time, a forward contract for purchasing foreign currency to minimize its risk from interest rate fluctuations related to its variable rate credit agreement and minimize its risk from fluctuations related to the foreign currency exchange rates, respectively. The interest rate swap agreement and the forward foreign contract were used to manage risk and were not used for trading or other speculative purposes. Derivative instruments were recorded in the balance sheet as either assets or liabilities, measured at fair value. The interest rate swap agreement and the forward foreign currency contract did not qualify for hedge accounting treatment. Changes in the fair value of the interest rate swap agreement and the forward foreign currency contract were recognized as "Interest rate derivative loss" and "Other income," respectively, over the life of the agreements. The Company terminated the interest rate swap agreement on December 10, 2008, by making a payment of approximately \$9.2 million.

Comprehensive Income (Loss)

In accordance with SFAS No. 130, "Reporting Comprehensive Income," all components of comprehensive income (loss), including unrealized gains and losses on investment securities and foreign currency translation adjustment, are reported in the financial statements in the period in which they are recognized. Comprehensive income (loss) is defined as the change in equity during a period from transactions and other events and circumstances from non-owner sources.

Earnings Per Share

The Company applies the provisions of SFAS No. 128, "Earnings Per Share," which requires companies to present basic and diluted earnings per share. Basic earnings per share is computed based on the weighted-average number of common shares outstanding during the period. Common stock

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

equivalents are included in the calculation of diluted earnings per share only when the effect of their inclusion would be dilutive.

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

	Year Ended December 31, 2008			Year Ended December 31, 2007		
	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	<u>\$ (68,012)</u>	<u>86,405</u>	<u>\$ (0.79)</u>	<u>\$ (27,925)</u>	<u>77,169</u>	<u>\$ (0.36)</u>

	Year Ended December 31, 2006		
	Income (Numerator)	Weighted Average Shares Outstanding (Denominator)	Per-Share Amount
Basic earnings per common share			
Net income	\$ 23,623	63,710	\$ 0.37
Effect of Dilutive Securities			
Stock options to director	—	99	
GAT acquisition	—	267	
Diluted earnings per common share	<u>\$ 23,623</u>	<u>64,076</u>	<u>\$ 0.37</u>

For the year ended December 31, 2008 and 2007, 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. Restricted stock awards and restricted stock units representing approximately 222,000 shares were excluded from the computation of diluted shares outstanding for the year ended December 31, 2006 as their inclusion would have been anti-dilutive.

Shares issued under the Share Lending Agreement (24.2 million shares at December 31, 2008) are included in the computation of earnings per share. See Note 13.

Recently Issued 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 financial statements on a recurring basis (at least annually). This FSP partially defers the effective date of Statement No. 157 to fiscal years beginning after November 15,

GLOBALSTAR, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2008, and interim periods within those fiscal years, for items within the scope of this FSP. On January 1, 2008, the Company adopted the provisions of SFAS No. 157 that relate to establishing guidelines for measuring fair value of financial assets and liabilities and non-financial assets and non-financial liabilities that are recognized at fair value on a recurring basis. This adoption did not have a material impact on the Company's financial position, results of operations, or cash flows.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS No. 159"). SFAS No. 159 allows companies to measure many financial assets and liabilities at fair value. It also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. On January 1, 2008, the Company adopted SFAS No. 159. The adoption of SFAS No. 159 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 to 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. The Company is currently assessing implementation plans and does not expect the adoption of SFAS No. 161 to have a material impact, if any, on the Company's financial position, results of operations, or cash flows.

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.

GLOBALSTAR, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In May 2008, the FASB issued 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 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 for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The Company is evaluating the impact of the adoption of FSP APB 14-1 on its financial position, results of operations and cash flows.

In December 2008, the FASB issued FSP 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets" (FSP 132(R)-1). FSP 132(R)-1 requires additional disclosures for plan assets of defined benefit pension or other postretirement plans. The required disclosures include a description of the Company's investment policies and strategies, the fair value of each major category of plan assets, the inputs and valuation techniques used to measure the fair value of plan assets, the effect of fair value measurements using significant unobservable inputs on changes in plan assets, and the significant concentrations of risk within plan assets. FSP 132(R)-1 does not change the accounting treatment for postretirement benefits plans. FSP 132(R)-1 is effective for the Company for fiscal year 2009.

3. ACQUISITIONS*Globalstar de Venezuela, C.A. ("GdeV")*

Pursuant to Globalstar's continuing consolidation strategy and to enhance its presence in South America, on February 4, 2005, GdeV, an indirect (through Globalstar Canada Satellite Company "GCSC") subsidiary of Globalstar, executed a series of agreements to acquire the mobile satellite services business assets of TE.SA.M. de Venezuela, C.A. ("TESAM"), the Globalstar service provider in Venezuela, at a cost of \$1.6 million. This asset purchase was completed in two stages. The first stage, which transferred certain non-regulated assets, including the land where the Venezuelan gateway is located, was completed upon the execution of the agreements.

The second stage of the transaction, which transferred regulated assets including the gateway equipment, was completed after the Venezuelan regulatory consents were obtained in 2007. Management determined that operational control passed to New Globalstar with the completion of the first stage of the transaction in February 2005. Pursuant to the purchase agreements, GdeV paid approximately \$342,000 upon execution of the agreements. The \$1,250,000 balance of the purchase price is payable in sixteen quarterly installments of \$78,125 (interest imputed at 7.0% resulting in a discount of approximately \$250,000). Only the first two of these sixteen quarterly installments were required in advance of Venezuelan regulatory approvals. Principal and interest payments made in 2007 were \$820,000. In exchange for the principal amounts outstanding of approximately \$246,000, the Company issued approximately 25,471 shares of its Common Stock in December 2007. As of December 31, 2008 and 2007, there were no outstanding amounts associated with this acquisition.

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. ACQUISITIONS (Continued)

The following table summarizes the Company's allocation of the estimated values of the assets acquired and liabilities assumed in the acquisition (in thousands):

	February 4, 2005
Current assets	\$ 82
Property and equipment	1,314
Total assets acquired	1,396
Current liabilities	367
Long-term debt	687
Total liabilities assumed	1,054
Net assets acquired	\$ 342

The Company has included the results of operations of GdeV in its consolidated financial statements from the date of acquisition.

Globalstar Americas Telecommunications, Ltd

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

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

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. ACQUISITIONS (Continued)

pay to these selling shareholders the difference between the market value and \$3.7 million. On December 17, 2007, the Company issued 153,916 shares of the Common Stock valued at approximately \$1.5 million at a price of \$9.675 per share as compensation to satisfy the shortfall in the value of shares issued as well as in lieu of cash interest for 2007.

As of December 31, 2008 and 2007, no shares of redeemable Common Stock were outstanding, respectively.

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

The following table summarizes the Company's allocation of the estimated values of the assets acquired, and liabilities assumed in the acquisition (in thousands):

	January 1, 2006
Current assets	\$ 329
Property and equipment	6,655
Intangible assets	100
Total assets acquired	7,084
Current liabilities	409
Long-term debt	287
Total liabilities assumed	696
Net assets acquired	<u>\$ 6,388</u>

The results of operations of the GA Companies have been included in the Company's consolidated financial statements from January 1, 2006.

Globalstar do Brazil

On March 25, 2008, the Company completed its acquisition of an independent gateway operator that owns and operates three gateway ground stations in Brazil. Pursuant to the terms of the acquisition, the Company acquired all of the outstanding equity of the independent gateway operator for \$6.5 million, including \$6.0 million payable in Common Stock of the Company and \$0.6 million in release of service fees owed to the Company by the independent gateway operator. The Company also incurred transaction costs of \$0.3 million. Earlier in 2008, the Company received the necessary Agencia Nacional de Telecomunicacoes (ANATEL) regulatory approval. The acquisition allows the Company to expand its coverage in South America and engage in discussions with potential partners to provide ancillary terrestrial component or ATC-type services in Brazil.

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. ACQUISITIONS (Continued)

The following table summarizes the Company's preliminary allocation of the estimated values of the assets acquired and liabilities assumed in the acquisition (in thousands):

	<u>March 25, 2008</u>
Current assets	\$ 8,257
Property and equipment	8,252
Long-term assets	<u>12,337</u>
Total assets acquired	<u>28,846</u>
Current liabilities	7,684
Long-term liabilities	<u>14,205</u>
Total liabilities assumed	<u>21,889</u>
Net assets acquired	<u>\$ 6,957</u>

The Company has included results of operations of Globalstar do Brazil in its consolidated financial statements from the date of acquisition. The Company's unaudited pro forma results of operations assuming the transaction had been completed on January 1, 2008 with comparative figures for the year ended December 31, 2007 are presented in the table below.

	<u>Year Ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
	<u>(In thousands—unaudited)</u>	
Revenues	\$ 87,771	\$105,863
Operating Expenses	145,665	127,738
Operating Loss	<u>\$ (57,894)</u>	<u>\$ (21,875)</u>
Net Loss	<u>\$ (68,196)</u>	<u>\$ (28,580)</u>
Basic loss per share	<u>\$ (0.79)</u>	<u>\$ (0.37)</u>
Diluted loss per share	<u>\$ (0.79)</u>	<u>\$ (0.37)</u>

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. PROPERTY AND EQUIPMENT

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

	December 31,	
	2008	2007
Globalstar System:		
Space component	\$132,982	\$ 85,142
Ground component	26,154	21,530
Second-generation satellites and related launch costs	499,566	147,998
Second-generation ground component	11,062	—
Spare satellites and related launch costs	—	47,848
Furniture and office equipment	16,872	14,417
Land and buildings	3,810	2,478
Leasehold improvements	687	717
Construction in progress	958	1,132
	<u>692,091</u>	<u>321,262</u>
Accumulated depreciation	(55,729)	(31,159)
	<u>\$636,362</u>	<u>\$290,103</u>

Property and equipment consists of an in-orbit satellite constellation, ground equipment, spare satellites and related launch costs, second-generation satellites and related launch costs, second-generation ground component and support equipment located in various countries around the world.

On November 30, 2006, the Company entered into a contract with Thales Alenia Space (formerly known as Alcatel Alenia Space France) to construct 48 low-earth orbit satellites. The total contract price, including subsequent additions, is approximately €670.3 million (approximately \$931.1 million at a weighted average conversion rate of €1.00 = \$1.3891 at December 31, 2008) 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. The contract requires Thales Alenia Space to commence delivery of satellites in the third quarter of 2009, with deliveries continuing until 2013 unless Globalstar elects to accelerate delivery. At December 31, 2008, \$43.5 million was held in escrow to secure the Company's payment obligations related to its contract for the construction of its second-generation satellite constellation. Funds that the Company deposits into the escrow account to support this contract will be used to make payments under this contract in the future. At the Company's request, Thales Alenia Space has presented a plan for accelerating delivery of the initial 24 satellites by up to four months. The expected cost of this acceleration will range from approximately €6.7 million to €13.4 million (\$9.4 million to \$18.9 million at €1.00 = \$1.4097 at December 31, 2008). In 2007, the Company authorized the first two portions of the Thales' four-part sequential plan with an additional cost of €4.1 million (approximately \$5.9 million at €1.00 = \$1.4499). The Company cannot provide assurance that the remaining acceleration will occur.

In March 2007, the Company and Thales Alenia Space entered into an agreement for the construction of the Satellite Operations Control Centers, Telemetry Command Units and In Orbit Test Equipment (collectively, the "Control Network Facility") for the Company's second-generation satellite constellation. This agreement complements the second-generation satellite construction contract between Globalstar and Thales Alenia Space for the construction of 48 low-earth orbit satellites and allows Thales Alenia Space to coordinate all aspects of the second-generation satellite constellation project, including the transition of first-generation software and hardware to equipment for the second generation. The total contract price for the construction and associated services is €9.2 million (approximately \$13.1 million at a weighted average conversion rate of €1.00 = \$1.4252) consisting of €

GLOBALSTAR, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****4. PROPERTY AND EQUIPMENT (Continued)**

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 late 2009. Globalstar has the option to terminate the contract if excusable delays affecting Thales Alenia Space's ability to perform the contract total six consecutive months or at its convenience. If Globalstar terminates the contract, it must pay Thales Alenia Space the lesser of its unpaid costs for work performed by Thales Alenia Space and its subcontractors or payments for the next two quarters following termination. If Thales Alenia Space has not completed the Control Network Facility acceptance review within 60 days of the due date, Globalstar will be entitled to certain liquidated damages. Failure to complete the Control Network Facility acceptance review on or before six months after the due date results in a default by Thales Alenia Space, entitling Globalstar to a refund of all payments, except for liquidated damage amounts previously paid or with respect to items where final delivery has occurred. The Control Network Facility, when accepted, will be covered by a limited one-year warranty. The contract contains customary arbitration and indemnification provisions.

On September 5, 2007, the Company and Arianespace (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 will make four launches of six satellites each, and the Company has 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. On July 5, 2008, the Company amended its agreement with its 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 can defer payment on up to 75% of certain amounts due to the Launch Provider. The deferred payments will incur annual interest at 8.5% to 12% and become payable one month before the corresponding launch date. The launch window for the first four launches ranges from the fourth quarter of 2009 through the end of 2010 and the optional launches are available from spring 2010 through the end of 2014. Prolonged delays due to postponements by the Company or the Launch Provider may result in adjustments to the payment schedule.

To augment its existing satellite constellation, the Company successfully launched eight spare satellites in two separate launches of four satellites each on May 29, 2007 and October 21, 2007. The Company no longer has any spare satellites remaining to be launched. All of the eight spare satellites had been placed into service and were handling call traffic as of June 30, 2008.

On May 14, 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. The RANs, when completed, will be covered by a limited one-year warranty, with an option for the Company to extend the warranty. The agreement contains customary arbitration and indemnification provisions. 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 December 31, 2008, the Company had made payments of \$5.4 million under this contract and expensed \$1.8 million of these payments and capitalized \$3.6 million under second-generation ground component.

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. PROPERTY AND EQUIPMENT (Continued)

On October 8, 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. The all Internet protocol (IP) based core network system is wireless 3G/4G compatible and will link the Company's 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 the Company's next-generation of advanced IP-based satellite voice and data services.

As of December 31, 2008 and 2007, capitalized interest recorded was \$31.5 million, and \$1.1 million, respectively. Interest capitalized during the years ended December 31, 2008, 2007, and 2006 was \$30.4 million, \$0.2 million and \$0.9 million, respectively. Depreciation expense for the years ended December 31, 2008, 2007 and 2006 was \$26.8 million, \$12.9 million and \$6.6 million, respectively.

5. ACCRUED EXPENSES

Accrued expenses consist of the following (in thousands):

	December 31,	
	2008	2007
Accrued interest	\$14,957	\$ 196
Accrued compensation and benefits	3,413	2,443
Accrued property and other taxes	3,182	4,894
Customer deposits	2,666	3,458
Accrued professional fees	1,168	1,066
Accrued commissions	448	216
Accrued telecom	433	300
Warranty reserve	101	235
Accrued Second-Generation construction and spare satellite launch costs	35	1,563
Other accrued expenses	3,595	3,279
	<u>\$29,998</u>	<u>\$17,650</u>

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

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

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. ACCRUED EXPENSES (Continued)

and periodically adjusted to reflect changes in warranty cost estimates. The following is a summary of the activity in the warranty reserve account (in thousands):

	Year Ended December 31,		
	2008	2007	2006
Balance at beginning of period	\$ 235	\$ 879	\$ 977
Provision	67	(177)	1,153
Utilization	(201)	(467)	(1,251)
Balance at end of period	<u>\$ 101</u>	<u>\$ 235</u>	<u>\$ 879</u>

6. PAYABLES TO AFFILIATES

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

	December 31,	
	2008	2007
QUALCOMM	\$2,498	\$1,286
Others	846	201
	<u>\$3,344</u>	<u>\$1,487</u>

Thermo incurs certain general and administrative expenses on behalf of the Company, which are charged to the Company. For the years ended December 31, 2008, 2007 and 2006, total expenses were approximately \$219,000, \$182,000 and \$49,000, respectively. For the years ended December 31, 2008, 2007 and 2006, the Company also recorded \$449,000, \$420,000 and \$189,000, 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 Thermo expense charges are based on actual amounts incurred or upon allocated employee time. Management believes the allocations are reasonable.

7. PENSIONS AND OTHER EMPLOYEE BENEFITS

Pensions

Until June 1, 2004, substantially all Old and New Globalstar employees and retirees who participated and/or met the vesting criteria for the plan were participants in the Retirement Plan of Space Systems/Loral (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 contributions, length of service with the Company and age of the participant. On June 1, 2004, the assets and frozen pension obligations of the Globalstar Segment of the Loral Plan 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. Globalstar's funding policy is to fund the Globalstar Plan in accordance with the Internal Revenue Code and regulations.

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. PENSIONS AND OTHER EMPLOYEE BENEFITS (Continued)

Components of the net periodic pension cost of the Company's contributory defined benefit pension plan for the years ended December 31, were as follows (in thousands):

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Interest cost	\$ 759	\$ 761	\$ 735
Expected return on plan assets	(843)	(802)	(697)
Actuarial loss, net	16	62	91
Net periodic pension cost (income)	<u>\$ (68)</u>	<u>\$ 21</u>	<u>\$ 129</u>

As of the measurement date (December 31), the status of the Company's defined benefit pension plan was as follows (in thousands):

	<u>2008</u>	<u>2007</u>
Benefit obligation, beginning of year	\$13,183	\$13,366
Interest cost	759	761
Actuarial (gain) loss	248	(165)
Benefits paid	(737)	(779)
Benefit obligation, end of year	<u>\$13,453</u>	<u>\$13,183</u>
Fair value of plan assets, beginning of year	<u>\$11,404</u>	<u>\$10,844</u>
Actual return (loss) on plan assets	(2,441)	896
Employer contributions	444	443
Benefits paid	(736)	(779)
Fair value of plan assets, end of year	<u>\$ 8,671</u>	<u>\$11,404</u>
Funded status, end of year	<u>\$ (4,782)</u>	<u>\$ (1,779)</u>
Unrecognized net actuarial loss	5,180	1,664
Net amount recognized	<u>\$ 398</u>	<u>\$ (115)</u>
Amounts recognized on the balance sheet consist of:		
Accrued pension liability	\$ (4,782)	\$ (1,779)
Accumulated other comprehensive loss	5,180	1,664
Net amount recognized	<u>\$ 398</u>	<u>\$ (115)</u>

At December 31, 2008, and 2007, the fair value of plan assets less benefit obligation was recognized as a non-current liability on the Company's balance sheet in the amount of \$4.8 million and \$1.8 million, respectively.

The assumptions used to determine the benefit obligations at December 31 were as follows:

	<u>2008</u>	<u>2007</u>
Discount rate	5.75%	6.00%
Rate of compensation increase	N/A	N/A

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. PENSIONS AND OTHER EMPLOYEE BENEFITS (Continued)

The principal actuarial assumptions to determine net period benefit cost for the years ended December 31 were as follows:

	2008	2007	2006
Discount rate	6.00%	5.75%	5.50%
Expected rate of return on plan assets	7.50%	7.50%	7.50%
Rate of compensation increase	N/A	N/A	N/A

The assumptions, investment policies and strategies for the Globalstar Plan are determined by the Globalstar Plan Committee. Prior to June 1, 2004, the assumptions, investment policies and strategies for the Globalstar segment of the Loral Plan were determined by the Loral Plan Committee. The expected long-term rate of return on pension plan assets is selected by taking into account the expected duration of the projected benefit obligation for the plans, the asset mix of the plans and the fact that the plan assets are actively managed to mitigate risk.

The defined benefit pension plan asset allocation as of the measurement date (December 31) and the target asset allocation, presented as a percentage of total plan assets were as follows:

	2008	2007	Target Allocation
Debt securities	50%	42%	35%-50%
Equity securities	47%	54%	50%-60%
Other investments	3%	4%	0%-5%
Total	<u>100%</u>	<u>100%</u>	

The benefit payments to retirees are expected to be paid as follows (in thousands):

Years Ending December 31,	
2009	\$ 779
2010	791
2011	817
2012	838
2013	855
2014-2018	\$4,383

For the years ended December 31, 2008 and 2007, the Company contributed \$444,000 and \$443,000, respectively, to the Globalstar Plan. The Company expects to contribute a total of approximately \$358,000 to the Globalstar Plan in 2009.

Other Employee Plans

The Company has established various other employee benefit plans which include an employee incentive program and other employee/management incentive compensation plans. The employee/management compensation plans are based upon annual performance measures and other criteria and are paid in shares of the Company's Common Stock. The total expenses related to these plans for the years ended December 31, 2008, 2007 and 2006 were \$12.5 million, \$9.6 million and \$3.6 million, respectively.

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. PENSIONS AND OTHER EMPLOYEE BENEFITS (Continued)

On August 1, 2001, Old Globalstar adopted a defined contribution employee savings plan, or "401(k)," which provided that Old Globalstar would match the contributions of participating employees up to a designated level. Prior to August 1, 2001, Old Globalstar's employees participated in the Loral 401(k) plan. This plan was continued by New Globalstar. Under this plan, the matching contributions were approximately \$508,000, \$341,000 and \$437,000 for 2008, 2007 and 2006, respectively.

8. TAXES

Until January 1, 2006, the Company was taxed as a partnership for U.S. tax purposes (Note 12). Generally, taxable income or loss, deductions and credits of the Company were passed through to its members. Effective January 1, 2006, the Company elected to be taxed as a corporation, and thus subject to the provisions as prescribed under Subchapter C of the Internal Revenue Code. The Company also began accounting for income taxes under Statement of Financial Accounting Standards ("SFAS") No. 109 "Accounting for Income Taxes" (February 1997).

Under SFAS No. 109, the Company recognizes deferred tax assets and liabilities for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, operating losses and tax credit carryforwards. The Company measures deferred tax assets and liabilities using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company recognizes the effect on deferred tax assets and liabilities of a change in tax rates in income in the period that includes the enactment date.

The Company also recognizes valuation allowances under SFAS No. 109 to reduce deferred tax assets to the amount that is more likely than not to be realized. In assessing the likelihood of realization, management considers: (i) future reversals of existing taxable temporary differences; (ii) future taxable income exclusive of reversing temporary differences and carryforwards; (iii) taxable income in prior carryback year(s) if carryback is permitted under applicable tax law; and (iv) and tax planning strategies.

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 the Company's election to be taxed as a corporation effective January 1, 2006, the Company recognized gross deferred tax assets and gross deferred tax liabilities of approximately \$204.2 million and \$0.1 million, respectively.

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. TAXES (Continued)

The components of income tax expense (benefit) were as follows (in thousands):

	Year Ended December 31,		
	2008	2007	2006
Current:			
Federal tax (benefit)	\$ —	\$ —	\$ —
State tax	21	98	102
Foreign tax	(1,302)	3,320	4,045
Total	<u>(1,281)</u>	<u>3,418</u>	<u>4,147</u>
Deferred:			
Federal and state tax (benefit)	—	—	(20,039)
Foreign tax (benefit)	1,761	(554)	1,821
Total	<u>1,761</u>	<u>(554)</u>	<u>(18,218)</u>
Income tax expense (benefit)	<u>\$ 480</u>	<u>\$2,864</u>	<u>\$(14,071)</u>

U.S. and foreign components of income (loss) before income taxes are presented below (in thousands):

	Year Ended December 31,		
	2008	2007	2006
U.S. income (loss)	<u>\$(49,085)</u>	<u>\$(17,545)</u>	<u>\$5,120</u>
Foreign income (loss)	<u>(18,447)</u>	<u>(7,516)</u>	<u>4,432</u>
Total income (loss) before income taxes	<u>\$(67,532)</u>	<u>\$(25,061)</u>	<u>\$9,552</u>

As of December 31, 2008, the Company had cumulative U.S. and foreign net operating loss carryforwards for income tax reporting purposes of approximately \$197.0 million and \$52.8 million, respectively. As of December 31, 2007, the Company had cumulative U.S. and foreign net operating loss carryforwards for income tax reporting purposes of approximately \$173.0 million and \$53.0 million, respectively. The net operating loss carryforwards expire on various dates beginning in 2009 and some of which do not expire.

The Company has not provided for United States income taxes and foreign withholding taxes on approximately \$2.4 million of undistributed earnings from certain foreign subsidiaries indefinitely invested outside the United States. Should the Company decide to repatriate these foreign earnings, the Company would have to adjust the income tax provision in the period in which management believes the Company would repatriate the earnings.

In May 2008, the Company entered into a \$150.0 million convertible senior note transaction. During the fourth quarter of 2008, some of these note holders converted or exchanged their notes for Common Stock, which resulted in a taxable gain in the U.S. of approximately \$71.8 million. Based on the Company's effective tax rate of 41 percent, the tax on this gain was approximately \$29.4 million. Pursuant to SFAS No. 109, the Company recorded the effect of this tax through the utilization of its deferred tax assets and a reduction of its valuation allowance of approximately \$29.4 million and

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. TAXES (Continued)

\$9.7 million, respectively. This decrease of approximately \$19.7 million in net deferred tax assets was charged to stockholder's equity in conjunction with the conversions and exchanges.

The components of net deferred income tax assets were as follows (in thousands):

	December 31,	
	2008	2007
Federal and foreign net operating loss and credit carryforwards	\$ 87,423	\$ 77,218
Property and equipment	35,286	61,312
Accruals and reserves	14,714	5,475
Deferred tax assets before valuation allowance	137,423	144,005
Valuation allowance	(137,423)	(122,445)
Net deferred income tax assets	\$ —	\$ 21,660

The change in the valuation allowance during the years ended December 31, 2008, 2007, and 2006 was \$15.0 million, \$7.2 million, and \$183.7 million, respectively.

The actual provision for income taxes differs from the statutory U.S. federal income tax rate as follows (in thousands):

	Year Ended December 31,		
	2008	2007	2006
Provision at U.S. statutory rate of 35%	\$ (23,636)	\$ (8,762)	\$ 3,344
Nontaxable partnership interest	—	—	—
State income taxes, net of federal benefit	(2,945)	(1,053)	461
Incorporation of U.S. company	—	—	(21,378)
Change in valuation allowance	24,996	7,195	1,304
Effect of foreign income tax at various rates	759	1,664	1,588
Foreign losses with no tax benefit	4,666	1,445	—
Permanent differences	1,322	1,072	—
Other (including amounts related to prior year tax matters)	(4,682)	1,303	610
Total	\$ 480	\$ 2,864	\$ (14,071)

Tax Audits

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 the subsidiary 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. 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. As a partnership, the Company did not pay entity level taxes during the years before 2006. Accordingly, any adjustments to the 2004 and 2005 returns would not cause the Company to have additional tax

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. TAXES (Continued)

expense. However, if there is any adjustment to the basis of the assets, this could reduce the allowed depreciation in 2006 and 2007. The potential impact of such possibilities has been considered in the FIN 48 analysis. State income tax returns are generally subject to examination for a period of three to five years after filing of the respective return. The state impact of any federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states. In the Company's international tax jurisdictions, numerous tax years remain subject to examination by tax authorities, including tax returns for 2001 and subsequent years in most of the Company's major international tax jurisdictions.

FIN 48

The reconciliation of the Company's unrecognized tax benefits is as follows (in thousands):

	<u>2008</u>
Gross unrecognized tax benefits at January 1, 2008	\$74,233
Gross increases based on tax positions related to current year	6,558
Reductions to tax positions related to prior years Audit settlements paid during 2008	—
Gross unrecognized tax benefits at December 31, 2008	<u>\$80,791</u>

The total unrecognized tax benefit of \$80.8 million at December 31, 2008 included \$4.3 million which, if recognized, would reduce the effective income tax rate in future periods.

As of January 1, 2007, the Company adopted the provisions of FIN 48, *Accounting for Uncertainty in Income Taxes*, issued July 2006, and interpretation of SFAS No. 109, as supplemented by FASB Financial Staff Position FIN 48-1, *Definition of Settlement in FASB Interpretation No. 48*, issued May 2, 2007. FIN 48 clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position if required to meet before being recognized in the financial statements. FIN 48 also prescribes guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. The minimum threshold is defined in FIN 48 as the tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit is measured as the largest amount of benefit that is greater than fifty percent likely to be realized upon ultimate settlement. FIN 48 must be applied to all existing tax positions upon initial adoption. The provisions of FIN 48 are effective January 1, 2007, with the cumulative effect of the change in accounting principle recorded as an adjustment to retained earnings in the year of adoption.

Prior to the Company's adoption of FIN 48, its policy was to classify interest and penalties as an operating expense in arriving at pretax income. The Company has computed interest on the difference between the tax position recognized in accordance with FIN 48 and the amount previously taken or expected to be taken in its tax returns. Upon adoption of FIN 48, the Company has elected an accounting policy to also classify accrued interest and penalties related to unrecognized tax benefits in its income tax provision.

In connection with the FIN 48 adjustment, at December 31, 2008 and 2007, the Company recorded interest and penalties of \$772,000 and \$231,000 respectively. In addition, the Company had accrued

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. TAXES (Continued)

penalties and interest of \$500,000 and \$290,000, respectively, in regard to un-filed returns at January 1, 2008. The Company credited these amounts to income in 2008 as a result of foreign tax strategies implemented during the year. Accordingly, at December 31, 2008, the Company had no penalties or interest accrued.

It is anticipated that the amount of unrecognized tax benefit reflected at December 31, 2008 will not materially change in the next 12 months; any changes are not anticipated to have a significant impact on the results of operations, financial position or cash flows of the Company.

The Company is subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant judgment is required in evaluating its tax positions and determining its provision for income taxes. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. The Company evaluates these tax positions in accordance with the requirements of FIN 48.

9. GEOGRAPHIC INFORMATION

The revenue by geographic location is presented net of eliminations for intercompany sales, and is as follows (in thousands):

	Year Ended December 31,		
	2008	2007	2006
Service:			
United States	\$32,092	\$43,214	\$ 46,417
Canada	19,500	26,445	32,820
Central and South America	5,947	2,883	3,934
Europe	3,521	4,692	5,891
Others	734	1,079	2,975
Total service revenue	<u>61,794</u>	<u>78,313</u>	<u>92,037</u>
Subscriber equipment:			
United States	12,513	7,303	22,764
Canada	6,886	5,656	8,031
Central and South America	2,601	1,161	4,210
Europe	1,895	5,334	4,802
Others	366	631	4,827
Total subscriber equipment revenue	<u>24,261</u>	<u>20,085</u>	<u>44,634</u>
Total revenue	<u>\$86,055</u>	<u>\$98,398</u>	<u>\$136,671</u>

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. GEOGRAPHIC INFORMATION (Continued)

The long-lived assets (property and equipment) by geographic location are as follows (in thousands):

	December 31,	
	2008	2007
Long-lived assets:		
United States	\$625,955	\$283,222
Canada	919	1,314
Europe	130	573
Central and South America	7,082	4,117
Others	2,276	877
Total long-lived assets	<u>\$636,362</u>	<u>\$290,103</u>

10. 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 December 31, 2008 and 2007, total advances to QUALCOMM for inventory were \$9.2 million and \$9.7 million, respectively. As of December 31, 2008 and 2007, the Company had outstanding commitment balances of approximately \$49.4 million and \$57.0 million, respectively. 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 2010.

As required by the lender under the Company's then-current credit agreement discussed below, the Company executed an agreement with Thermo Funding Company LLC, an affiliate of Thermo ("Thermo Funding"), to provide Globalstar up to an additional \$200.0 million of equity via an irrevocable standby stock purchase agreement. The irrevocable standby purchase agreement allowed the Company to put up to 12,371,136 shares of its Common Stock to Thermo Funding at a predetermined price of approximately \$16.17 per share when the Company required additional liquidity or upon the occurrence of certain other specified events. Thermo Funding also could elect to purchase the shares at any time. Minority stockholders of Globalstar as of June 15, 2006 who were accredited investors and who received at least thirty-six shares of Globalstar Common Stock as a result of the Old Globalstar bankruptcy will be provided an opportunity to acquire Common Stock on the same terms. By November 2007, Thermo Funding had purchased all the Common Stock subject to the agreement and fully satisfied its commitment.

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. See Note 16.

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. OTHER RELATED PARTY TRANSACTIONS (Continued)

During each of the years ended December 31, 2008, 2007 and 2006, the Company employed, in non-executive positions, certain immediate family members of its executive officers. The aggregate compensation amounts recognized for these immediate family members during the years ended December 31, 2008, 2007 and 2006 were \$0.3 million for each year.

In 2008, the Company purchased approximately \$7.7 million of services and equipment from a company whose chairman serves as a member of the Company's board of directors.

Purchases and other transactions with Affiliates

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

	Year Ended December 31,		
	2008	2007	2006
QUALCOMM	\$ 9,650	\$39,883	\$57,515
Other affiliates	7,936	188	796
Total	<u>\$17,586</u>	<u>\$40,071</u>	<u>\$58,311</u>

11. COMMITMENTS AND CONTINGENCIES*Future Minimum Lease Obligations*

Globalstar currently has several operating leases for facilities throughout the United States and around the world, including California, Florida, Texas, Canada, Ireland, France, Venezuela, Brazil, Panama, and Singapore. The leases expire on various dates through August 2015. The following table presents the future minimum lease payments (in thousands):

<u>Years Ending December 31,</u>	
2009	\$1,358
2010	738
2011	766
2012	778
2013	680
Thereafter	248
Total minimum lease payments	<u>\$4,568</u>

Rent expense for the years ended December 31, 2008, 2007 and 2006 were approximately \$1.6 million, \$1.4 million and \$1.4 million, respectively.

Contractual Obligations

The Company has purchase commitments with QUALCOMM, Thales, Arianespace, Ericsson, Hughes and other vendors totaling approximately \$303.9 million, \$299.3 million, \$174.9 million, \$116.2 million, \$94.2 million and \$0 million in 2009, 2010, 2011, 2012, 2013 and thereafter, respectively. The Company expects to fund its long-term capital needs with any remaining funds available under its

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. COMMITMENTS AND CONTINGENCIES (Continued)

credit agreement, cash flow, which it expects will be generated primarily from sales of its Simplex products and services, including its new SPOT products and services, and the incurrence of additional indebtedness, additional equity financings or a combination of these potential sources of funds.

Litigation

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.

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 plaintiffs' Second Amended Complaint with prejudice. Plaintiffs filed a notice of appeal to the U.S. Second Circuit Court of Appeals. Plaintiffs (now appellants) filed their brief on January 29, 2009, and the Company's responsive brief was filed March 30, 2009.

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. The Company filed its answer on February 2, 2009. The Company will continue to seek to have class certification denied and the case dismissed with prejudice.

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 by 2.625 MHz. On

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. COMMITMENTS AND CONTINGENCIES (Continued)

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. The Company does not expect a decision until the third quarter of 2009.

Appeal of FCC ATC Decision. On October 31, 2008, the FCC issued an Order granting us 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 has filed an answer and counterclaim and a motion to stay the proceeding pending completion of the re-examination of the subject patent, which is now underway.

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.

12. INCORPORATION AND RECAPITALIZATION

In preparation for meeting its commitments to register Globalstar shares of Common Stock under the Securities Exchange Act of 1934, Globalstar elected to be taxed as a C corporation effective January 1, 2006. Effective March 17, 2006, Globalstar was converted from a limited liability company into a corporation under Delaware law. On that date, the Company's 61,947,654 issued and outstanding membership units (adjusted for a subsequent six-for-one stock split) were automatically converted into a like number of shares of Common Stock, its limited liability company agreement was replaced by a certificate of incorporation and bylaws, and its name was changed to Globalstar, Inc. In connection with its conversion into a corporation, the Company established three classes of \$0.0001 par value Common Stock, Series A (300,000,000 shares authorized); Series B (20,000,000 shares authorized); and Series C (480,000,000 shares authorized). All classes of Common Stock had identical rights and privileges except with respect to their rights to elect directors. Series A holders were entitled to elect two directors, Series B holders to elect one director, and Series C holders to elect up to five directors. Under the applicable Delaware statute, all assets and liabilities of the limited liability company became the property of and were deemed to be assumed by the corporation. On October 25, 2006, the Company amended and restated its certificate of incorporation to, among other things, create a single class of Common Stock and convert each share of the Company's three series of Common Stock into one share of a single series of Common Stock. Immediately following the filing of the amended and restated certificate of incorporation, a six-for-one stock split (in the form of a five-shares-for-one-share stock dividend), which had been pre-approved by the Company's board of directors, was effected. All

GLOBALSTAR, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****12. INCORPORATION AND RECAPITALIZATION (Continued)**

references to shares of Common Stock and membership interests and their respective per-unit amounts in these consolidated financial statements and notes to consolidated financial statements have been restated to reflect the effect of this stock split on a retroactive basis as if it had occurred on January 1, 2004. Except where otherwise expressly indicated, the information in these notes also gives effect to the conversion of the Company's three series of Common Stock into a single series of Common Stock.

Pursuant to the operating agreement of Globalstar, in connection with its conversion to a Delaware corporation, Globalstar was obligated to distribute \$685,848 to Thermo. This amount represents a deferred payment of interest that accrued from December 6, 2003 to April 14, 2004 on loans made by Thermo to Globalstar that were converted to equity on April 14, 2004. In connection with the negotiation of Globalstar's credit agreement, Thermo agreed to defer receipt of this payment until the completion of the Company's initial public offering. As permitted by its credit agreement, Globalstar distributed the \$685,848 to Thermo on December 12, 2006.

On November 2, 2006, the Company completed its initial public offering and sold 7,500,000 shares of its Common Stock at \$17.00 per share. The Company received cash proceeds, net of underwriting fees and other offering expenses, of approximately \$116.6 million.

13. 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. In January 2008, the Company's Board of Directors approved the addition of approximately 1.7 million shares of the Company's Common Stock to the shares available for issuance under the Equity Plan. The Company's stockholders approved the Amended and Restated Equity Plan on May 13, 2008, which added an additional 3.0 million shares of the Company's Common Stock to the shares available for issuance under the Equity Plan. At December 31, 2008, the number of shares of Common Stock that remained available for issuance under the Equity Plan was approximately 3.0 million. In January 2009, the Company's Board of Directors approved an additional 2.7 million shares of the Company's Common Stock to the shares available for issuance under the Equity Plan. Equity awards granted to employees in 2008 under the Equity Plan consisted of primarily restricted stock awards and restricted stock units. Equity awards generally vest over a period of 2-5 years from the date of grant. The fair value of the restricted stock awards and restricted stock units is based upon the fair value of the Company's Common Stock on the date of grant.

Effective January 1, 2006, the Company adopted the provisions of SFAS 123 (R), as discussed in Note 2. For the years ended December 31, 2008, 2007 and 2006, the total compensation costs charged against income were \$12.5 million, \$9.6 million and \$1.2 million, respectively. The total tax benefit recognized in 2008, 2007 and 2006 for these equity awards was approximately \$0.7 million, \$0.4 million and \$0.3 million, respectively. For the years ended December 31, 2008 and 2007, the stock compensation costs capitalized as a part of the second-generation constellation was \$0.5 million and \$0.2 million, respectively. The Company did not capitalize any stock compensation expense during 2006. At December 31, 2008 and 2007, the amount related to non-vested shares expected to be amortized over the remaining vesting period was \$4.2 (excluding \$9.5 million of expected amortization related to the Company's Executive Incentive Compensation Plan) and \$4.0 million, respectively. At December 31, 2008 and 2007, the weighted average remaining vesting term of the non-vested shares was 1.2 years and 2.5 years, respectively.

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. EQUITY INCENTIVE PLAN (Continued)

Effective August 10, 2007 (the "Effective Date"), the board of directors, upon recommendation of the Compensation Committee, approved the concurrent termination of the Company's Executive Incentive Compensation Plan and awards of restricted stock or restricted stock units under the Company's 2006 Equity Incentive Plan to five executive officers (the "Participants"). Each award agreement provides that the recipient will receive awards of restricted Common Stock (or, for the non-U.S. Participant, restricted stock units, which upon vesting, each entitle him to one share of Globalstar Common Stock). Total benefits per Participant (valued at the grant date) are approximately \$6.0 million, which represents an increase of approximately \$1.5 million in potential compensation compared to the maximum potential benefits under the Executive Incentive Compensation Plan. However, the new award agreements extend the vesting period by up to two years through 2011 and provide for payment in shares of Common Stock instead of cash, thereby enabling the Company to conserve its cash for capital expenditures for the procurement and launch of its second-generation satellite constellation and related ground station upgrades. One of the original five Participants left the employ of the Company 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. At December 31, 2008, the amount related to non-vested share awards related to the Company's Executive Incentive Compensation Plan expected to be amortized over the remaining vesting period was \$9.5 million of which \$1.3 million is related to share awards that have not been issued as of December 31, 2008 and have not been included in the table below. In accordance with the Company's Executive Incentive Compensation Plan, additional shares equivalent to approximately \$3.8 million will be issued upon vesting in the second quarter of 2009.

In accordance with SFAS 123 (R), the Company adjusts its estimates of expected equity awards forfeitures based upon its review of recent forfeiture activity and expected future employee turnover. The effect of adjusting the forfeiture rate for all expense is recognized in the period in which the forfeiture estimate is changed. The effect of forfeiture adjustments for the year ended December 31, 2008 was \$1.4 million. The effect of changes to the forfeiture estimates during the years ended December 31, 2007 and 2006 was insignificant.

A summary of the nonvested shares under the Company's restricted stock and restricted unit awards as of December 31, 2008 and changes during the year ended December 31, 2008, is presented below:

	2008		2007		2006	
	Shares	Weighted-Average Grant-Date Fair Value Per Share	Shares	Weighted-Average Grant-Date Fair Value Per Share	Shares	Weighted-Average Grant-Date Fair Value Per Share
Issued Nonvested Restricted Stock Awards and Restricted Stock Units						
Outstanding at January 1	1,618,743	\$ 15.00	221,873	\$ 15.00	—	\$ 0.00
Granted	2,297,173	4.12	1,470,138	10.29	294,532	15.00
Vested	(1,387,668)	3.44	(50,095)	9.97	(70,124)	15.00
Forfeited	(44,836)	9.71	(23,173)	14.41	(2,535)	15.00
Outstanding at December 31	2,483,412	\$ 8.92	1,618,743	\$ 11.06	221,873	\$ 15.00

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. DERIVATIVES

In July 2006, in connection with entering into its credit agreement, which provides for interest at a variable rate (Note 16), the Company entered into a five-year interest rate swap agreement. The interest rate swap agreement reflected a \$100.0 million notional amount at a fixed interest rate of 5.64%. The fair value of the interest rate swap agreement as measured on a recurring basis as of December 31, 2007 and 2006 was \$5.9 million and \$2.7 million, respectively. The interest rate swap agreement was terminated on December 10, 2008 by the Company making a payment of approximately \$9.2 million.

The increase in fair value of the interest rate swap agreement liability, for the year ended December 31, 2008, 2007 and 2006, of approximately \$3.3 million, \$3.2 million and \$2.7 million, respectively, was recognized as "Interest rate derivative loss" in the accompanying Consolidated Statements of Operations.

15. OTHER COMPREHENSIVE INCOME (LOSS)

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

	December 31,	
	2008	2007
Accumulated minimum pension liability adjustment	\$(5,180)	\$(1,664)
Accumulated net foreign currency translation adjustment	(1,124)	5,075
Total accumulated other comprehensive income (loss)	<u>\$(6,304)</u>	<u>\$ 3,411</u>

16. BORROWINGS*Current portion of long term debt*

Current portion of long term debt consists of \$33.6 million due to the Company's vendors under vendor financing agreements at December 31, 2008. Details of vendor financing agreements are described later in this Note.

Long Term Debt:

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

	December 31, 2008	December 31, 2007
	(In Thousands)	
Amended and restated Credit Agreement:		
Term Loan	\$ 100,000	\$ —
Revolving credit loans	66,050	50,000
Total Borrowings under Amended and restated Credit Agreement	166,050	50,000
5.75% Convertible Senior Notes due 2028	71,804	—
Vendor Financing	23,625	—
Total long term debt	<u>\$ 261,479</u>	<u>\$ 50,000</u>

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. BORROWINGS (Continued)*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. The credit agreement as currently in effect provides for a \$100.0 million revolving credit facility and a \$100.0 million delayed draw term loan facility. 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. As of December 31, 2007, the Company had drawn \$50.0 million of the revolving credit facility but none of the delayed draw term loan was outstanding.

All loans will mature on December 31, 2012. Revolving credit loans bear interest at LIBOR plus 4.25% to 4.75% or the greater of the prime rate or Federal Funds rate plus 3.25% to 3.75%. The delayed draw term loan bears interest at either 5% plus the greater of the prime rate and the Federal Funds rate plus 0.5%, or LIBOR plus 6%. 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 years ended December 31, 2008, 2007 and 2006, were \$0.1 million, \$2.3 million and \$1.0 million, respectively. The revolving credit loan facility bears an annual commitment fee of 0.5% until drawn or terminated. Additional term loans will bear interest at rates to be negotiated. To hedge a portion of the interest rate risk with respect to the delayed draw term loan, the Company entered into a five-year interest rate swap agreement. This interest rate swap agreement was terminated on December 10, 2008. The loans may be prepaid without penalty at any time. On September 29, 2008, the Company and Thermo agreed that, effective May 26, 2008, all payment of interest on the debt will be deferred until 45 days after Thermo provides notice that the interest is then payable. Interest accrues on this outstanding interest at the same rate as the underlying loan and was compounded on December 31, 2008 and annually thereafter.

The credit agreement limits the amount of the Company's capital expenditures, requires the Company to maintain minimum liquidity of \$5.0 million and provides that as of the end of the second full fiscal quarter after the Company places 24 of its second-generation satellites into service and at the end of each fiscal quarter thereafter, the Company must maintain a consolidated senior secured leverage ratio of not greater than 5.0 to 1.0. The Company was in compliance with the debt covenants at December 31, 2008. Additionally, the credit agreement limits the Company's ability to make dividend payments and other distributions.

5.75% Convertible Senior Notes due 2028

On April 10, 2008, the Company entered into an Underwriting Agreement (the "Convertible Notes Underwriting Agreement") with Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Deutsche Bank Securities Inc. (together, the "Convertible Notes Underwriters") relating to the sale by the Company of \$135.0 million aggregate principal amount of its 5.75%

GLOBALSTAR, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****16. BORROWINGS (Continued)**

Convertible Senior Notes due 2028 (the "Notes"). Pursuant to the Convertible Notes Underwriting Agreement, the Company granted the Convertible Notes Underwriters a 30-day option to purchase up to an additional \$15.0 million aggregate principal amount of the Notes solely to cover over-allotments, if any.

The sale of \$135.0 million aggregate principal amount of the Notes was completed on April 15, 2008. The Convertible Notes Underwriters subsequently executed their over-allotment option and purchased an additional \$15.0 million aggregate principal amount of the Notes on May 8, 2008. The sale of the Notes was registered under the Securities Act of 1933, as amended, pursuant to a Registration Statement on Form S-3 (File No. 333-149798), as supplemented by a prospectus supplement and a free-writing prospectus, both dated April 10, 2008.

The Notes were issued under a Senior Indenture, entered into and dated as of April 15, 2008 (the "Base Indenture"), between the Company and U.S. Bank, National Association, as trustee (the "Trustee"), supplemented by a First Supplemental Indenture with respect to the Notes, entered into and dated as of April 15, 2008 (the "Supplemental Indenture"), between the Company and the Trustee (the Base Indenture and the Supplemental Indenture, collectively, the "Indenture"). Also, pursuant to the Indenture, the Company, the Trustee and U.S. Bank, National Association, as escrow agent (the "Escrow Agent"), entered into a Pledge and Escrow Agreement dated as of April 15, 2008 (the "Pledge Agreement").

In accordance with the Pledge Agreement, the Company placed approximately \$25.5 million of the proceeds of the offering of the Notes in an escrow account with the Escrow Agent. The Escrow Agent invests funds in the escrow account in government securities and, if the Company does not elect to make the payments from its other funds, the funds in the escrow account will be used to make the first six scheduled semi-annual interest payments on the Notes. Pursuant to the Pledge Agreement, the Company pledged its interest in this escrow account to the Trustee as security for these interest payments. At December 31, 2008, the balance in the escrow account was \$14.4 million.

Except for the pledge of the escrow account under the Pledge Agreement, the Notes are senior unsecured debt obligations of the Company. There is no sinking fund for the Notes. The 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, commencing October 1, 2008, to holders of record on the preceding March 15 and September 15, respectively.

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 ownership of the Company, or certain events relating to the trading of the Company's Common Stock, as further described below.

Holder may convert their Notes at their option at any time prior to the close of business on the business day immediately preceding April 1, 2028. Holders may convert their Notes into shares of Common Stock, subject to the Company's option to deliver cash in lieu of all or a portion of the shares. The Notes are convertible at an initial conversion rate of 166.1820 shares of Common Stock per \$1,000 principal amount of Notes, subject to adjustment in the manner set forth in the Supplemental Indenture. The conversion rate may not exceed 240.9638 shares of Common Stock per \$1,000 principal

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. BORROWINGS (Continued)

amount of 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 Notes who convert their Notes 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 Notes being converted.

Holders who convert their Notes in connection with certain events occurring on or prior to April 1, 2013 constituting a "make whole fundamental change" (as defined below) will be entitled to an increase in the conversion rate as specified in the Indenture. The number of additional shares by which the applicable base conversion rate will be increased will be determined by reference to the applicable table below and is based on the date on which the make whole fundamental change becomes effective (the "effective date") and the price (the "stock price") paid, or deemed paid, per share of the Company's common stock in the make whole fundamental change, subject to adjustment as described below. If the holders of common stock receive only cash in a make whole fundamental change, the stock price will be the cash amount paid per share of the Company's common stock. Otherwise, the stock price will be the average of the closing sale prices of the Company's common stock for each of the 10 consecutive trading days prior to, but excluding, the relevant effective date.

The events that constitute a make whole fundamental change are as follows:

- Any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have beneficial ownership of all shares 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 voting stock representing 50% of more (or if such person is Thermo Capital Partners LLC, 70% or more) of the total voting power of all outstanding voting stock of the Company;
- The Company consolidates with, or merges with or into, another person or the Company sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any person;
- The adoption of a plan of liquidation or dissolution of the Company; or
- The Company's common stock (or other common stock into which the Notes are then convertible) is not listed on a United States national securities exchange or approved for quotation and trading on a national automated dealer quotation system or established automated over-the-counter trading market in the United States.

The stock prices set forth in the first column of the Make Whole Table below will be adjusted as of any date on which the base conversion rate of the notes is otherwise adjusted. The adjusted stock prices will equal the stock prices applicable immediately prior to the adjustment multiplied by a fraction, the numerator of which is the base conversion rate immediately prior to the adjustment giving rise to the stock price adjustment and the denominator of which is the base conversion rate as so adjusted.

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. BORROWINGS (Continued)

The base conversion rate adjustment amounts set forth in the table below will be adjusted in the same manner as the base conversion rate.

Stock Price on Effective Date	Effective Date					
	Make Whole Premium (Increase in Applicable Base Conversion Rate)					
	April 15, 2008	April 1, 2009	April 1, 2010	April 1, 2011	April 1, 2012	April 1, 2013
\$4.15	74.7818	74.7818	74.7818	74.7818	74.7818	74.7818
\$5.00	74.7818	64.8342	51.4077	38.9804	29.2910	33.8180
\$6.00	74.7818	63.9801	51.4158	38.2260	24.0003	0.4847
\$7.00	63.9283	53.8295	42.6844	30.6779	17.2388	0.0000
\$8.00	55.1934	46.3816	36.6610	26.0029	14.2808	0.0000
\$10.00	42.8698	36.0342	28.5164	20.1806	11.0823	0.0000
\$20.00	18.5313	15.7624	12.4774	8.8928	4.9445	0.0000
\$30.00	10.5642	8.8990	7.1438	5.1356	2.8997	0.0000
\$40.00	6.6227	5.5262	4.4811	3.2576	1.8772	0.0000
\$50.00	4.1965	3.5475	2.8790	2.1317	1.2635	0.0000
\$75.00	1.4038	1.1810	0.9358	0.6740	0.4466	0.0000
\$100.00	0.4174	0.2992	0.1899	0.0985	0.0663	0.0000

The actual stock price and effective date may not be set forth in the table above, in which case:

- If the actual stock price on the effective date is between two stock prices in the table or the actual effective date is between two effective dates in the table, the amount of the base conversion rate adjustment will be determined by straight-line interpolation between the adjustment amounts set forth for the higher and lower stock prices and the earlier and later effective dates, as applicable, based on a 365-day year;
- If the actual stock price on the effective date exceeds \$100.00 per share of the Company's common stock (subject to adjustment), no adjustment to the base conversion rate will be made; and
- If the actual stock price on the effective date is less than \$4.15 per share of the Company's common stock (subject to adjustment), no adjustment to the base conversion rate will be made.

Notwithstanding the foregoing, the base conversion rate will not exceed 240.9638 shares of common stock per \$1,000 principal amount of Notes, subject to adjustment in the same manner as the base conversion rate.

Except as described above with respect to holders of notes who convert their 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 Notes.

If the Company makes at least 10 scheduled semi-annual interest payments, the 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 Notes to be redeemed, plus accrued and unpaid interest, if any.

The Indenture 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,

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. BORROWINGS (Continued)

failure to convert the 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 Notes may declare the principal of the 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 Notes and accrued interest automatically becomes due and payable.

Conversion of Convertible Senior Notes

In 2008, holders of \$36.0 million aggregate principal amount of Notes, or 24% of the Notes originally issued, submitted notices of conversion to the trustee in order to convert their Notes into Common Stock. The Company also entered into agreements with holders of an additional \$42.2 million aggregate principal amount of Notes, or 28% of the Notes originally issued, to exchange the Notes 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 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 Notes, which were paid from funds in an escrow account for the benefit of the holders of 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 this conversion, approximately \$71.8 million aggregate principal amount of Notes remained outstanding at December 31, 2008.

Common Stock Offering and Share Lending Agreement

Concurrently with the offering of the Notes, on April 10, 2008, the Company entered into a share lending agreement (the "Share Lending Agreement") with Merrill Lynch International (the "Borrower"), through Merrill Lynch, Pierce, Fenner & Smith Incorporated, as agent for Borrower (in such capacity, the "Borrowing Agent"), 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 set forth in the Share Lending Agreement, for a period ending on the earliest of (i) the date the Company notifies the Borrower in writing of its intention to terminate the Share Lending Agreement at any time after the entire principal amount of the Notes ceases to be outstanding and the Company has settled all payments or deliveries in respect of the Notes (as the settlement may be extended pursuant to market disruption events or otherwise pursuant to the Indenture), whether as a result of conversion, redemption, repurchase, cancellation, at maturity or otherwise, (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. The only exception would be that, if pursuant to a merger, recapitalization or reorganization, the Borrowed Shares were exchanged for or converted into cash, securities or other property ("Reference Property"), the Borrower would return the Reference Property. Upon the conversion of 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 remit cash equal to the market value of the corresponding

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. BORROWINGS (Continued)

Borrowed Shares instead of returning to the Company the Borrowed Shares otherwise required by conversions of Note.

On April 10, 2008, the Company entered into an underwriting agreement (the "Equity Underwriting Agreement") with the Borrower and the Borrowing Agent. 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 sale of the Borrowed Shares was registered under the S-3 (33-149798). The Company used two prospectus supplements for the transaction, one for the sale of the Notes (and the underlying Common Stock) and the other for the sale of the Borrowed Shares. The Company filed the prospectus supplement for the sale of the Borrowed Shares pursuant to Rule 424(b) (3) on April 2, 2008 and pursuant to Rule 424(b) (5) on April 14, 2008. Hence the Borrowed Shares are free trading shares. At December 31, 2008, approximately 24.2 million Borrowed Shares remained outstanding. The Borrower returned an additional 6.9 million Borrowed Shares in January 2009.

The Company will not receive any proceeds from the sale of the Borrowed Shares pursuant to the Share Lending Agreement but will receive a nominal lending fee of \$0.0001 per share for each share of Common Stock that it loans to the Borrower pursuant to the Share Lending Agreement. The Borrower will receive all of the proceeds from the sale of Borrowed Shares pursuant to the Share Lending Agreement. 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 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
- 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

GLOBALSTAR, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****16. BORROWINGS (Continued)**

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 of Company Common Stock 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 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, the Company believes that, under generally accepted accounting principles in the United States as currently in effect, the approximately 24.2 million borrowed shares currently outstanding 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 Borrowed Shares were not considered 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.

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 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.

Vendor Financing

In July 2008, the Company amended its agreement with its 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 can defer payment on up to 75% of certain amounts due to the Launch Provider. The deferred payments will incur annual interest at 8.5% to 12%.

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 will incur annual interest at 10%.

GLOBALSTAR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. BORROWINGS (Continued)

At December 31, 2008, the aggregate amount due which had been deferred for payment was \$57.2 million (of which \$33.6 million is shown as "Current portion of long term debt" on the Consolidated Balance Sheet).

The Company's debt matures in the amount of \$33.6 million, \$23.6 million, \$0, \$166.1 million and \$71.8 million in 2009, 2010, 2011, 2012 and 2013, respectively.

17. QUARTERLY FINANCIAL DATA (UNAUDITED)

	Quarter Ended			
	March 31, 2008	June 30, 2008	September 30, 2008	December 31, 2008
	(In thousands, except per share amounts)			
Total revenue	\$ 22,134	\$ 22,999	\$ 22,525	\$ 18,397
Net loss	\$ (6,635)	\$ (7,348)	\$ (26,103)	\$ (27,926)
Basic loss per common share	\$ (0.08)	\$ (0.09)	\$ (0.31)	\$ (0.31)
Diluted loss per common share	\$ (0.08)	\$ (0.09)	\$ (0.31)	\$ (0.31)
Shares used in basic per share calculations	82,448	84,029	84,631	90,100
Shares used in diluted per share calculations	82,448	84,029	84,631	90,100

	Quarter Ended			
	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007
	(In thousands, except per share amounts)			
Total revenue	\$ 23,154	\$ 25,837	\$ 25,688	\$ 23,719
Net income (loss)	\$ 444	\$ (12,687)	\$ 652	\$ (16,334)
Basic earnings (loss) per common share	\$ 0.01	\$ (0.17)	\$ 0.01	\$ (0.21)
Diluted earnings (loss) per common share	\$ 0.01	\$ (0.17)	\$ 0.01	\$ (0.21)
Shares used in basic per share calculations	73,652	75,657	78,000	81,814
Shares used in diluted per share calculations	73,746	75,657	79,044	81,814

18. MANAGEMENT'S PLANS REGARDING FUTURE OPERATIONS

The Company has initiated plans to improve its liquidity by seeking to obtain a combination of debt and equity funding to procure and deploy its second-generation constellation and related ground infrastructure as well as to fund its current operations. The Company's business is currently generating negative cash flow from operations. The Company's plans also include restructuring its operations by reducing costs in underperforming markets and consolidating resources around the world to operate its network more efficiently. It has also undertaken a plan to market aggressively its Simplex based products, including the SPOT satellite messenger, to generate incremental cash flow from operations. If the Company's plans are successful, it believes it will have sufficient liquidity to finance the anticipated costs to procure and deploy the second-generation constellation and related ground infrastructure and to fund its current operations for at least the next 12 months. However, the successful execution of the Company's plans is dependent upon many factors, some of which are beyond its control. The Company cannot assure you that any portion of its plans will be achieved.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. 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 December 31, 2008, 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 December 31, 2008 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 year ended December 31, 2008.

Management's Annual Report on Internal Control over Financial Reporting

Management of the Company, including the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934, as amended. The Company's internal controls were designed to provide reasonable assurance as to the reliability of our financial reporting and the preparation and presentation of the consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The Company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the criteria in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Through this evaluation, management did not identify any material weakness in the Company's internal control over financial reporting. There

are inherent limitations in the effectiveness of any system of internal control over financial reporting; however, based on the evaluation, management has concluded the Company's internal control over financial reporting was effective as of December 31, 2008.

The effectiveness of our internal control over financial reporting as of December 31, 2008, has been audited by Crowe Horwath LLP, an independent registered accounting firm, as stated in their report, which is included in Item 8 of this Report.

(b) Changes in internal control over financial reporting.

As of December 31, 2008, 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 December 31, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Except for the information relating to our executive officers below, which is as of March 14, 2008, the information required by this item is incorporated by reference from the applicable information set forth in "Election of Directors," "Information about the Board of Directors and its Committees," and "Security Ownership of Directors and Executive Officers—Section 16(a) Beneficial Ownership Reporting Requirements" which will be included in our definitive Proxy Statement for our 2009 Annual Meeting of Stockholders to be filed with the SEC, and "Item 1. Business—Additional Information" in this Report.

James Monroe III, age 54, has served as a director of the Company since December 2003 and as Chairman of the Board of Directors since the Reorganization in April 2004. He was elected Chief Executive Officer in January 2005. Since 1984, Mr. Monroe has been the majority owner of a diverse group of privately owned businesses that operate in the fields of telecommunications, real estate, power generation, industrial equipment distribution, financial services and leasing services and that are sometimes referred to collectively in this Report as "Thermo." Thermo controls directly or indirectly Globalstar Holdings LLC, Globalstar Satellite, L.P., and Thermo Funding Company LLC.

Fuad Ahmad, age 39, has served as Vice President and Chief Financial Officer of the Company since June 2005. From June 1999 to May 2005, he served as Finance Director of Old Globalstar and the Company, where he was involved in the initial fundraising activities related to building and launching the Globalstar System. He joined the Company in June 1996 as Finance Manager. Prior to that time, he was employed by Transworld Telecommunications, Inc., a private equity financed firm engaged in acquiring telecommunications companies in the United States.

William F. Adler, age 62, has served as Vice President—Legal and Regulatory Affairs of the Company since April 2004 when he joined the Company from Old Globalstar, where he served as Vice President—Legal & Regulatory Affairs from January 1996 to April 2004. Prior to joining Old Globalstar in 1996, Mr. Adler was a partner in a communications law firm located in Washington, D.C. and served in executive capacities at Pacific Telesis Group and the FCC.

Steven Bell, age 46, has served as Senior Vice President of International Sales, Marketing and Customer Care of the Company since April 2004 and as General Manager of Globalstar Canada, a

subsidiary of the Company, since July 2003. From June 1999 to July 2003, Mr. Bell served as Director of Sales and Marketing of Globalstar Canada. Mr. Bell was promoted to Senior Vice President of Sales and Marketing in January 2008.

Thomas M. Colby, age 48, was appointed as the Chief Operating Officer of the Company in May 2008. Prior to joining the Company, Mr. Colby has been Vice President and General Manager of Trimble Navigation Limited (NASDAQ: TRMB), a provider of advanced positioning solutions, since June 2005. From June 2004 to February 2005, he was a consultant to SRI International, an independent, nonprofit research institute conducting client-sponsored research and development for government agencies, commercial businesses, foundations, and other organizations. From July 2002 to April 2004 he was Chief Executive Officer of Eyematic Interfaces Inc., a developer of consumer mobile applications and camera phone software which was sold in 2004.

Robert D. Miller, age 46, has served as Senior Vice President of Engineering and Ground Operations of the Company since April 2004. Mr. Miller joined the Company from Unibill, Inc., a full service billing vendor for the telecommunications industry, where he served as Senior Vice President and Chief Technology Officer from May 2003 to April 2004. From September 2002 to May 2003, Mr. Miller served as Vice President of Integration & Quality Assurance of Xspedius Communications LLC. Mr. Miller served as Chief Technology Officer of Xspedius, LLC, a predecessor to Xspedius Communications, from September 2001 to September 2002, and as its Vice President of Advanced Services from August 1998 to September 2001.

Paul A. Monte, age 49, has served as Vice President—Engineering and Product Development since September 2005. From 1997 to September 2005, he served the Company and Old Globalstar as Director of Systems Engineering.

Anthony J. Navarra, age 60, was a director of the Company from December 2003 until September 2004. He served as President of Old Globalstar and the Company from September 1999 to December 2004 and has served as President, Global Operations of the Company since January 2005.

Richard S. Roberts, age 63, has served as a Vice President and General Counsel of Thermo Development Inc. since June 2002. Prior to that he was a partner of Taft, Stettinius & Hollister LLP, a law firm located in Cincinnati, Ohio, for over 20 years. He has also served as Secretary of the Company since the Reorganization in April 2004. Mr. Roberts is also a limited partner of Globalstar Satellite, L.P.

Martin E. Neilsen, age 54, has served as Vice President—New Business Ventures since January 2008. From May 2000 to December 2007, he served as Director of Business Development of Old Globalstar and the Company. He joined the Company in September 1993 as a Financial Analyst. Prior to joining Globalstar he spent nine years at Space Systems Loral.

Mr. Navarra and Mr. Adler served as officers or directors of Old Globalstar and certain of its subsidiaries, both prior to and during their bankruptcy proceedings, and continue to serve as directors or executive officers of a subsidiary of Old Globalstar.

Item 11. Executive Compensation

The information required by this item is incorporated by reference from the applicable information set forth in "Compensation of Executive Officers" and "Compensation of Directors" which will be included in our definitive Proxy Statement for our 2009 Annual Meeting of Stockholders to be filed with the SEC.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated by reference from the applicable information set forth in "Security Ownership of Principal Stockholders and Management" and "Equity Compensation Plan Information" which will be included in our definitive Proxy Statement for our 2009 Annual Meeting of Stockholders to be filed with the SEC.

Item 13. Certain Relationships and Related Transactions

The information required by this item is incorporated by reference from the applicable information set forth in "Other Information—Related Person Transactions" and "Information about the Board of Directors and its Committees" which will be included in our definitive Proxy Statement for our 2009 Annual Meeting of Stockholders to be filed with the SEC.

Item 14. Principal Accounting Fees and Services

The information required by this item is incorporated by reference from the applicable information set forth in "Other Information—Globalstar's Independent Registered Accounting Firm" which will be included in our definitive Proxy Statement for our 2009 Annual Meeting of Stockholders to be filed with the SEC.

PART IV

Item 15. Exhibits and Financial Statements Schedules.

(a) The following documents are filed as part of this report:

(1) Financial Statements and Reports of Independent Registered Public Accounting Firm

Reports of Independent Registered Public Accounting Firm	78
Consolidated balance sheets at December 31, 2008 and 2007	80
Consolidated statements of income (loss) for the years ended December 31, 2008, 2007 and 2006	81
Consolidated statements of comprehensive income (loss) for the years ended December 31, 2008, 2007 and 2006	82
Consolidated statements of ownership equity for the years ended December 31, 2008, 2007 and 2006	83
Consolidated statements of cash flows for the years ended December 31, 2008, 2007 and 2006	84
Notes to consolidated financial statements	85

(2) Financial Statement Schedules

All schedules are omitted because they are not required information or the required information is in the financial statements or notes thereto.

(3) Exhibits

See exhibit list.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: March 31, 2009

By: /s/ JAMES MONROE III

James Monroe III
Chairman and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints James Monroe III and Fuad Ahmad, jointly and severally, his or her attorney-in-fact, with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his or her substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated as of March 31, 2009.

<u>Signature</u>	<u>Title</u>
/s/ JAMES MONROE III _____ James Monroe III	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)
/s/ FUAD AHMAD _____ Fuad Ahmad	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ PETER J. DALTON _____ Peter J. Dalton	Director
/s/ KENNETH E. JONES _____ Kenneth E. Jones	Director
/s/ JAMES F. LYNCH _____ James F. Lynch	Director
/s/ RICHARD S. ROBERTS _____ Richard S. Roberts	Director
/s/ J. PATRICK MCINTYRE _____ J. Patrick McIntyre	Director

EXHIBIT INDEX

Exhibit Number	Description
2.1*	Partnership Interest Purchase Agreement by and among GSSI, LLC, Globalstar, Inc., Loral/DASA Globalstar, L.P., Globalstar do Brasil, S.A., Loral/DASA do Brasil Holdings Ltda., Loral Holdings LLC, Global DASA LLC, LGP (Bermuda) Ltd., Mercedes-Benz do Brasil Ltda., and Loral Space & Communications Inc. dated December 21, 2007 (Exhibit 2.1 to Form S-4 filed January 30, 2008)
3.1*	Amended and Restated Certificate of Incorporation of Globalstar, Inc. (Exhibit 3.1 to Form S-1, Amendment No. 5, filed October 27, 2006)
3.2*	Amended and Restated Bylaws of Globalstar, Inc. (Exhibit 3.2 to Form 10-Q filed December 18, 2006)
4.1*	Indenture between Globalstar, Inc. and U.S. Bank, National Association as Trustee dated as of April 15, 2008 (Exhibit 4.1 to Form 8-K filed April 16, 2008)
4.2*	First Supplemental Indenture between Globalstar, Inc. and U.S. Bank, National Association as Trustee dated as of April 15, 2008, including Form of Global 5.75% Convertible Senior Note due 2028 (Exhibit 4.2 to Form 8-K filed April 16, 2008)
4.3	Amendment to First Supplemental Indenture between Globalstar, Inc. and U.S. Bank, National Association as Trustee dated as of December 1, 2008
10.1*†	Satellite Products Supply Agreement by and between QUALCOMM Incorporated and New Operating Globalstar LLC dated as of April 13, 2004 (Exhibit 10.6 to Form S-1, Amendment No. 4, filed October 17, 2006)
10.2*†	Amendment No. 1 to Satellite Products Supply Agreement by and between QUALCOMM Incorporated and Globalstar LLC dated as of May 25, 2005 (Exhibit 10.7 to Form S-1, Amendment No. 4, filed October 17, 2006)
10.3*†	Amendment No. 2 to Satellite Products Supply Agreement by and between QUALCOMM Incorporated and Globalstar LLC dated as of May 25, 2005 (Exhibit 10.8 to Form S-1, Amendment No. 4, filed October 17, 2006)
10.4*†	Amendment No. 3 to Satellite Products Supply Agreement by and between QUALCOMM Incorporated and Globalstar LLC dated as of September 30, 2005 (Exhibit 10.9 to Form S-1, Amendment No. 4, filed October 17, 2006)
10.5	Amendment No. 4 to Satellite Products Supply Agreement by and between QUALCOMM Incorporated and Globalstar, Inc. dated as of August 15, 2006
10.6†	Amendment No. 5 to Satellite Products Supply Agreement by and between QUALCOMM Incorporated and Globalstar, Inc. dated as of November 20, 2007
10.7	Amendment No. 6 to Satellite Products Supply Agreement by and between QUALCOMM Incorporated, Globalstar, Inc. and Globalstar Canada Satellite Company dated as of November 20, 2007
10.8†	Amendment No. 7 to Satellite Products Supply Agreement by and between QUALCOMM Incorporated, Globalstar, Inc. and Globalstar Canada Satellite Company dated as of October 27, 2008

<u>Exhibit Number</u>	<u>Description</u>
10.9*†	Satellite Construction Contract by and between Alcatel Alenia Space France and Globalstar, Inc. dated November 30, 2006 (Exhibit 10.1 to Form 10-Q filed December 18, 2006)
10.10*†	Amendment No. 3 to Satellite Construction Contract by and between Thales Alenia Space France (formerly Alcatel Alenia Space France) and Globalstar, Inc. dated as of December 19, 2007 (Amendment Nos. 1 and 2 superceded by Amendment No. 3) (Exhibit 10.24 to Form 10-K filed March 17, 2008)
10.11†	Amendment No. 4 to Satellite Construction Contract by and between Thales Alenia Space France (formerly Alcatel Alenia Space France) and Globalstar, Inc. dated as of July 17, 2008
10.12†	Amendment No. 5 to Satellite Construction Contract by and between Thales Alenia Space France (formerly Alcatel Alenia Space France) and Globalstar, Inc. dated December 9, 2008
10.13*†	Escrow Agreement by and among Globalstar, Inc., Alcatel Alenia Space France, and Société Générale as Escrow Agent dated December 21, 2006 (Exhibit 10.18 to Form 10-K filed April 2, 2007)
10.14*†	Control Network Facility Construction Contract by and between Alcatel Alenia Space France and Globalstar, Inc. dated March 22, 2007 (Exhibit 10.1 to Form 10-Q filed May 15, 2007)
10.15*†	Authorization to Proceed by and among Globalstar, Inc. and Thales Alenia Space France (formerly Alcatel Alenia Space France) dated January 8, 2008 (Exhibit 10.25 to Form 10-K filed March 17, 2008)
10.16*†	Spectrum Manager Lease Agreement between Globalstar Licensee LLC and Open Range Communications, Inc. dated as of October 31, 2007 (Exhibit 10.3 to Form 10-Q filed May 12, 2008)
10.17†	Amendment Nos. 1-3 to Spectrum Manager Lease Agreement between Globalstar Licensee LLC and Open Range Communications, Inc. dated as of November 26, 2008
10.18*†	Launch Services Agreement by and between Globalstar, Inc. and Arianespace dated as of September 5, 2007 (Exhibit 10.1 to Form 10-Q filed November 14, 2007)
10.19†	Amendment No. 1 to Launch Services Agreement by and between Globalstar, Inc. and Arianespace dated as of July 5, 2008
10.20*	Second Amended and Restated Credit Agreement by and among Globalstar, Inc., the lenders referred to therein, and Thermo Funding Company LLC as Administrative Agent dated as of December 17, 2007 (Exhibit 10.23 to Form 10-K filed March 17, 2008)
10.21*	Letter Agreement regarding Second Amended and Restated Credit Agreement by and among Thermo Funding Company LLC and Globalstar, Inc. dated September 29, 2008 (Exhibit 10.2 to Form 10-Q filed November 10, 2008)
10.22	First Amendment to Second Amended and Restated Credit Agreement by and among Thermo Funding Company LLC and Globalstar, Inc. dated December 18, 2008
10.23*	Share Lending Agreement by and among Globalstar, Inc., Merrill Lynch International and Merrill Lynch, Pierce, Fenner & Smith Incorporated dated as of April 10, 2008 (Exhibit 10.2 to Form 8-K filed April 16, 2008)
10.24	Amendment to Share Lending Agreement by and among Globalstar, Inc. and Merrill Lynch International (through Merrill Lynch, Pierce, Fenner & Smith Incorporated) dated as of December 18, 2008

<u>Exhibit Number</u>	<u>Description</u>
10.25*	Pledge and Escrow Agreement by and among Globalstar, Inc., U.S. Bank, National Association as Trustee, and U.S. Bank, National Association as Escrow Agent dated April 15, 2008 (Exhibit 10.1 to Form 8-K filed April 16, 2008)
10.26*†	Contract between Globalstar, Inc. and Hughes Network Systems LLC dated May 1, 2008 (Exhibit 10.1 to Form 10-Q filed August 11, 2008)
10.27*†	Purchase Agreement by and between Globalstar, Inc. and Ericsson Federal Inc. dated October 1, 2008 (Exhibit 10.1 to Form 10-Q filed November 10, 2008)
<i>Executive Compensation Plans and Agreements</i>	
10.28*	Globalstar, Inc. 2006 Equity Incentive Plan (Exhibit 10.4 to Form S-1, Amendment No. 1, filed August 29, 2006)
10.29*†	Designated Executive Incentive Compensation Memorandum Agreement by and among Globalstar LLC, Fuad Ahmad, Anthony J. Navarra, Megan Fitzgerald, Robert Miller, Dennis Allen, and Steven Bell (Exhibit 10.10 to Form S-1, Amendment No. 4, filed October 17, 2006)
10.30*	Non-Qualified Stock Option Award Agreement between Globalstar, Inc. and Peter J. Dalton (Exhibit 10.18 to Form S-1, Amendment No. 5, filed October 27, 2006)
10.31*	Form of Designated Executive Award Agreement under the Globalstar, Inc. 2006 Equity Incentive Plan (Exhibit 10.1 to Form 10-Q filed August 14, 2007)
10.32*	Form of Restricted Stock Units Agreement for Non-U.S. Designated Executives under the Globalstar, Inc. 2006 Equity Incentive Plan (Exhibit 10.2 to Form 10-Q filed August 14, 2007)
10.33*	Form of Notice of Grant and Restricted Stock Agreement under the Globalstar, Inc. 2006 Equity Incentive Plan (Exhibit 10.29 to Form 10-K filed March 17, 2008)
10.34*	Letter Agreement between Globalstar, Inc. and Thomas M. Colby dated May 1, 2008 (Exhibit 10.3 to Form 10-Q filed August 11, 2008)
10.35*	Form of Non-Qualified Stock Option Award Agreement for Members of the Board of Directors under the Globalstar, Inc. 2006 Equity Incentive Plan (Exhibit 10.1 to Form 8-K filed November 20, 2008)
21.1	Subsidiaries of Globalstar, Inc.
23.1	Consent of Crowe Horwath LLP
24.1	Power of Attorney (included as part of signature page)
31.1	Section 302 Certification of Chief Executive Officer
31.2	Section 302 Certification of Chief Financial Officer
32.1	Section 906 Certification

* Incorporated by reference.

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

AMENDMENT NO. 1 TO FIRST SUPPLEMENTAL INDENTURE

AMENDMENT NO. 1 TO FIRST SUPPLEMENTAL INDENTURE dated as of December 1, 2008, between Globalstar, Inc., a Delaware corporation (the “**Company**”) and U.S. Bank, National Association, as Trustee (the “**Trustee**”).

WITNESSETH:

WHEREAS, this Amendment No. 1 amends the First Supplemental Indenture dated as of April 15, 2008, which is supplemental to the Original Indenture; and

WHEREAS, the Indenture (including this Amendment No. 1) governs the Company’s 5.75% Convertible Senior Notes due 2028 (the “**Securities**”); and

WHEREAS, pursuant to Section 7.02(a), the Company and the Trustee may amend or supplement the Indenture to supplement any provision in the Indenture so long as the interests of Holders of Securities are not adversely affected in any respect under the Indenture; and

WHEREAS, the parties wish to make an amendment to the Indenture that does not adversely effect the interests of Holders of Securities.

NOW, THEREFORE, THIS AMENDMENT NO. 1 TO FIRST SUPPLEMENTAL INDENTURE WITNESSETH:

The Company and the Trustee agree for the equal and proportionate benefit of the respective holders from time to time of the Securities, as follows:

Section 1.01. *Definitions.* All terms not defined herein shall have the same meaning herein as in the First Supplemental Indenture.

Section 1.02. *Amendment.* A new second sentence shall be added to Section 9.03(c) of the First Supplemental Indenture to state as follows:

Provided, however, that with the consent of any Holder who converts Securities prior to April 11, 2011, the Company may deliver the cash with respect to any Early Conversion Make Whole Amount pursuant to Section 9.06 on or before the Settlement Date.

[Remainder of the page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Amendment No. 1 to be duly executed as of the date first written above.

GLOBALSTAR, INC.

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

U.S. BANK, NATIONAL ASSOCIATION, as Trustee

By: /s/ Daniel Boyers
 Name: Daniel Boyers
 Title: Assistant Vice President

Amendment No. 4
To
QUALCOMM Globalstar Satellite Products Supply Agreement
Agreement No. 04 - QC/NOG-PRODSUP-001
(NOG-C-04-0137)

This Amendment No. 4 ("Amendment") is effective as of 15 August, 2006 ("Amendment Effective Date") by and between QUALCOMM Incorporated, a Delaware corporation ("QUALCOMM") and Globalstar, Inc., a Delaware corporation ("Buyer") with respect to the following facts:

RECITALS

- A. QUALCOMM and Buyer executed the QUALCOMM Globalstar Satellite Products Supply Agreement No. 04-GC/NOG-PORDSUP-001 dated April 13, 2004, as amended (the "Agreement"), pursuant to which QUALCOMM agreed to sell to Buyer, and Buyer agreed to purchase, Globalstar products from time to time for resale to customers under such Supply Terms and Conditions.
- B. QUALCOMM and Buyer executed Amendment No. 1 dated May 25, 2005 to the Agreement, pursuant to which QUALCOMM agreed to modify the Globalstar GSP-1600 Tri-Mode Satellite Phone to replace the LCD ("GSP-1600") and make available a limited quantity of GSP-1600s and other Globalstar products to Globalstar for resale to its customers.
- C. QUALCOMM and Buyer executed Amendment No. 2 dated May 25, 2005 to the Agreement, pursuant to which QUALCOMM agreed to manufacture, sell and deliver New Products to Globalstar for resale to its customers.
- D. QUALCOMM and Buyer executed Amendment No. 3 dated September 30, 2005 to the Agreement pursuant to which QUALCOMM agreed to sell to Buyer additional GSP-1600s and other Globalstar products for resale to its customers.
- E. QUALCOMM and Buyer have agreed that Buyer will undertake to perform the final packaging of the GCK-1700 Car Kit and SDVM, including procurement of such packaging materials and antenna(s), and accordingly, (i) Buyer will no longer be required to deliver production GCK-1700 Car Kit and/or SDVM Antennas and applicable documentation to QUALCOMM as set forth in Section 278 of the Agreement, and (ii) QUALCOMM will deliver GCK-1700 Car Kits and SDVMs, without antennas, as provided for in Section 26 of this Agreement.

By this Amendment, QUALCOMM and Buyer agree to further amend the Agreement as set forth below,

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereby modify the Agreement as set forth herein.

The Definitions Section is hereby revised as follows:

"GCK-1700 Car Kit" shall mean QUALCOMM's Car Kit/Docking Kit for the GSP-1700 for use in vehicles or in fixed indoor applications, including voltage modification for such equipment in accordance with the GCK-1700 Specification, delivered in individual plain cardboard packaging within each master pack, with applicable Documentation and warranty information in English only. The GCK-1700 Car Kit will be delivered with out antenna, such antenna to be procured and assembled for final packaging by Buyer as further described in Section 27 herein."

"SDVM" or "Satellite Data and Voice Module" shall mean the QUALCOMM Globalstar Satellite Data and Voice Module, Model GSP-1720 meeting the requirements as set forth in GSP-1720 Specification, delivered in individual white cardboard packaging within each master pack, with applicable Documentation and warranty information in English only. The SDVM will be delivered without an antenna, such antenna to be procured and assembled for final packaging by Buyer as further described in Section 27 herein. As of the Amendment Effective Date, the SDVM is not DO-160 or FCC certified for Aviation applications."

"Warranty Period" shall mean (a) as to Phones, Satellite Data Modems and Satellite Data and Voice Modules, twelve (12) months, and (b) as to Car Kits and the GCK-1700 Car Kit, ninety (90) days. In each case beginning on the date of delivery thereof to the FCA Point. No warranty shall apply to either (i) any antenna delivered as part of the SDVM or the GCK-1700 Car Kit not manufactured by, or on behalf of, QUALCOMM, (ii) the GCK-1700 Car Kit and/or SDVM if the defect is the result of improper packaging by Globalstar or its designee, or (iii) any GCK-1700 Car Kit and/or SDVM sold, tested or used with Globalstar Antenna not approved for use in writing by QUALCOMM, or (iv) Accessories, Tools or Upgrade Program and Test Tools, including any Accessory packaged with a Phone, Car Kit, GCK-1700 Car Kit or SDVM. No warranty shall apply to the GCK-1700 Car Kit or SDVM if the defect is caused by a Globalstar Antenna."

2. Section 27 Antenna Delivery is hereby deleted and replaced with the following:

"27. Antenna Procurement and Delivery. QUALCOMM shall deliver the GCK-1700 Car Kit and SDVM, without antenna, in plan cardboard packaging in accordance with the Agreement and Attachment (1) Delivery Schedule For New Products. Buyer shall be responsible for (i) procurement of the GCK-1700 Car Kit antenna and SDVM antenna ("Globalstar Antenna(s)"), (ii) timely delivery of production samples of

Globalstar Antenna(s) to QUALCOMM as required for qualification and certification efforts as provided for in Section 24.1, (iii) procurement of final commercial packaging for the GCK-1700 Car Kit and SDVM, and (iv) final assembly, testing and the commercial packaging of the GCK-1700 Car Kit and the SDVM, for resale to its customers subject to successful completion of qualification and certification requirements as set forth in Sections 24.1 and Section 26,

herein. All QUALCOMM markings, including trademarks and/or logos, on the commercial packaging must be in compliance with the QUALCOMM Style Guide and must be approved in writing in advance by QUALCOMM.

Delays in receipt of the production samples of Globalstar Antennas as provided for in Section 26 of the Agreement, or inability by QUALCOMM to certify the Globalstar Antenna(s) due to software or hardware issues, may result in QUALCOMM's delivery of the GCK-1700 Car Kit and/or SDVM certified as a component only, without the proper certifications for resale. In such event, the deliveries will be considered conforming deliveries, no late delivery penalty will apply, and payment by Buyer will be required as provided for in the Agreement. Subsequent submittals for regulatory approvals by QUALCOMM of the GCK-1700 Car Kit and/or SDVM with Globalstar Antenna(s) will be subject to QUALCOMM's resource availability. In no event may Buyer sell a GCK-1700 Car Kit and/or SDVM with an antenna that is not qualified and certified by QUALCOMM."

EFFECTIVENESS. Except as modified by this Amendment No. 4 as of the date set forth above, the Agreement shall remain in full force and effect. No modifications, amendment or other change may be made to this Amendment No. 4 or any part thereof unless reduced to writing and executed by authorized representatives of both parties.

IN WITNESS THEREOF, the parties have executed this Amendment No. 4 as of the date set forth above.

QUALCOMM Incorporated

Globalstar, Inc.

By: /s/ Meg Comito

By: /s/ Kelly L. Rose

Name: Meg Comito

Name: Kelly L. Rose

Title: Sr. Manager, Contracts

Title: Director, Contracts

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. 5
To
QUALCOMM Globalstar Satellite Products Supply Agreement
No. 04-QC/NOG-PRODSUP-001**

This Amendment No. 5 (“Amendment”) is entered into as of November 20, 2007 (“Amendment Effective Date”) by and between **QUALCOMM Incorporated**, a Delaware corporation (“Qualcomm”), **Globalstar, Inc.**, a Delaware corporation (“Buyer”) and Globalstar Canada Satellite Company, a Canadian company (“GCSC”), with respect to the below stated facts.

This Amendment must be signed by **November 20, 2007**; otherwise, this Amendment offer is no longer valid.

RECITALS

- A. Qualcomm and Buyer executed the QUALCOMM Globalstar Satellite Products Supply Agreement No. 04-QC/NOG-PRODSUP-001 dated April 13, 2004, as amended (the “Agreement”), pursuant to which Qualcomm agreed to sell to Buyer, and Buyer agreed to purchase, Globalstar products from time to time for resale to customers under such Supply Terms and Conditions.
- B. Qualcomm and Buyer executed Amendment No. 1 dated May 25, 2005 to the Agreement, pursuant to which Qualcomm agreed to modify the Globalstar GSP-1600 Tri-Mode Satellite Phone to replace the LCD (“GSP-1600”) and make available a limited quantity of GSP-1600s and other Globalstar products to Globalstar for resale to its customers. Amendment No.1 also extended the Term of the Agreement through December 31, 2006.
- C. Qualcomm and Buyer executed Amendment No. 2 dated May 25, 2005 to the Agreement, pursuant to which Qualcomm agreed to manufacture, sell and deliver New Products to Globalstar for resale to its customers. Amendment No. 2 also extended the Term of the Agreement through December 31, 2009.
- D. Qualcomm and Buyer executed Amendment No. 3 dated September 30, 2005 to the Agreement pursuant to which Qualcomm agreed to sell to Buyer additional GSP-1600s and other Globalstar products for resale to its customers.
- E. Qualcomm and Buyer executed Amendment No. 4 dated August 15, 2006 pursuant to which Buyer agreed to undertake to perform the final packaging of the GCK-1700 Car Kit and SDVM, including procurement of such packaging materials and antenna(s), and accordingly, (i) Buyer will no longer be required to deliver production GCK-1700 Car Kit and/or SDVM Antennas and applicable documentation to Qualcomm as set forth in Section 27 of the

Agreement, and (ii) Qualcomm will deliver GCK-1700 Car Kits and SDVMs, without antennas, as provided for in Section 26 of the Agreement.

F. Qualcomm, Buyer and GCSC executed the Assignment and Performance Guarantee Agreement No. 06-QC/Globalstar-AA-001 GINC-C-06-0306 dated October 11, 2006 by which Globalstar assigned to GCSC, its rights, title and interests in and to Amendment 2 to the Agreement, including all rights and obligations arising under Purchase Orders issued pursuant to Amendment 2

G. By this Amendment, the parties wish to amend the Agreement to further extend the Term, revise the Delivery Schedule for New Products, revise New Product pricing, and associated payment terms, and other terms as set forth below.

AGREEMENT

By this Amendment No. 5, the parties agree to the following:

1. **Attachments.** The following Attachments to Amendment No. 2 of the Agreement are hereby amended as follows:
 - a. For New Products delivered after December 1, 2007, Attachment No. 1 to Amendment No. 2, *Pricing and Quantities for Purchase Order for New Products* is amended as set forth in the revised Attachment No. 1., attached hereto.
 - b. For New Products delivered after December 1, 2007, Attachment No. 1 (a) to Amendment No. 2, *Delivery Schedule For New Products* is amended as set forth in the revised Attachment No. 1(a), attached hereto.
 - c. For New Products delivered after December 1, 2007, Attachment No. 2 to Amendment No. 2, *Payment Terms Applicable to Purchase Order For New Products* is amended as set forth in the revised Attachment No. 2, attached hereto.
2. Section 20.1, **Termination For Cause due to Breach by Buyer** is hereby fully replaced with the following:

“20.1. Termination For Cause Due to Breach By Buyer. Buyer’s cancellation, refusal of delivery, failure to make timely payments of any portion of the Purchase Order for New Products, including failure to make the partial payment and other payment requirements set forth in Revised Attachment 2 to Amendment No. 2 attached hereto, or failure to timely pay costs associated with Component Obsolescence — New Products as set forth in new Section 31 below, shall constitute a material default under this Agreement. In such event, Qualcomm shall deliver written notice of its intent to terminate. If such material default is not cured within thirty (30) calendar days after the date of notice, Qualcomm shall have the right to (a) terminate this Agreement, (b) cancel any undelivered portions of the Purchase Order For New Products, subject to termination fees set forth in Section 20.2. and (c), in the event both parties have executed an Amendment to the current Master Ordering Agreement No. 04-QC/NOG-MOA-001

dated April 13, 2004 which extends the term of the Hotline/Help Desk Support for the Globalstar Program beyond April 14, 2008, QUALCOMM may immediately terminate the Master Ordering Agreement, including all Task Orders for Hotline/Help Desk Support, upon written notice to Buyer.

3. Section 30, **Term Extension**, is hereby modified as follows:

“30. Term Extension. The Term of the Agreement is extended to September 30, 2010, unless earlier terminated as provided for in the Agreement.”

4. Section 31, **Component Obsolescence — New Products** is hereby added as follows:

“31. Component Obsolescence — New Products. Both parties agree that the delivery changes made in the Revised Delivery Schedule for New Products attached to this Amendment may result in end-of-life or obsolete component issues. If Qualcomm is notified by vendor(s) that any component of a New Product is end-of-life or obsolete, and as a result Qualcomm is required to do a last-time-buy or re-engineer any part of the affected New Product in order to meet a delivery that was revised as a result of the Revised Delivery Schedule, Buyer shall, each time this may occur, be responsible for all costs associated with such last-time-buy or re-engineering efforts that are in excess of [*] per New Product. Qualcomm shall, at its earliest convenience, notify Buyer of such amount, and Buyer shall, within seven (7) calendar days of notice, provide written notice to Qualcomm of acceptance or rejection of such charges. Upon receiving written acceptance of the costs, Qualcomm will invoice Buyer to be paid by Buyer NET30 days of date of invoice. Buyer’s rejection of the costs or lack of timely response shall constitute a material default under this Agreement, and in addition to the termination rights set forth in the Agreement, shall be subject to Section 20.

Qualcomm is not aware of end-of-life or obsolescence issues with respect to New Products as of the Amendment Effective Date.”

EFFECTIVENESS. Except as modified by this Amendment No. 5 as of the date set forth above, the Agreement shall remain in full force and effect. No modification, amendment or other change may be made to this Amendment or any part thereof unless reduced to writing and executed by authorized representatives of both parties.

IN WITNESS THEREOF, the parties have executed this Amendment No. 5 as of the date set forth above.

QUALCOMM Incorporated

By: /s/ Scott Becker
Name: Scott Becker
Title: Sr. VP QES

Globalstar, Inc.

By: /s/ William F. Adler
Name: William F. Adler
Title: VP Legal & Regulatory Affairs

Globalstar Canada Satellite Company

By: /s/ Steven Bell
Name: Steven Bell
Title: SVP & GM

**Revised Attachment No. 1 to Amendment No. 2
To the QUALCOMM Globalstar Satellite Products Supply Agreement
Agreement No. 04-QC/NOG-PRODSUP-001
Revised Pricing For New Products Delivered after December 1, 2007**

Product Pricing for New Products Delivered after December 1, 2007

<u>Product</u>	<u>Unit Price (for New Products delivered after December 1, 2007)</u>
GSP-1700 Phone	[*]
GIK -1700 Car Kit	[*]
GSP-1720 SDVM	[*]
Wall Charger	[*]
Travel Charger	[*]
Cigarette Light Adapter	[*]

Pricing for the GSP-1700 Phone is for delivery quantities of less than 5,000 units per calendar month. If Buyer orders and takes delivery of more than 5,000 GSP-1700 Phones per month, the Unit Price for such order will remain at [] per unit.

**Pricing for the GIK Car Kit is for delivery quantities of less than 1,714 units per calendar month. If Buyer orders and takes delivery of more than 1,714 units per month, the Unit Price for such order will remain at [*] per unit.

*** Pricing for the GSP-1720 SDVM is for delivery quantities of less than 667 units per calendar month if Buyer orders and takes delivery of more than 667 units per month, the Unit Price for such order will remain at [*].

Total quantities for New Product remains as set forth in Attachment 1 to Amendment No. 2, Pricing and Quantities For Purchase Order For New Product.

**Revised Attachment No. 1(a) to Amendment No. 2
To the QUALCOMM Globalstar Satellite Products Supply Agreement
Agreement No. 04-QC/NOG-PRODSUP-001
Revised Delivery Schedule for New Products**

(Attached)

[*]

**Revised Attachment No. 2 to Amendment No. 2
To the QUALCOMM Globalstar Satellite Products Supply Agreement
Agreement No. 04-QC/NOG-PRODSUP-001
Revised Payment Terms Applicable to Purchase Order For New Products**

Upon execution of this Amendment No. 5, Buyer shall make a partial payment of the total outstanding amount owed to Qualcomm under this Agreement and any other agreement between the parties in the amount of \$1,000,000. The remaining amounts owed to Qualcomm, including any amounts owed under separate agreements, shall be paid in full as required and in no event later than December 28th, 2007.

Subject to payment requirements set forth above, for all New Product deliveries made after December 1, 2007, [*] of Purchase Order For New Products invoiced upon delivery of each unit; payment by Buyer NET 30 days from date of QUALCOMM's invoice.

The balance of the total product price [*] for New Products delivered after December 1, 2007 shall be amortized over the final six (6) months of GSP-1700 phone deliveries as a credit to the invoiced amounts.

For New Product deliveries made on and subsequent to the October 29, 2009 delivery, if (i) Buyer continues to take delivery of the Revised Delivery Schedule amounts for all New Products as set forth in Attachment No. 1(A) to Amendment No. 2 — Revised Delivery Schedule for New Products and (ii) Buyer is current with all amounts due Qualcomm, the payment terms set forth in the original Attachment 2 to Amendment No. 2 shall apply. Any remaining pre-paid balance under this Agreement shall be amortized over the final six (6) months of GSP-1700 Phone deliveries as a credit to invoiced amounts.

Amendment No. 6
To
QUALCOMM Globalstar Satellite Products Supply Agreement
Agreement No. 04-QC/NOG-PRODSUP-001
(NOG-C-04-0137)

This Amendment No. 6 ("Amendment") is effective as of November 20, 2007 ("Amendment Effective Date") by and between **QUALCOMM Incorporated**, a Delaware corporation ("QUALCOMM") and **Globalstar, Inc.**, a Delaware corporation ("Buyer"), and **Globalstar Canada Satellite Company** ("GCSC") a Nova Scotia Corporation and wholly owned subsidiary of Buyer, with respect to the following facts:

RECITALS

- A. QUALCOMM and Buyer executed the QUALCOMM Globalstar Satellite Products Supply Agreement No. 04-QC/NOG-PRODSUP-001 dated April 13, 2004, as amended (the "Agreement"), pursuant to which QUALCOMM agreed to sell to Buyer, and Buyer agreed to purchase, Globalstar products from time to time for resale to customers under such Supply Terms and Conditions.
- B. QUALCOMM and Buyer executed Amendment No. 1 dated May 25, 2005 to the Agreement, pursuant to which QUALCOMM agreed to modify the Globalstar GSP-1600 Tri-Mode Satellite Phone to replace the LCD ("GSP-1600") and make available a limited quantity of GSP-1600s and other Globalstar products to Globalstar for resale to its customers.
- C. QUALCOMM and Buyer executed Amendment No. 2 dated May 25, 2005 to the Agreement, pursuant to which QUALCOMM agreed to manufacture, sell and deliver New Products to Globalstar for resale to its customers.
- D. QUALCOMM and Buyer executed Amendment No. 3 dated September 30, 2005 to the Agreement pursuant to which QUALCOMM agreed to sell to Buyer additional GSP-1600s and other Globalstar products for resale to its customers.
- E. QUALCOMM and Buyer executed Amendment No. 4 dated August 15, 2006 pursuant to which Buyer agreed to undertake to performance of the final packaging of the GCK-1700 Car Kit and SDVM, including procurement of such packaging materials and antenna(s), and accordingly, (i) Buyer will no longer be required to deliver production GCK-1700 Car Kit and/or SDVM Antennas and applicable documentation to QUALCOMM as set forth in Section 27 of the Agreement, and (ii) QUALCOMM will deliver GCK-1700 Car Kits and SDVMs, without antennas, as provided for in Section 26 of the Agreement.
- F. QUALCOMM, Buyer and GCSC executed the Assignment and Performance Guarantee Agreement No. 06-QC/Globalstar-AA-001 GINC-C-06-0306 dated October 11, 2006 by which Globalstar assigned its rights, title and interests in and to Amendment 2 to the Agreement,

including all rights and obligations arising under Purchase Orders issued pursuant to Amendment 2 to GCSC.

G. QUALCOMM, Buyer, and GCSC have executed Amendment No. 5, pursuant to which the parties have extended the Term, revised the Delivery Schedule for New Products, revised New Product pricing, and associated payment terms, and other terms.

H. QUALCOMM and Buyer have agreed to amend the Agreement to provide for indemnification for QUALCOMM as it relates to the use of any non-conforming battery with the GSP-1700 handset.

By this Amendment, QUALCOMM, Buyer and GCSC agree to further amend the Agreement as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereby modify the Agreement as set forth herein.

Section 1, Definitions, is hereby amended to add the following definition:

"Nonconforming Battery" shall mean a battery procured by Globalstar, from a source other than QUALCOMM, that does not meet the specification as found in QUALCOMM source control document "Battery Pack, 2500,AH, ROHS CV90-R6155 Revision G.

The following Section is hereby added:

15.1.1. Indemnification - Non-Conforming Battery.

Buyer agrees that it will:

15.1.1.1. Defend any and all claims, suits and actions including, without limitation, claims of negligence or strict product liability, filed against QUALCOMM and its directors, officers, employees and agents arising out of, connected with or related to, any allegation of, and any actual injury to or death of, any person or persons or any loss or damage to any property in which it is alleged, caused or claimed that the injury, death, loss or damage was caused directly or indirectly from the use of a Nonconforming Battery with the GSP-1700 handset or any failure of Globalstar to warn consumers of the possible consequences of using a Nonconforming Battery in the GSP-1700 handset. QUALCOMM will provide reasonable assistance to Globalstar, at Globalstar's expense, in defending any such claim, suit or action.

15.1.1.2. Indemnify and hold harmless QUALCOMM and its directors, officers, employees and agents against any and all losses, liabilities, damages, settlement amounts, costs and expenses awarded as a result of an adverse decision with respect to any claim, suit or action, including without limitation claims of negligence or strict product liability, in any tribunal or any settlement thereof in which it is alleged, caused or claimed that the

injury, death, loss or damage was caused directly or indirectly from the use of a Nonconforming Battery with the GSP-1700 handset or any failure of Globalstar to warn

consumers of the possible consequences of using a Nonconforming Battery in the GSP-1700 handset.

EFFECTIVENESS. Except as modified by this Amendment No. 6 as of the date set forth above, the Agreement shall remain in full force and effect. No modification, amendment or other change may be made to this Amendment No. 6 or any part thereof unless reduced to writing and executed by authorized representatives of both parties.

IN WITNESS THEREOF, the parties have executed this Amendment No. 6 as of the date set forth above.

QUALCOMM Incorporated

By: /s/ Scott Becker

Name: Scott Becker

Title: Sr. VP QES

Globalstar, Inc.

By: /s/ William F. Adler

Name: William F. Adler

Title: VP Legal & Regulatory Affairs

Globalstar Canada Satellite Company

By: /s/ William F. Adler

Name: William F. Adler

Title: Secretary

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. 7
To
QUALCOMM Globalstar Satellite Products Supply Agreement
Agreement No. 04-QC/NOG-PRODSUP-001
(NOG-C-04-0137)

This Amendment No. 7 ("Amendment") is effective as of October 27, 2008 ("Amendment Effective Date") by and between **QUALCOMM Incorporated**, a Delaware corporation ("Qualcomm") and **Globalstar, Inc.**, a Delaware corporation ("Buyer"), and **Globalstar Canada Satellite Company** ("GCSC") a Nova Scotia Corporation and wholly owned subsidiary of Buyer, with respect to the below stated facts.

This Amendment must be signed by **October 28, 2008**; otherwise, this Amendment offer is no longer valid.

RECITALS

A. Qualcomm and Buyer executed the Qualcomm Globalstar Satellite Products Supply Agreement No. 04-QC/NOG-PRODSUP-001 dated April 13, 2004, as amended (the "Agreement"), pursuant to which Qualcomm agreed to sell to Buyer, and Buyer agreed to purchase, Globalstar products from time to time for resale to customers under such Supply Terms and Conditions.

B. Qualcomm and Buyer executed Amendment No. 1 dated May 25, 2005 to the Agreement, pursuant to which Qualcomm agreed to modify the Globalstar GSP-1600 Tri-Mode Satellite Phone to replace the LCD ("GSP-1600") and make available a limited quantity of GSP-1600s and other Globalstar products to Globalstar for resale to its customers.

C. Qualcomm and Buyer executed Amendment No. 2 dated May 25, 2005 to the Agreement, pursuant to which QUALCOMM agreed to manufacture, sell and deliver New Products to Globalstar for resale to its customers.

D. Qualcomm and Buyer executed Amendment No. 3 dated September 30, 2005 to the Agreement pursuant to which Qualcomm agreed to sell to Buyer additional GSP-1600s and other Globalstar products for resale to its customers.

E. Qualcomm and Buyer executed Amendment No. 4 dated August 15, 2006 pursuant to which Buyer agreed to undertake to performance of the final packaging of the GCK-1700 Car Kit and SDVM, including procurement of such packaging materials and antenna(s), and accordingly, (i) Buyer will no longer be required to deliver production GCK-1700 Car Kit and/or SDVM Antennas and applicable documentation to Qualcomm as set forth in Section 27 of the

Agreement, and (ii) QUALCOMM will deliver GCK-1700 Car Kits and SDVMs, without antennas, as provided for in Section 26 of the Agreement.

F. Qualcomm, Buyer and GCSC executed the Assignment and Performance Guarantee Agreement No. 06-QC/Globalstar-AA-001 GINC-C-06-0306 dated October 11, 2006 by which Globalstar assigned its rights, title and interests in and to Amendment 2 to the Agreement, including all rights and obligations arising under Purchase Orders issued pursuant to Amendment 2 to GCSC.

G. Qualcomm, Buyer and GCSC executed Amendment No. 5, pursuant to which the parties agreed to further extend the Term and revise the Delivery Schedule and pricing terms for New Products and other terms and set forth therein.

H. Qualcomm, Buyer and GCSC executed Amendment No. 6 pursuant to which the parties agreed to amend the Agreement to provide for indemnification for Qualcomm as it relates to the use of any non-conforming battery with the GSP-1700 handset.

I. Buyer has requested, and Qualcomm has agreed subject to certain terms and conditions set forth herein, to revise the delivery schedule of New Products to reflect a suspension in deliveries for a period of eighteen (18) months with deliveries scheduled to resume in April, 2010 as set forth in the Third Revised Delivery Schedule, attached hereto as Exhibit A.

By this Amendment, Qualcomm, Buyer and GCSC agree to further amend the Agreement as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereby modify the Agreement as set forth herein.

1. Section 30, Term Extension, is hereby modified as follows:

"30. **Term Extension.** The Term of the Agreement is hereby extended twelve (12) months to September 30, 2011, unless otherwise terminated as provided for in this Amendment No. 7 and the Agreement."

2. Section 32. **Special Provisions for Suspended New Products Delivery Schedule** is hereby added as follows:

"32.1 **Suspended New Products Delivery Schedule.** As of the Amendment Effective Date, the delivery schedule as set forth in Attachment 1(a) to Amendment No. 2, as amended in Amendment No. 5, is further amended to reflect an eighteen (18) month suspension beginning with the now-scheduled October, 2008 delivery for New Products ("Third Revised Delivery Schedule")."

32.2 **Resumption of New Products Delivery Schedule.** As a condition of suspending deliveries as set forth herein, Buyer must provide written notification to Qualcomm no later than **August 15, 2009** of either (i) its desire to resume taking deliveries of and making payment for the New Products as set forth in the Third Revised Delivery Schedule or (ii) provide notice of discontinuation as set forth in Section 32.3 below. All units of the remaining New Products must be included in Buyer's selection of (i).

32.3 **Third Revised Delivery Schedule Pricing.** Both parties acknowledge and agree that due to the delivery suspension, the pricing of the New Products may increase due to parts obsolescence, supplier issues and other manufacturing costs associated with re-start-up costs. If Qualcomm determines that the costs to re-start and manufacture the New Products will increase, Buyer agrees to pay an increase in the current GSP-1700 price of no more than [*] per GSP-1700 for the remaining delivery quantity.

Qualcomm will provide written notice to Buyer of any increase in price for the GSP-1700 by **August 1, 2009**. If the price increase is greater than [*] per GSP-1700, Buyer can either (A) accept the increase in price ("Option A"), or (B) terminate the Agreement for discontinuance and must (i) purchase all available Finished Goods for all New Products in inventory at the current price ("Finished Goods" is defined as all New Products in inventory at the -10 level or above), and (ii) purchase all components or any other parts on order and purchased by Qualcomm in support of the current delivery schedule at Qualcomm's cost; and (iii) negotiate in good faith a license and license fee and ASIC Supply Agreement from Qualcomm to allow a third party manufacturer to manufacture the New Products on behalf of Buyer, all as set forth in Section 32.4.2 (collectively "Option B"). Buyer must provide written notice of either Option A or Option B no later than **August 15, 2009** otherwise Qualcomm shall have the right to terminate the Agreement as set forth in Section 32.4.1 below.

32.4 **Additional Termination Provisions**

32.4.1 **By Qualcomm.** In addition to the termination provisions and rights set forth in the Agreement, Buyer's failure to confirm in writing its agreement to either (i) resume taking all outstanding deliveries of the New Products as set forth in the Third Revised Delivery Schedule, (ii) timely selection of Option A, or Option B, or (iii) Buyer's failure to comply with the terms of this Agreement, including (a) failure to make timely payments for all outstanding invoices, (b) failure to make timely payments for all New Products and parts or components purchased by Qualcomm in support of the current delivery schedule in inventory or committed to by Qualcomm with suppliers that cannot be canceled at the time of termination, or (c), failure to enter into a License Agreement for a third party manufacturer within ninety (90) days of Agreement termination, shall constitute a material default under this Agreement and Qualcomm shall deliver written notice of its intent to terminate for breach. If a material default is not cured within thirty (30) calendar days after the date of notice, or if Qualcomm, in its sole discretion, determines it cannot support resumption of the delivery schedule due to resource availability, costs or any other business reason, Qualcomm shall have the right to (1) terminate the Agreement, and (2) cancel any undelivered portions of the Purchase Order for New Products, subject to all termination rights set forth in the Agreement, including but not limited to Termination Charges defined in Section 1, and Sections 3.3 and 16 of the Supply Terms and other termination fees set forth in Section 20.1, as amended in Amendment No. 5 and (3) immediately terminate the Master Ordering Agreement, including all Task Orders for Hotline/Help Desk Support, upon written notice to Buyer.

32.4.2 **Discontinuation By Buyer.** In the event Qualcomm determines that the price of the GSP-1700 will increase more than [*] per phone as a result of the cost analysis by Qualcomm, Buyer may discontinue this Agreement subject to the following conditions:

1. Buyer agrees to take delivery within forty five (45) days of termination, and to pay within ninety (90) days of termination the following:

- All available Finished Goods for all New Products in inventory at the time of termination at the New Product current price.
- All components and parts purchased by Qualcomm in support of the current delivery schedule that are in inventory or committed to with a supplier that can not be canceled, at Qualcomm's cost, plus any cancellation or other fees, including restocking fees imposed by suppliers due as a result of termination.

2. Buyer and Qualcomm will negotiate in good faith a technology license and an ASIC Supply Agreement to enable a third-party manufacturer to manufacture and sell phones on behalf of Buyer. The License must be executed within ninety (90) days of the date of termination."

3. **Attachments.**

- A. **Attachments.** Attachment No. 1(a) to Amendment No. 2, Revised Delivery Schedule for New Products as amended in Amendment No. 5 is further amended to reflect the suspension of all New Product deliveries for eighteen (18) months, beginning with the October, 2008 delivery. Deliveries of New Products will resume April, 2010 as provided for in Exhibit A, Third Revised Delivery Schedule.

4. Exhibit A, **Qualcomm Supply Terms and Conditions** is hereby revised as follows:

Section 9.7, **Payment Offset** is hereby added as follows:

"9.7 **Payment Offset.** Any payments made by Buyer and/or GCSC to Qualcomm, pre-paid or otherwise, may be used by Qualcomm to offset any outstanding amounts owed by Buyer and/or GCSC to Qualcomm, under this Agreement or any other agreement. Notwithstanding Qualcomm's right to offset in this section, Buyer and/or GCSC must continue to make all payments in a timely manner as required under this agreement. "

5. **Hotline Support.** Both parties agree that the Master Ordering Agreement (For Services) For the Globalstar Program #04-QC/NOG-MOA-001, as amended ("MOA") and Revised Task Order #1 for Tier 3 Hotline/Help Desk Support Under the Master Ordering Agreement (for Services) For the Globalstar Program #04-QC/NOG-MOA-001 (Revised Task Order #1) shall be amended as follows:

1. The fixed price for Hotline/Help Desk Support from November 1, 2008 though October 30, 2009 shall increase by [*] per month for a period of twelve (12) months from the current pricing set forth in Amendment No. 4 to the Revised Task Order #1 as set forth below:

November 1, 2008 — August 30, 2009	[*] per month
September 1, 2009 — October 30, 2009	[*] per month
November 1, 2009 — August 30, 2010	[*] per month

2. In the event this Agreement is terminated for any reason except for termination for cause by Qualcomm due to breach by Buyer, upon written request by Buyer and subject to available resources, Qualcomm will continue to provide Hotline support for a period of twelve (12) months from the date of termination for an additional [*] per month to the then-current monthly fee. An amendment to the MOA and Revised Task Order #1 will be executed between the parties.

6. As a condition of this Amendment, Buyer and/or GCSC must pay all outstanding amounts due Qualcomm under this Agreement or any other agreement as of the Amendment Effective Date no later than five days from the Amendment Effective Date. These amounts may not be offset by Buyer and/or GCSC against prior payments made to Qualcomm, prepaid or otherwise.

EFFECTIVENESS. Except as modified by this Amendment No.7 as of the Amendment Effective Date, the Agreement shall remain in full force and effect. No modification, amendment or other change may be made to this Amendment No. 7 or any part thereof unless reduced to writing and executed by authorized representatives of both parties.

IN WITNESS THEREOF, the parties have executed this Amendment No. 7 as of the Amendment Effective Date.

QUALCOMM Incorporated

By: /s/ Scott Becker

Name: Scott Becker

Title: Sr. VP

Globalstar, Inc.

By: /s/ William F. Adler

Name: William F. Adler

Title: VP Legal & Regulatory Affairs & Assistant Secretary

Globalstar Canada Satellite Company

By: /s/ William F. Adler

Name: William F. Adler

Title: Secretary

EXHIBIT A

Third Revised Delivery Schedule for New Products
October 2008 — July 2011

Schedule Ship Date	GSP-1700	GIK-1700 Car Kit	GSP-1700 SDVM	Car Power Adapter
10/2008 — 3/2010	Suspended	Suspended	Suspended	Suspended

[*]

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. 4 TO CONTRACT NO. GINC-C-06-300
BY AND BETWEEN
GLOBALSTAR, INC. AND THALES ALENIA SPACE FRANCE**

This Amendment No. 4 to the Contract signed on 30 November 2006 referenced GINC-C-06-0300 is made between Thales Alenia Space France, a Company organised and existing under the laws of France, having its registered office at 26 avenue Jean Francois 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”).

The Purchaser and the Contractor being hereinafter individually referred to as a “Party” or collectively as the “Parties”.

Recitals

Whereas, the Parties have agreed to certain changes to the Contract which have been introduced up to and including the implementation of (i) the activities for “Early Delivery SC2 + 2BIS (Satellite AIT cycle optimization combined with On-Board software validation cycle reduction)” as described in the ATP Ref PJR1207-001 signed on 8th January, 2008 between the Parties; and (ii) the activities linked to “Satellite Mass Simulator” as described in the ATP Ref PJR0208-001 signed on 8th February, 2008 between the Parties; and (iii) the activities linked to implementation of “Latch Valve OFF Command” as described in the ATP Ref PJR0608-001 signed on 5th June, 2008 between the Parties; and

Whereas, the Parties have signed a Memorandum of Understanding (“MOU”) on the purpose to document their mutual agreements and intentions with respect to Contract Payments and Escrow Account Deposit Requirement under Globalstar Second Generation Contract Number GINC-C-06-0300 (“Contract”); and

Whereas, in parallel to Amendment No. 4, the Parties will issue and sign Amendment No. 1 to the Escrow Agreement and Amendment No. 1 to the Pledge Agreement to update them according to the modifications agreed in the present Amendment No. 4; and

Whereas, the Parties hereby agree to modify certain provisions of the Contract and its Exhibits and Appendixes as a result of such changes and the MOU.

1

THEREFORE, THE PARTIES AGREE TO THE FOLLOWING:

The following provisions of the Contract are replaced or amended as follows:

1.1 Article 1. Definitions is augmented by the following:

“Required Delivery Date” shall mean each date of PSR required for the different Batches under this Contract as set forth in the Table in Article 18(B).

“Early Delivery ED2” shall mean the scenario 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.

“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.

“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 26(B).

“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 the Delivery Date and the actual date PSR ED2 is achieved for the last satellite of each Batch.

1.2 Paragraphs A, B and C of Article 2. Scope and Exhibits are replaced by the following:

(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 Appendixes listed below, which are attached hereto or incorporated by reference and made a part hereof, and to made 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 and

2

	amended by Latch Valve OFF Command Change Proposal Ref TAS-08-DCI-37.
Exhibit B	Globalstar II LEO Satellite Performance Specification Ref 200221417A issue 5
Exhibit C	Satellite Program Test Plan Ref 200221933 issue 4
Exhibit D	Globalstar 2 Product Assurance Plan Ref 2002170675 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 Alcatel Alenia Space France, dated November 2 nd 2006
Appendix 2	Technical Assistance Agreement (DTC Case TA 3474-05) and subsequent amendments
Appendix 3	Technical Assistance Agreements for Launch Services (DTC Case TA 0645-07) 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 and amended by Latch Valve OFF Command Change Proposal Ref TAS-08-DCI-37.
Exhibit B	Globalstar II LEO Satellite Performance Specification Ref 200221417A issue 5
Exhibit C	Satellite Program Test Plan Ref 200221933 issue 4
Exhibit D	Globalstar 2 Product Assurance Plan Ref 2002170675 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 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.
- (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

1.3 Article 4. Total Price is entirely replaced by the following:

(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 I and Phase II	359,167,731*
2	Spacecraft for Phase 3	268,046,761
3	Launch Support Services and MOSS	40,185,471
4	OBPE Software Access	350,000
Total Price		667,749,963

(*) Pricing Details:

Original Contract Amount	351,953,549
Power Increase	[*]
Early Delivery SC1 + 1BIS	[*]
Credit for Phase A Study under Services Agreement	[*]
Early Delivery SC2 + 2BIS	[*]
One (1) Satellite Mass Simulator	[*]
Latch Valve OFF Command	[*]

(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 of 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 place 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.

1.4 Table 1 of Article 5. Bonus Payments is replaced by the following:

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

1.5 Article 6. Delivery and Delivery Schedule is entirely replaced by the following wording:

(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.

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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	Milpilas, CA El Dorado Hills, CA
4	Satellite OBPE Software	Per Exhibit A	Milpilas, CA
5	Launch Support Services	Per Exhibit A	Launch Site
6	MCSS	Per Exhibit A	Milpilas, CA
7	Documentation	Per Exhibit A	Milpilas, CA
8	Satellite Mass Simulation(*)	March 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.

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1.6 Article 7. Payment is entirely replaced by the following wording:

(A) Payment terms shall be in accordance with this Article 7 and Exhibit F to this Contract. Purchaser shall pay all invoices within thirty (30) Days after the date or receipt of an emailed invoice confirmed electronically. Purchaser shall have the right to draw down of the Escrow Fund to make payments if the Balance of the Escrow Fund is greater than the Deposit Requirement for the then current Quarter.

(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.

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(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 December 31st, 2009, 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, starting 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

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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) The Parties agree that a portion of the total Price as set forth in Article 4 amount to one hundred forty six million eight hundred thirty one thousand five hundred thirty Euros (146,831,530 Euros) shall be invoiced in Euros and paid by Purchaser to Contractor in US Dollars based on the fixed EUR/USD exchange rate of 1 Euro = US Dollar 1.2940. This amount will not be subject to increase or decrease due to changes in exchange rates between the Euro and the US Dollar. The payment schedule for this amount payable in US Dollars is as set forth in Exhibit F. All other payments set forth in the Contract will be invoiced by and paid to Contractor in Euros.

(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 scenario, the Contractor shall be entitled to invoice the Purchaser for Early Delivery Incentives. In this specific case, payments may exceed the cumulative amount of payments set forth in Exhibit F.

(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:

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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 no. [*]

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 no. [*]

Globalstar, Inc.

For payments in US Dollars:
Union Bank of California
Address: 350 California Street, 10th Floor, San Francisco, CA 94104, U.S.A.
Routing Number: [*]
Account n° [*]

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 (10th) 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 [*].

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) All payments due and payable under the Contract shall be secured by an Escrow Account which Purchaser shall cause to be funded directly or by NEWCO in accordance with the Escrow Agreement. Except if otherwise agreed between the Parties, the amount in the Escrow Account shall at any time be equal to the aggregate amount of payments due for the two (2) following quarters as identified in Exhibit F. The funding of such Escrow Account shall be of an initial amount of forty million (40,000,000) Euros.

In the event that NEWCO is a party to the Escrow Agreement, Purchaser shall be obligated to cause NEWCO duly to perform all of its obligations under the Escrow Agreement. To the extent (if any) NEWCO does not have sufficient funds duly to perform its obligations under the Escrow Agreement, Purchaser shall be obligated to: lend such funds to NEWCO as a contribution to its capital.

The Parties may mutually agree to replace the Escrow Agreement with some other form of security. In addition, upon request by Purchaser and provided Purchaser has made consistent timely payments as required, Contractor may determine if continued Escrow Agreement or security may be revisited.

1.7 Article 9. Title and Risk of Loss Paragraph (A) and (B) are replaced by the following wording:

(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 willful 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.

1.8 Table (B) of Article 18. Liquidated Damages for Late Delivery is replaced by the following:

Satellites completed PSR	Date of PSR (Regular)
TOTAL: 7 Satellites (FM 2, 3, 4, 5, 6, 7, 8)	Oct 26, 2009
TOTAL: 13 Satellites (FM 9, 10, 11, 12, 13, 14)	Dec 11, 2009
TOTAL: 19 Satellites (FM 15, 16, 17, 18, 19, 20)	Jan 22, 2010
TOTAL: 24 Satellites (FM 21, 22, 23, 24, 25)	Feb 26, 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 a Batch shall be comprised of 6 Spacecraft independently of FM numbers specified in the above table.

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.

1.9 Article 26 “Early Delivery Incentives Payment” is added with following wording:

In the frame of Early Delivery ED2 Scope of Work implementation 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 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 30 Days after reception of 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 [*] per Batch.

The amount of Launch ED2 Early Delivery Incentives to be paid by the Purchaser shall not exceed [*] per Batch.

(A) Table PSR ED2 Early Delivery Incentives

	Required Delivery Dates For Regular Schedule as per Article 18(B)	PSR ED2 Objective Dates	PSR Schedule Saving Days For 100% Incentives	Max Incentives Amount (in Euro)
Batch 1 FM2 to FM7*	Oct 13, 2009	Sept 03, 2009	40	[*]
Batch 2 FM8 to FM13*	Dec 04, 2009	Oct 13, 2009	52	[*]
Batch 3 FM14 to FM19*	Jan 15, 2010	Nov 24, 2009	52	[*]
Batch 4 FM20 to FM25*	Feb 26, 2010	Jan 15, 2010	42	[*]

(*) For the avoidance of doubt a Batch shall be comprised of 6 Spacecraft independently of FM numbers specified in the above table.

(B) Table Launch ED2 Early Delivery Incentives

	Nominal Scheduled Launch Dates	Launch ED2 Objective Dates	Launch Schedule Saving Days for 100% Incentives	Max Incentives amount (in Euro)
Batch 1 FM2 to FM7*	Dec 22, 2009	Nov 12, 2009	40	[*]
Batch 2 FM8 to FM13*	Feb 04, 2010	Dec 14, 2009	52	[*]
Batch 3 FM14 to FM19*	March 15, 2010	Jan 29, 2010	45	[*]
Batch 4 FM20 to FM25*	April 26, 2010	March 17, 2010	40	[*]

(*) For the avoidance of doubt a Batch shall be comprised of 6 Spacecraft independently of FM numbers specified in the above table.

1.10 Article 34. General Provisions is augmented as follows:

(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.

1.11 Exhibit F is replaced by the new Exhibit F as attached to this Amendment No. 4.

1.12 All of the terms, covenants and conditions of the Contract as may already have been amended shall remain in full force and effect except to the extent the same have been expressly amended or modified by the terms of this Amendment No. 4.

1.13 All capitalized terms not otherwise defined in this Amendment No. 4 shall have the meanings for such terms as set forth in the Contract.

Execution

In witness whereof, the Parties have duly executed this Contract.

Globalstar, Inc.

Thales Alenia Space France

By: /s/ Anthony J. Navarra

By: /s/ Olivier Badard

Name: Anthony J. Navarra

Name: Olivier Badard

Title: President, Global Operations

Title: SVP Sales & Marketing

Date: 17 July 2008

Date: 16 July 2008

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EXHIBIT F

[*]

10

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 N°5 TO CONTRACT N° GINC-C-06-0300
BY AND BETWEEN
GLOBALSTAR, INC. AND THALES ALENIA SPACE FRANCE**

This Amendment N°5 to the Contract dated 8th December, 2008 (the “Amendment Effective Date”) referenced GINC-C-06-0300 is made between Thales Alenia Space France, a Company organised and existing under the laws of France, having its registered office at 26 avenue Jean Francois 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”).

The Purchaser and the Contractor being hereinafter individually referred to as a “Party” or collectively as the “Parties”.

RECITALS

Whereas, by this Amendment, the Parties agree to minor modifications to certain provisions of the Contract and its Exhibits and Appendices relating to (i) payments, and the Escrow Agreement and associated conditions and (ii) the Spacecraft Delivery Schedule as further described herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the Parties hereby modify the Contract as set forth herein:

A. Escrow Account Deposit, December Payment and January Payment

The Parties have made certain modifications with respect to a reduction in the Escrow Account Deposit Requirement pursuant to Amendment N°4 to the Contract, and Amendment N°1 to the Escrow Agreement and associated Memorandum of Understanding.

The Parties further acknowledge that on November 18, 2008, Contractor drew from the Escrow Account an amount of Nineteen Million Five Hundred Forty-two Thousand Four Hundred ten Euros (€19,542,410) (the “Escrow Draw Amount”) pursuant to Article 22.B of the Contract as payment for certain invoices. As a result of such drawing, the Purchaser has an obligation to replenish the Escrow Draw Amount in the Escrow Account in order that the Escrow Account Deposit Requirement equal Fifty Million Euros (€50,000,000), failing which Contractor is entitled to stop the Work by December 8th, 2008 as previously notified to Purchaser by Contractor.

The Parties have agreed that Contractor’s right to stop the Work as set forth above shall follow the following steps:

Step A: starting from the date of this Amendment, as a consequence of the above, (i) Contractor shall adjust its internal program activities to comply with the Parties agreement herein, (ii) Purchaser will grant to Contractor an additional fourteen (14) day grace period with respect to a delay in the successful completion of PSR for the last Spacecraft of each Batch for purposes of assessing Liquidated Damages for Late Delivery as set forth in Article 18.1 (C).

Step B: starting from December 19th, 2008 start of business in France, and until full replenishment of the Escrow Draw Amount, Contractor reserves the right, upon the sending of a notice to Purchaser, to stop all or part of the Work. The non implementation of Step B will be subject to the timely payment of the amounts described in paragraphs (i) to (v) below:

- (i) the Purchaser shall pay to the Contractor, an amount of Five Million Euros (€5,000,000) (corresponding to a portion of the payment milestone N° 8b invoiced by Contractor on December 3rd, 2008 the (“December Payment”), as evidenced by providing a copy of the Purchaser’s bank switch of transfer of such funds to Contractor’s bank account on December 19th, 2008 close of business Pacific Standard Time, failing which the Contractor shall upon written notice of one (1) business day be entitled to immediately stop the Work under Step B; and
- (ii) the Purchaser shall pay the balance of the December Payment to the Contractor in an amount of Six Million Forty Thousand, Euros (€6,040,000) on or before January 5th, 2009, failing which the Contractor shall upon written notice of one (1) business day be entitled to immediately stop the Work under Step B; and
- (iii) the Purchaser shall deposit into the Escrow Account a portion of the Escrow Draw Amount for an amount of Five Million Euros (€5,000,000) on or before January 15th, 2009, failing which the Contractor shall upon written notice of one (1) business day be entitled to immediately stop the Work under Step B; and
- (iv) the Purchaser shall, deposit into the Escrow Account the remaining portion of the Escrow Draw Amount in order for the Escrow Account to reach the Deposit Requirement of Fifty Million Euros (€50,000,000) on or before January 27th, 2009, failing which the Contractor shall upon written notice of one (1) business day be entitled to immediately stop the Work under Step B; and
- (v) the Purchaser shall pay to the Contractor an amount of Fifteen Million Forty Thousand Euros (€15,040,000) (corresponding to nominal payment milestone N° 9a the (“January Payment”) on or before February 5th, 2009, failing which the Contractor shall upon written notice in accordance with Article 22 (B), be entitled to immediately stop the Work.

Upon Purchaser's full replenishment of the Escrow Draw Amount in (iv) above, the Parties confirm that all activities shall revert to the Parties rights as per the nominal contractual provisions of the Contract.

The Parties confirm that in any stop Work event resulting from Step B paragraphs i, ii, iii, iv or v above, then the following shall apply:

If Purchaser fails to cure the 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 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).

B. Spacecraft Delivery Schedule —

The Parties acknowledge that Contractor is currently proceeding with certain activities to optimize Spacecraft deliveries to Purchaser in accordance with an Early Delivery plan as authorized under Early Delivery ED2 Scope of Work Ref 2003 318 62 W Issue 01. The Parties note that such Early Delivery plan objective dates for Spacecraft Pre-Shipment Review (PSR) are earlier than the baseline schedule commitment dates as set forth in Article 18 in the Contract. In addition, Purchaser has recently confirmed the current planning for the Provisional Launch Periods as communicated to Purchaser's selected Launch Services Provider and to Contractor pursuant to a Purchaser's letter reference PJR1008-004, dated 22 October 2008.

1. To allow closer alignment of the Early Delivery ED2 objective dates to the planning of the Provisional Launch Periods, Purchaser hereby agrees to grant to Contractor a fourteen (14) Days schedule delay in the PSR ED2 Objective Dates and Launch ED2 Objective Dates for Spacecraft Batches 2, 3, and 4 as set forth below:

Accordingly, Article 26 (A) and (B) Tables for PSR ED2 Early Delivery Incentives are replaced by the following tables:

(A) Table PSR ED2 Early Delivery Incentives

	Required Delivery Dates for Regular Schedule as per Article 18 (B)	PSR ED2 Objective Dates	PSR Schedule Savings Days for 100% Incentives	Max Incentives amount (in Euro)
Batch 1 FM 2 to FM7*	Oct 13, 2009	Sept 03, 2009	40	[*]
Batch 2 FM 8 to FM13*	Dec 04, 2009	Oct 27, 2009	38	[*]
Batch 3 FM 14 to FM19*	Jan 15, 2010	Dec 8, 2009	38	[*]
Batch 4 FM 20 to FM 25*	Feb 26, 2010	Jan 29, 2010	28	[*]

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(*)For the avoidance of doubt a Batch shall be comprised of 6 Spacecraft independently of FM numbers specified in the above table.

(B) Table Launch ED2 Early Delivery Incentives

	Nominal Scheduled Launch Dates	Launch ED2 Objective Dates	Launch Schedule Saving Days for 100% Incentives	Max Incentives amount (in Euro)
Batch 1 FM 2 to FM7*	Dec 22, 2009	Nov 12, 2009	40	[*]
Batch 2 FM 8 to FM13*	Feb 04, 2010	Dec 28, 2009	38	[*]
Batch 3 FM 14 to FM19*	March 15, 2010	Feb 12, 2010	31	[*]
Batch 4 FM 20 to FM 25*	April 26, 2010	March 31, 2010	28	[*]

(*)For the avoidance of doubt a Batch shall be comprised of 6 Spacecraft independently of FM numbers specified in' the above table.

All of the terms, covenants and conditions of the Contract as may already have been amended shall remain in full force and effect except to the extent the same have been expressly amended or modified by the terms of this Amendment N°5.

All capitalized terms not otherwise defined in this Amendment N°5 shall have the meanings for such terms as set forth in the Contract.

EXECUTION

In witness whereof, the Parties have duly executed this Contract Amendment.

Globalstar, Inc.

Thales Alenia Space France

By: /s/ Paul Rosati

By: Blaise Jaeger

Name: Paul Rosati

Name: Blaise Jaeger

Title: Contracts Manager

Title: EVP Telecom

Date: December 9, 2008

Date: December 9, 2008

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.

AMENDMENTS NO. 1-3 TO SPECTRUM MANAGER LEASE AGREEMENT

entered into as of February 13, 2008, June 11, 2008
and November 26, 2008, respectively

between Globalstar Licensee LLC, a Delaware limited liability company and a wholly-owned subsidiary of Globalstar, Inc. with its principal place of business located at 461 South Milpitas Blvd., Building 5, Milpitas, CA 95035 ("Lessor") and Open Range Communications, Inc., a Delaware corporation with its principal place of business located at 8100 E Maplewood Avenue, Greenwood Village CO 80111 ("Lessee") (collectively the "Parties" or, individually, a "Party").

WITNESSETH

WHEREAS, the Parties entered into that certain Spectrum Manager Lease Agreement dated as of October 31, 2007 (as amended through the date hereof, "the Lease Agreement"); and

WHEREAS, at the Lease Commencement Date (as such term is defined in the Lease Agreement), the Lease Agreement will initially apply only to 6,000,000 Pops and [*] MHz of GSAT Spectrum (as such terms are defined in the Lease Agreement); and

WHEREAS, the Parties desire to amend the Lease Agreement as set forth herein; and

NOW THEREFORE, in consideration of the mutual promises contained herein, the Parties hereby agree as follows:

1. The second sentence of Section 1(a) is stricken in its entirety and a new sentence is inserted in lieu thereof as follows:

"The Parties acknowledge that the Initial Markets include 6,000,000 Pops and [*] MHz of GSAT Spectrum (such spectrum being subject to increase as set forth herein) with "Pops" being defined as the population of a "Place," as used for the reporting of decennial census data, including census designated places, consolidated cities and incorporated places, based on 2000 Census Data and extrapolated to 2006 using county growth rate demographic

information as provided by Claritas and included in Exhibit C hereto."

2. The lead-in to Section 8(a) of the Lease Agreement is stricken in its entirety and a new lead-in to Section 8(a) is inserted in lieu thereof as follows:

"8(a) **Ongoing Lease Agreement Payments for Initial Markets and Deferred Pop Markets.** Beginning on the Lease Commencement Date (except as otherwise set forth below) and continuing on the same day of each month thereafter until the expiration or termination of the term of this Lease Agreement, Lessee will pay to Lessor monthly lease payments as follows:"

3. Section 8(a)(i) of the Lease Agreement is stricken in its entirety and a new Section 8(a)(i) is inserted in lieu thereof as follows:

"(i) Fixed monthly payments ("Fixed Lease Payments") and down payments ("Down Payments") as set forth on Exhibit D hereto. Notwithstanding anything to the contrary in the Lease Agreement or any Exhibit, the Parties agree that the Fixed Lease Payments payable under this Lease Agreement shall be as set forth in Exhibit D, as amended from time to time, as appropriately adjusted for the amount of MHz and Pops leased. All references to Exhibit D in this Lease Agreement or any Exhibit shall mean Exhibit D, as amended from time to time based upon the notes included thereon. The Down Payment for the Initial Markets with respect to the frequency band [*] MHz shall be payable on the Lease Commencement Date. The Fixed Lease Payments for the Initial Markets with respect to the frequency band [*] MHz shall begin on [*]. Beginning on the earlier of [*] or the date of the L-Band Notice (as defined below), Lessee shall pay, in addition to all other payments due under this Lease Agreement, an amount per month that is sufficient to pay in full over a 24-month period the total amount of Fixed Lease Payments that would have accrued from the Lease Commencement Date through [*] (rounded to the nearest whole month) if the Fixed Lease Payments for the Initial Markets with respect to the frequency band [*] MHz had begun to be payable on the Lease Commencement Date rather than on [*]. The Fixed Lease Payments for the Deferred Pop Markets with respect to the frequency band [*] MHz shall begin, and the Down Payment for such Deferred Pop Markets shall be payable, on the earlier of (A) the date on which Lessee begins offering any ORC Services in such market pursuant

to Section 10(a) hereof and (B) the first day of the [*] month following the Lease Commencement Date (except as otherwise set forth in Section 10(a)(v) below). Additionally Lessee shall have no obligation to make any Down Payment, Fixed Lease Payment or Variable Lease Payment with respect to the frequency band [*] MHz and no such payment shall begin to accrue unless prior to [*] Lessee notifies Lessor in writing (the "L-Band Notice") that it chooses to lease spectrum usage rights with respect to such frequency band, in which case this Lease Agreement shall apply to such frequency band beginning [*] and all such payments shall begin on such date. If Lessee fails to provide such notice to Lessor prior to [*], Lessee's right to lease spectrum usage rights for the frequency band [*] MHz shall lapse and Lessee shall have no further obligation with respect thereto. For the avoidance of doubt, the parties agree that, notwithstanding anything to the contrary in this Lease Agreement or any exhibit hereto: (X) the Down Payment payable on the Lease Commencement Date for the Initial Markets shall be \$[*], (Y) the additional Down Payment for the Initial Markets payable with respect to the frequency band [*] MHz on [*] if Lessor delivers the

L-Band Notice by such time shall be \$[*], and (Z) the Down Payment for the Deferred Pop Markets, subject to Section 10(a)(v), shall be \$[*] if Lessee delivers the L-Band Notice, otherwise the Down Payment for the Deferred Pop Markets shall be \$[*]. If Lessee is not able to use a portion of the GSAT Spectrum for the provision of WiMAX services due to a regulatory restriction imposed by the FCC, the Down Payment and all Fixed Lease Payments shall be adjusted so that they apply proportionately based on the portion (determined by number of MHz) of GSAT Spectrum actually available for use by Lessee for the provision of WiMAX services, as more specifically set forth on Exhibit D hereto.”

4. Section 10(a)(v) of the Lease Agreement is stricken in its entirety and a new Section 10(a)(v) is inserted in lieu thereof as follows:

“(v) For avoidance of doubt, the fact that a market has been identified by Lessee as a Deferred Pop Market will not, by itself, cause Lessee to be liable for payment for the Pops within such market under this Lease Agreement. The payment obligations for such Deferred Pop Market under Section 8 and Exhibit D hereof will begin on the earlier of i) the beginning of the [*] month following the Lease Commencement Date and ii) the date on which Lessee

begins offering any ORC Services in such market, provided that on or before [*] Lessee may at its discretion notify Lessor in writing that it will not lease the spectrum usage rights for the Deferred Pop Markets in which case Lessee’s right to lease such rights for the Deferred Pop Markets will terminate and Lessee shall have no further obligation with respect to the Deferred Pop Markets (including no obligation to make the Down Payment with respect thereto). If Lessee has not notified Lessor that it will not lease the spectrum usage rights in the Deferred Pop Markets and Lessee has not identified in writing to Lessor the Deferred Pop Markets in accordance with this Section by the end of the [*] month following the Lease Commencement Date, Lessee shall be liable for payment for all [*] Deferred Pops under this Lease Agreement, whether or not it is providing service in any Deferred Pop Markets at such time. Once payment obligations begin for the Deferred Pop Markets, all other terms of this Lease Agreement (except as specifically otherwise noted herein) shall apply to the Deferred Pop Markets.”

5. Section 14(d)(v) is added as follows:

“(v) Any other provision of this Agreement to the contrary notwithstanding (but still subject to the provisions of Section 14(d)(vi), Lessee may terminate the lease of GSAT Spectrum pursuant to this Lease Agreement for convenience, with or without cause, upon written notice to Lessor and payment of a cash termination fee to Lessor in the amount of (A) [*] of the net present value, determined assuming a [*]% per annum discount rate, of the remaining Fixed Lease Payments during the Initial Term as set forth in Exhibit D hereto (which shall include, without limitation, Fixed Lease Payments for all markets in which Lessee is providing service at that time, and all Deferred Pop Markets for which Lessee has entered into a sublease of spectrum with a third party whether or not service is then being provided, but not including any other Deferred Pop Markets for which payment has not yet begun or to the extent that Lessor continues to receive revenue from any of Lessee’s sublessees following termination of the Lease pursuant to this section), plus (B) an amount determined by multiplying the monthly Variable Lease Payment in effect at such time by the number of ORC subscribers on the termination date multiplied by the number 48, in which case Lessee will have no obligation to make any further payments of any kind hereunder, except for any payments

that relate to periods prior to the termination date. Following valid notice of termination, this Lease Agreement and all rights and obligations of the Parties hereunder shall terminate, except the obligation to make any payments that relate to periods prior to the termination date, and the provisions hereof relating to termination, indemnification, dispute resolution and confidentiality (which shall survive the termination of this Lease Agreement).

6. Section 14(d)(vi) is added as follows:

“(vi) Any other provision of this Agreement to the contrary notwithstanding, in the event (A) the Board of Directors of Lessee votes to abandon Lessee’s plan to deploy its system or to dissolve and wind down the business of Lessee and Lessee commences to do the same (including returning capital to its preferred investors), or (B) if the RUS ceases to lend to Lessee, or if the RUS Loan is terminated for any reason (including repayment of the Loan by ORC, but not including a refinancing or other replacement of the RUS Loan that would permit Lessee to continue to deploy its system) or (C) the Lessee becomes reasonably insecure as to the ability of the Lessor to comply with, or secure from the FCC an extension of time to comply with, any conditions or requirements applicable to or affecting its authorization to provide or permit Lessee to provide ATC services as contemplated in this Lease Agreement, including but not limited to the conditions and requirements imposed by the FCC in its Order and Authorization, FCC 08-254, released October 31, 2008 (the “Globalstar WiMAX Order”) (File No. SAT-MOD-20080516-00106) as they may be amended from time to time, then Lessee shall have the right, which must be exercised by written notice to Lessor delivered prior to [*]. Following valid notice of termination, this Lease Agreement and all rights and obligations of the Parties hereunder shall terminate (including, but not limited to, the obligation to make any further Down Payments, Fixed Lease Payments, or any cash termination fee), except the obligation to make any payments that relate to periods prior to the termination date, and the provisions hereof relating to termination, indemnification, dispute resolution and confidentiality (which shall survive the termination of this Lease Agreement).

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7. A new Section 10(l) is added as follows:

“Lessor agrees to reimburse Lessee for [*]% of Lessee’s net out-of-pocket cash expense for Lessee’s offering replacement units to up to [*] customers who are using first-generation WiMAX/SPOT customer premise equipment.”

8. A new Section 10(d)(iii) is added as follows:

The Parties agree that the Exclusivity Period provided for in Section 10(d)(i) hereof has expired.

9. Section 10(b)(iii) is stricken in its entirety and a new section 10(b)(iii) is inserted in lieu thereof as follows:

“(iii) For the period beginning on the Lease Commencement Date with respect to the Deferred Pop Markets and on the date on which the Options become exercisable with respect to the Option Markets, and ending on the earliest of (A) the date on which the final Option is exercised, (B) the expiration of any Option pursuant to subsection (i) above or another provision of this Lease Agreement prior to it being exercised in full by Lessee and (C) [*] if the Options do not become exercisable on or before that time (the “Pops ROFR Period”), Lessee shall have the following right of first refusal to lease GSAT Spectrum in geographic markets outside the [*] that include up to [*] Pops in the aggregate (but only up to [*] in the aggregate before the Options become exercisable) (the “Pops ROFR”). The Pops ROFR shall operate as follows and shall be subject to the following limitations. If Lessor receives a bona fide offer to lease GSAT Spectrum for broadband services (an “Offer”) in any geographic market or markets outside the [*], it shall notify Lessee of the markets covered by the Offer that are outside the [*] (the “ROFR Markets”) within 10 business days of receipt of such offer. If Lessee wishes to exercise the Pops ROFR with respect to the ROFR Markets, it must so notify Lessor in writing within 30 days of the date of Lessor’s delivery of notice of the Offer. If Lessee does not notify Lessor within the 30-day period, Lessor may lease the GSAT Spectrum that was subject to the Offer to a third party on terms no less favorable to Lessor than the terms of the Offer. If Lessee exercises the Pops ROFR with respect to the ROFR Markets, each such ROFR Market immediately shall be deemed to be either a Deferred Pop Market or an Option Market pursuant to this Lease Agreement (as determined by Lessee at the time of exercise, but Lessee shall only have the option to designate them as an Option Market if the

Options have become exercisable), but only if the Pops within the ROFR Market together with all other geographic markets in which Lessee has Spectrum Usage Rights at such time or which Lessee has previously identified to Lessor pursuant to Section 10(a)(ii) (collectively, “Covered Markets”) are equal to or less than [*]; otherwise to the extent that the Pops within the ROFR Market together with the Pops within all Covered Markets at such time are greater than [*], the portion of the ROFR Market exceeding [*] Pops shall be immediately deemed to be an Option Market pursuant to this Lease Agreement. Notwithstanding the foregoing, however, payment obligations under this Lease Agreement shall begin immediately for any Option Markets leased pursuant to the Pops ROFR, and to the extent that a ROFR Market is deemed to be an Option Market, Lessee shall deliver to Lessor, within 90 days of its exercise of the Pops ROFR, a down payment of [*]% of the total lease payments applicable to such market (such total lease payments to be calculated consistent with the NPV set forth in subsection (ii) above). The Pops ROFR will expire on a pro rata Pop basis consistent with the selection of the Deferred Pop Markets and the exercise of the Options, and will expire completely at the end of the Pops ROFR Period.”

10. Section 10(b)(iv) is stricken in its entirety and a new Section 10(b)(iv) is inserted in lieu thereof as follows:

“(iv) Subject to the following limitations, the Pops ROFR will apply to an Offer that includes markets within the [*], but only so long as more than [*] of the Pops covered by the Offer fall outside the [*]. If the Pops ROFR applies to an Offer, the Pops ROFR will apply only to those markets covered by the Offer that fall outside the [*], except that the Pops ROFR will apply to the nine markets designated with an asterisk on Exhibit E hereto. For example, if Lessor receives an Offer to lease GSAT Spectrum both inside and outside a [*], and more than [*]% of the Pops covered by the Offer fall outside the [*], the Pops ROFR will apply only to the geographic markets outside the [*] that are the subject of the Offer, and Lessee shall not have the right to nor shall it be obligated to exercise the Pops ROFR with respect to the geographic markets within the [*], except, in each case, to the extent the Offer applies to any of the nine markets designated with an asterisk on Exhibit E hereto. During the Pops ROFR Period, so long as Lessee exercises the Deferred Pops and Options in compliance with Sections

10(a) and 10(b) hereof, Lessor must reserve for Lessee, and may not lease to any third party, GSAT Spectrum in markets outside the [*] that include at least [*] Pops in the aggregate.

11. Section 14(d)(iii) is stricken in its entirety and a new Section 14(d)(iii) is inserted in lieu thereof as follows:

“(iii) if Lessee’s technology fails to function for its intended purpose as such purpose is reflected in Lessee’s business plan approved by the RUS or such technology fails to comply in all material respects with the Communications Laws at the conclusion of the Beta Test, if the cost to deploy Lessee’s System using the Leased Spectrum materially exceeds the cost reflected in Lessee’s business plan approved by the RUS, or if Lessee is not legally able to use at least [*] MHz of Lessor’s S-band spectrum or the System cannot be operated for its intended purpose due to third party interference; provided that, in any of the foregoing cases, (A) Lessee has used its best efforts to cause such technology to function for its intended purpose and comply with Communications Laws, and Lessee has otherwise complied with its obligations relating to the Beta Test set forth in Section 10(f), and (B) Lessee notifies Lessor in writing of its termination of the Lease Agreement on or before the earlier of (1) 90 days after the conclusion of the Beta Test and (2) [*]; or”

12. A new Section 14(d)(vii) is inserted as follows:

“(vii) if Lessee’s technology to be deployed in connection with Lessor’s second generation satellite and ground system fails to function for its intended purpose as such purpose is reflected in Lessee’s business plan approved by the RUS or such technology fails to comply in all material respects with the Communications Laws, if the cost to deploy Lessee’s System using the Leased Spectrum in connection with Lessor’s second generation satellite and ground system materially exceeds the cost reflected in Lessee’s business plan approved by the RUS, or if Lessee is not legally able to use at least [*] MHz of Lessor’s S-band spectrum in connection with Lessor’s second generation satellite and ground system or the System cannot be operated in connection with such system for its intended purpose due to third party interference; provided that, in any of the foregoing cases, (A) Lessee has used its best efforts to cause such technology to function for its intended purpose and comply with Communications Laws,

and (B) Lessee notifies Lessor in writing of its termination of the Lease Agreement on or before [*] following Lessor’s satisfaction of the conditions set forth in Paragraphs 41(d), (e) and (g) of the Globalstar WiMAX Order.

13. Section 14(e) of the Lease Agreement is stricken in its entirety and a new Section 14(e) is inserted in lieu thereof as follows:

“(e) **Termination By Either Party If Conditions Are Not Met.** If the conditions to the lease commencement have not been satisfied by December 1, 2008, then either party may elect to terminate the lease of GSAT Spectrum pursuant to this lease agreement by sending written notice to the other party within five (5) days after December 1, 2008 (the “Termination Notice”). Such termination will take effect sixty (60) days after the Termination Notice, if the lease commencement date has not occurred by the end of such sixty (60) day period. The election to terminate under this subsection (e) shall not be available to any party who is in breach of any of its obligations under the lease agreement at such time.”

14. Section 8(a)(ii) is stricken in its entirety and a new section 8(a)(ii) is inserted in lieu thereof as follows:

“(ii) Variable monthly payments (“Variable Lease Payments”) equal to \$[*] per ORC subscriber per month on the System. An “ORC subscriber” is defined as a unit of customer premises equipment (“CPE”), or a group of units of CPE employed by the same user that share a single wireless access card or specific customer identifier and no two of which may be used simultaneously; provided that such unit or units shall be considered an ORC subscriber for the purposes of this Agreement only if ORC Services or other Lessee service offerings are provided to such unit or units using the Leased Spectrum; and provided further that a single unit or a single group of units of CPE that meet the foregoing requirements shall not be deemed to be more than one ORC subscriber merely because Lessee is providing multiple service offerings to such unit or group of units. Within five days following each month-end during the term of this Lease Agreement, Lessee shall deliver to Lessor a written certification of the number of ORC subscribers on the System during such month. The Variable Lease Payments shall increase [*]% on the first day of the [*] month following the Lease Commencement Date (the “Escalation Date”), and the Variable Lease

Payments then in effect shall increase [*]% on each anniversary of the Escalation Date thereafter, all as set forth on Exhibit D. Notwithstanding anything to the contrary in this agreement, Variable Lease Payments shall only be incurred with respect to those ORC subscribers who are actually served by the GSAT Spectrum.

15. The Parties further agree that the certain convertible secured promissory note by Lessee in favor of Globalstar, Inc. dated June 11, 2008 shall be amended such that the definition of “Maturity Date” in Section 9.1 thereto hereby means “December 31, 2008.”
16. Subject to the approval of the RUS (which approval Lessee will use reasonable efforts to obtain), the Parties and OEP Open Range Holdings, LLC (“OEP”) further agree that, notwithstanding anything to the contrary set forth in the Preferred Stock Purchase Agreement dated June 11, 2008 among Lessee, OEP, Globalstar, Inc. and certain other parties named therein (the “Purchase Agreement”), or in any exhibit or schedule thereto or in any Ancillary Agreement (as such term is defined in the Purchase Agreement), Globalstar, Inc. shall only be obligated to invest \$3.2 million in Lessee at the Closing under the Purchase Agreement, all of which may be in the form of the surrender and cancellation of those certain notes made by Lessee in favor of Globalstar, Inc. dated October 31, 2007 and June 11, 2008, as described in Schedule A to the Purchase Agreement, and Globalstar, Inc. shall not be obligated to invest any additional cash in Lessor at the Closing, provided, however, that should Globalstar, Inc. limit its contemplated investment as described herein, the number of shares issued to it by Lessee shall be accordingly reduced. In addition, the references to [*]% and [*]% in Sections 12(c) and 14(d) respectively in the form of the Investor Rights Agreement to be entered into among OEP, Lessor, Globalstar, Inc. and certain other parties (the “Investor Rights Agreement”) shall be changed to [*]% and [*]%, respectively. This Section 8 shall be considered an amendment to the Purchase Agreement and the Investor Rights Agreement.
17. The fifth sentence of Section 10(b)(i) is stricken in its entirety and replaced with the following:

“Each Option shall become exercisable beginning at such time as Lessee (a) has elected to lease full Spectrum Usage Rights with respect to the frequency band [*] MHz as described in Section 8(a)(i), and (b) has purchased Spectrum Usage Rights in all of the Deferred Pop Markets pursuant to Section 10(a)(v) and has thereby relinquished its right pursuant to Section 10(a)(v) to elect not to lease Spectrum Usage Rights in the Deferred Pop Markets. If Lessee notifies Lessor pursuant to Section 10(a)(v) that it

will not lease Spectrum Usage Rights in all of the Deferred Pop Markets then any unexercised Options shall expire. Once Lessee has exercised all three Options pursuant to this section Lessee shall have the right to redesignate any Deferred Pop Markets which Lessee has subleased to third party providers as Option Markets provided that the total number of Pops in the Option Markets shall not exceed [*], and provided that such redesignation shall not limit Lessee’s obligation to pay for Spectrum Usage Rights for all of the Deferred Pop Markets.”

18. A new Section 10(c)(vi) is added as follows:

“The Parties agree that this Section 10(c) shall become effective beginning on the Lease Commencement Date and shall end on the earlier of (a) the date on which Lessee notifies Lessor that it will not lease the Spectrum Usage Rights in all of the Deferred Pop Markets pursuant to Section 10(a)(v) and (b) [*] unless at such time Lessee has elected to lease full Spectrum Usage Rights with respect to the frequency band [*] MHz as described in Section 8(a)(i). In addition, the Parties agree that this Section 10(c) shall only apply to broadband service offerings (in the case of Section 10(c)(i)) and leases or subleases of GSAT Spectrum for broadband services (in the case of Sections 10(c)(ii)-(iv)).”

19. A new Section 10(m) is added as follows:

“Notwithstanding anything to the contrary in this Lease Agreement, if Lessor’s ATC authority is terminated or suspended by the FCC as a consequence of late delivery of satellites, and Lessee is thereby forced to suspend service to its customers on the System, then this Lease Agreement shall remain in force except that Lessee shall not be obligated to pay any Fixed Lease Payments or Variable Lease Payments for the suspension period, and during such suspension period Lessor shall pay to Lessee an amount per month equal to the lesser of (a) the amount of liquidated damages actually received in cash by Lessor from its satellite manufacturer in such month as a result of such late delivery and (b) the amount of actual service revenue lost by Lessee as a result of the suspension of service in such month. If Lessor’s ATC authority is not reinstated within [*] of such termination or suspension, then either Party may terminate this Lease Agreement on written notice to the other Party without further liability except for any payments that relate to periods prior to the termination date.

Following valid notice of termination, this Lease Agreement and all rights and obligations of the Parties hereunder shall terminate (including, but not limited to, the obligation to make any further Down Payments, Fixed Lease Payments, or any cash termination fee), except the obligation to make any payments that relate to periods prior to the termination date, and the provisions hereof relating to termination, indemnification, dispute resolution and confidentiality (which shall survive the termination of this Lease Agreement).

20. A new section 10(n) is added as follows:

“10(n) **Development of Second Generation Subscriber Terminal** Lessor will use its best efforts to provide Lessee with technical assistance in connection with the development of the subscriber terminal equipment required to comply with the FCC rules applicable to Lessor’s ATC authority including, but not limited to, the conditions imposed by the FCC in the Globalstar WiMAX Order. Lessor shall use best efforts to provide the following upon the earlier of availability or when reasonably practicable:

- (i) technical interface requirements for the second generation satellite chipsets as soon as the technology is reasonably finalized.
- (ii) provide engineering assistance to the Lessee as required to assist with the reference design for the second generation CPE produced by Lessee.
- (iii) provide a minimum of fifty (50) sample two way satellite modem chipsets.
- (iv) provide Lessee with the software design requirements for the two way satellite modem.
- (v) file for and receive permission to utilize the new satellite device with all required governing authorities.
- (vi) provide a two-way satellite modem reference design.

21. Section 15(e)(ii) is amended by inserting in the second line the words “and Deferred Pops” after the word “Option” and before the word “without”.

22. Exhibit D and Exhibit D-1 of the Lease Agreement are stricken in their entirety and replaced by the attached Exhibit D and attachments.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to Spectrum Manager Lease Agreement to be executed on the day and year first above written.

LESSOR
GLOBALSTAR LICENSEE LLC

By: /s/ Fuad Ahmad
Name: Fuad Ahmad
Title: Senior VP & Chief Financial Officer

LESSEE
OPEN RANGE COMMUNICATIONS, INC.

By: /s/ William S. Beans, Jr.
Name: William S. Beans, Jr.
Title: President & CEO

ACKNOWLEDGED AND AGREED for purposes of Sections 14 & 15 only:

OEP OPEN RANGE HOLDINGS, LLC

By: /s/ David Walsh
Name: David Walsh
Title: Partner

GLOBALSTAR, INC.

By: /s/ James Monroe III
Name: James Monroe III
Title: CEO

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 N°1
TO THE AGREEMENT FOR THE LAUNCHING INTO
LOW EARTH ORBIT
OF THE GLOBALSTAR SATELLITES
BY THE SOYUZ LAUNCH VEHICLE**

This Amendment N°1 to the Agreement for the launching of the GLOBALSTAR Satellites, (hereinafter referred to as the “Agreement”) is entered, 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 the Agreement for the launching of TWENTY FOUR (24) Satellites, with the option to launch an additional TWENTY FOUR (24) Satellites into low earth orbit, and
- Whereas** CUSTOMER and ARIANESPACE have agreed to adapt certain Pre-Launch Financing provisions, as well as the conditions related to the Launch Site selection.

Confidential, Arianespace proprietary

*DC/PHB/DA/CO-015
Amdt N°1 Issue 1*

NOW THEREFORE, THE PARTIES HAVE AGREED UPON THE FOLLOWING MODIFICATION TO THE AGREEMENT:

Section 1 - - Launch Site Selection for the Firm Launches and Associated Remuneration

- 1.1 The first sub-paragraph of Paragraph 4.4 (“Launch Site Selection”) of Article 4 (“ARIANESPACE’ SERVICES”) of the Agreement is cancelled and replaced as follows:

“ARIANESPACE shall inform CUSTOMER of the Launch Site selection for the FOUR (4) Firm Launches by written notice to be received no later than 15 September 2008.”

- 1.2 A new Sub-paragraph C is added to Paragraph 8.1 of Article 8 (“Remuneration”) of the Agreement, as follows:

“ C For the Firm Launch Services from Baikonur Space Center Launch Site.

Should ARIANESPACE proceed with the FOUR (4) Firm Launches from the Baikonur Launch Site, then each Firm Launch related Launch Services price shall be increased by an amount of [*].

The price increase relating to the performance of the Firm Launches from the Baikonur Launch Site, as applied and computed in accordance with the terms above, shall be payable by CUSTOMER at the Launch Associated Payment due date related to the Firm Launch for which there is no subsequent Firm Launch remaining to be performed (L — 1 week, L being the actual Launch Day of the said Launch). The total amount of such price increase shall be contractually capped at [*].”

Section 2 - - Payment Schedule and Financing

Paragraph 10.6 (“Financing”) of Article 10 of the Agreement is deleted and replaced as follows:

“10.6 Financing

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

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

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

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

- 10.6.2 Upon receipt of the cash payments for EDC + 6 months, EDC + 12 months and L*- 9 months, corresponding Pre-Launch Financing for the unpaid balances shall automatically be made on the respective date of payment in the amount such that the total amount is paid in full. It shall be made by way of book entry to fund the corresponding payment.
- (i) From the date of book entry until the date of repayment, Pre-Launch Financing shall bear interest at a fixed annual interest rate of [%] from EDC until L*- 6 months (excluded), and shall bear interest at a fixed annual interest rate of [%] from L*- 6 months (included) until the date of repayment that shall be L— 1 month at the latest. L in the preceding sentence and in paragraphs 10.6.3 and 10.6.4 shall mean the actual Launch Day of the said Launch.
- (ii) The computation of interest shall be made on the basis of THREE HUNDRED SIXTY (360) days and actual days elapsed.
- 10.6.3 The principal amount of the Pre-Launch Financing and the accrued interest shall be repaid in full at L -1 month at the latest, subject to the terms and conditions of sub-paragraph 18.2.3 of Article 18 of this Agreement.
- In the event ARIANESPACE requests a launch postponement, the accrued interest with respect to the said Launch shall cease to accrue for the duration of such launch postponement.
- 10.6.4 The L-1 month payment date shall be adjusted by the aggregate number of postponements (as measured in days) requested by ARIANESPACE in accordance with Paragraph 11.3 of Article 11 of this Agreement.
- 10.6.5 Notwithstanding the terms of Paragraph 10.4 (“Late Payment”) of Article 10 (“Payment for Services”), in the event of default of payment of the principal amount of the Pre-Launch Financing and related accrued interests by L-1 month at the latest, then

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CUSTOMER shall pay ARIANESPACE interest on the payment due at a rate of [%] starting from the first delinquent day up to and including the date payment is made.

Without prejudice to the above, it is acknowledged by the Parties that during any period of non payment, ARIANESPACE shall be entitled to suspend any and all of its activities in preparation of the Launch Services and to reschedule the Launch Services under Sub-paragraph 11.3.3 of Article 11 of this Agreement, such suspension and reschedule subject to the time and notice requirements as set forth in Article 10.4 of the Agreement.”

Section 3 - - This Amendment N°1 shall be effective as of its date of execution by both Parties. Any other provisions of the Agreement not modified by this Amendment N°1 shall remain in full force and effect.

IN WITNESS WHEREOF the Parties have caused this Amendment N°1 to the Agreement for the launching of the GLOBALSTAR Satellites to be executed in two originals, as of the following date and year: July 5, 2008.

CUSTOMER

Name: Anthony J. NAVARRA

Title: President

/s/ Anthony J. Navarra

Signature

ARIANESPACE

Name: Jean-Yves LE GALL

Title: Chairman and Chief Executive Officer

/s/ Jean-Yves Le Gall

Signature

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**FIRST AMENDMENT TO
SECOND AMENDED AND RESTATED CREDIT AGREEMENT**

FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (“First Amendment”), dated as of December 17, 2008, by and among **GLOBALSTAR, INC.**, a Delaware corporation (the “Borrower”), the lenders who are or may become a party to this Agreement (collectively, the “Lenders”), and **THERMO FUNDING COMPANY LLC**, as Administrative Agent.

STATEMENT OF PURPOSE

Pursuant to the Second Amended and Restated Credit Agreement dated as of December 17, 2007 (as previously amended, restated, or modified, the “Credit Facility”) by and among the Borrower, the Lenders party thereto (the “Lenders”), and Thermo Funding Company LLC, and the Lenders agreed to extend certain Revolving Credit Loans in the aggregate principal amount of not more than \$150,000,000 to the Borrower pursuant to the terms thereof.

The Borrower has requested, and the Lenders have agreed, to extend certain additional credit facilities to the Borrower on the terms and conditions of this First Amendment.

As of the date hereof, the Lenders and the Administrative Agent under the Existing Facility have agreed to increase the funds available to the Borrower under the Revolving Credit Commitment from \$50,000,000 to \$100,000,000, thereby increasing the aggregate principal amount available to Borrower under the Credit Facility, as amended by this First Amendment, from \$150,000,000 to \$200,000,000.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, such parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1 Definitions. Capitalized terms used in this First Amendment without definition have the meanings given to such terms in the Second Amended and Restated Credit Agreement.

Section 2 On page 21 of the Credit Facility, the final sentence of the defined term “Revolving Credit Commitment” is amended to read “The Revolving Credit Commitment of all Revolving Credit Lenders as of December 17, 2008 shall be \$100,000,000.”

Section 3 The following Section 2.2 is added to the Credit Facility:

Anything in this Agreement to the contrary notwithstanding, advances to Borrower by Lender in excess of \$50,000,000.00 aggregate principal amount outstanding at any time as a Revolving Credit Loan shall be subject to prior approval of the Administrative Agent in its sole discretion. Exercise by the Administrative Agent of its discretion to approve advances of aggregate principal amount in excess of \$50,000,000 shall be presumed conclusively if the Administrative Agent shall advance or cause to be advanced to Borrower in a timely manner the entire amount of any Notice of Borrowing received by the Administrative Agent at a time when the aggregate principal amount advanced as Revolving Credit Loans exceeds \$50,000,000.00.

Section 4 In order to evidence the Revolving Credit Loans outstanding on the date of this First Amendment and such additional Revolving Credit Loans as shall be made from time to time under the Credit Facility as amended in accordance with this First Amendment, there shall be substituted for the Revolving Credit Note issued pursuant to the Credit Facility the Amended Revolving Credit Note attached hereto as Schedule 1. Wherever, in the Credit Facility, the term Revolving Credit Note is used, such term shall mean and refer to the Amended Revolving Credit Note.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed under seal by their duly authorized officers, all as of the day and year first written above.

GLOBALSTAR, INC., as Borrower

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

THERMO FUNDING COMPANY LLC, as
Administrative Agent and Lender

By: /s/ James Monroe III
James Monroe III
Manager

**SCHEDULE 1 TO FIRST AMENDMENT TO
SECOND AMENDED AND RESTATED CREDIT AGREEMENT**

AMENDED REVOLVING CREDIT NOTE

\$100,000,000.00

December 17, 2008

FOR VALUE RECEIVED, the undersigned, **GLOBALSTAR, INC.**, a Delaware corporation (the "Borrower"), promises to pay to the order of **THERMO FUNDING COMPANY LLC** (the "Revolving Lender"), at the place and times provided in the Credit Agreement referred to below, the principal sum of ONE HUNDRED MILLION AND 00/100 DOLLARS (\$100,000,000.00) or, if less, the outstanding principal amount of all Revolving Credit Loans made by the Revolving Lender from time to time pursuant to that certain Second Amended and Restated Credit Agreement, dated as of December 17, 2008 (as amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement") by and among the Borrower, as Borrower, the Lenders who are or may become a party thereto, as Lenders, and Thermo Funding Company LLC, as Administrative Agent. Capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Credit Agreement.

Advances of aggregate principal amount under this Amended Revolving Credit Note are subject to Section 3 of a First Amendment of even date to the Credit Agreement and to all other applicable terms and conditions of the Credit Agreement. This Amended Revolving Credit Note is issued in substitution for a certain Revolving Credit Note dated December 17, 2007 and does not evidence a discharge or repayment of obligations under the Revolving Credit Note.

The unpaid principal amount of this Amended Revolving Credit Note from time to time outstanding is subject to mandatory repayment from time to time as provided in the Credit Agreement and shall bear interest as provided in Section 5.1 of the Credit Agreement. All payments of principal and interest on this Amended Revolving Credit Note shall be payable in lawful currency of the United States of America in immediately available funds to the account designated in the Credit Agreement.

This Amended Revolving Credit Note is entitled to the benefits of, and evidences Obligations incurred under, the Credit Agreement, to which reference is made for a description of the security for this Amended Revolving Credit Note and for a statement of the terms and conditions on which the Borrower is permitted and required to make prepayments and repayments of principal of the Obligations evidenced by this Amended Revolving Credit Note and on which such Obligations may be declared to be immediately due and payable.

THIS AMENDED REVOLVING CREDIT NOTE SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

The Borrower hereby waives all requirements as to diligence, presentment, demand of payment, protest and (except as required by the Credit Agreement) notice of any kind with respect to this Amended Revolving Credit Note.

IN WITNESS WHEREOF, the undersigned has executed this Amended Revolving Credit Note as of the day and year first above written.

GLOBALSTAR, INC.

By:

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

AMENDMENT NO. 1 TO THE SHARE LENDING AGREEMENT

This Amendment (this “**Amendment**”) to the Share Lending Agreement referred to below is made as of December 18, 2008, among Globalstar, Inc. (“**Lender**”) and Merrill Lynch International (“**Borrower**”), through Merrill Lynch, Pierce, Fenner & Smith Incorporated, as agent for Borrower (“**Borrowing Agent**”).

WHEREAS, Lender and Borrower are parties to the Share Lending Agreement, dated April 10, 2008 (the “**Share Lending Agreement**”), containing terms and conditions under which Borrower may borrow from Lender shares of its Common Stock (as defined below);

WHEREAS, Lender and Borrower desire to amend the Share Lending Agreement as set forth herein.

NOW, THEREFORE, in consideration of their mutual covenants herein contained, Lender and Borrower agree as follows:

1. **Definitions; References.** Unless otherwise specifically defined herein, each term used herein that is defined in the Share Lending Agreement has the meaning assigned to such term in the Share Lending Agreement. Each reference to “hereof,” “hereunder,” “herein” and “hereby” and each other similar reference and each reference to “this Agreement” and each other similar reference contained in the Share Lending Agreement shall, after this Amendment becomes effective, refer to the Share Lending Agreement as amended hereby.

2. **Amendments to the Share Lending Agreement.** The Share Lending Agreement is hereby amended as follows:

(a) Section 1 of the Share Lending Agreement shall be amended by:

(i) adding the following defined terms in appropriate alphabetical order:

“**Cash Settlement Amount**” means, in respect of Loaned Shares as to which a Cash Settlement is effected pursuant to Section 4(f) following a termination of the corresponding Loan, an amount in U.S. dollars equal to the product of the number of such Loaned Shares and the Stock Price.

“**Cash Settlement Date**” means, in respect of Loaned Shares as to which Cash Settlement is effected pursuant to Section 4(f), a date or dates selected by Borrower, which date or dates shall

be as soon as practicable after the determination of the Stock Price and the calculation of the related Cash Settlement Amount.

“**Return Fee**” means, in respect of a number of Loaned Shares determined by Borrower in its sole discretion (which shall not exceed the number of Loaned Shares returned to Lender, following a termination of the corresponding Loan), an amount equal to, for each such Loaned Share, 0.0025 times the Stock Price; *provided* that such amount shall not exceed \$0.05 per Loaned Share nor be less than \$0.005 per Loaned Share.

“**Stock Price**” means a price per share of Common Stock determined by Borrower pursuant to the stock price methodology agreed to by Borrower and Lender pursuant to Section 4(f)(iii).

(ii) deleting clause (c) of the definition of “Maximum Number of Shares” in its entirety, and replacing it with the following new clause (c):

“(c) If any Convertible Notes are tendered to Lender for conversion in accordance with the terms of such Convertible Notes, then, upon delivery of a written notice to Borrower (the “**Conversion Notification**”), within two Business Days of receipt by Lender of the conversion notice required under the terms of the Indenture, setting forth (1) Lender’s determination of the daily conversion rates (within the meaning set forth in the Indenture) for such Convertible Notes, (2) whether the Lender has elected to settle all or any portion of such Convertible Notes in cash pursuant to the terms of the Indenture (and if applicable the specified cash percentage as defined in the Indenture), (3) the conversion settlement dates for such Convertible Notes and (4) whether Lender elects a Cash Settlement pursuant to Section 4(f) with respect to the related Loan termination (and the number of Loaned Shares to which such Cash Settlement election applies), the Maximum Number of Shares shall be, effective as of the final conversion settlement date on which Lender delivers cash and/or shares of Common Stock in satisfaction of the related conversion obligation, reduced by a number of shares of Common Stock (rounded down to the nearest whole share) equal to the product of the Maximum Number of Shares immediately prior to such conversion and a fraction, the numerator of which is the principal amount of Convertible Notes tendered for conversion and the denominator of which is the principal amount of Convertible Notes outstanding as of such conversion settlement date (including any amount of Convertible Notes issued pursuant to the Option).

(b) Section 4(a) of the Share Lending Agreement shall be deleted in its entirety, and replaced with the following:

“(a) Borrower may terminate all or any portion of a Loan on any Business Day by giving written notice thereof to Lender designating a date (the “**Optional Termination Date**”) upon which such Loans shall terminate.”

(c) Section 4(b) of the Share Lending Agreement shall be deleted in its entirety, and replaced with the following:

“(b) All outstanding Loans, if any, shall terminate on the date this Agreement terminates pursuant to Section 13 (the “**Facility Termination Date**”).”

(d) Section 4(c) of the Share Lending Agreement shall be deleted in its entirety, and replaced with the following:

“(c) Subject to Section 4(d), if on any date (the “**Excess Date**”), the aggregate number of Loaned Shares under outstanding Loans exceeds the Maximum Number of Shares, an amount of Loans corresponding to the number of Loaned Shares in excess of the Maximum Number of Shares shall be terminated.

(e) The following new Section 4(f) shall be added to the Share Lending Agreement immediately following Section 4(e):

“(f) Upon the termination of any Loans pursuant to clauses (a), (b) or (c) above, Borrower shall deliver a corresponding number of Loaned Shares to Lender, against payment of the Return Fee in respect thereof by Lender to Borrower, no later than the fifth Business Day following the Optional Termination Date, Facility Termination Date or Excess Date, as applicable; *provided* that Lender may effect a cash settlement (a “**Cash Settlement**”) of Borrower’s obligation to deliver all or a portion of such Loaned Shares pursuant to this clause (f) but only if:

(i) Borrower shall have consented to such Cash Settlement (which consent shall not be unreasonably withheld, but shall be subject to Borrower’s sole determination of applicable legal, regulatory or self-regulatory requirements or other internal policies and/or procedures and its determination as to whether it would incur any cost);

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(ii) Lender shall have designated in writing a number of Loaned Shares as to which Cash Settlement shall apply (A) in the case of an Excess Date occurring pursuant to clause (c) of the definition of the Maximum Number of Shares, in Lender’s Conversion Notification, (B) in the case of an Optional Termination Date, not later than the Business Day following such date, and (C) in the case of the Facility Termination Date, not later than the Business Day following such Facility Termination Date; and

(iii) Borrower and Lender shall have agreed on a methodology to determine the Stock Price in respect of such proposed Cash Settlement.

If a Cash Settlement shall apply pursuant to this clause (f), then, in lieu of delivering such Loaned Shares to Lender and payment of the Return Fee to Borrower, Borrower shall pay the related Cash Settlement Amount to Lender on the Cash Settlement Date.

(f) Section 16(a) of the Share Lending Agreement shall be deleted in its entirety, and replaced with the following:

“(a) All notices and other communications hereunder shall be in writing (where, email communications between Lender and Borrower shall constitute “notice,” “written notice” or any other notice “in writing” as used in this Agreement) and shall be deemed to have been duly given when received (or in the case of email, when transmitted, except if such email is no longer valid and promptly notifies the sender of its invalidity).”

(g) Section 16(b) of the Share Lending Agreement shall be deleted in its entirety, and replaced with the following:

“(b) All such notices and other communications shall be directed to the following address or email address, as the case may be (or such other address or email address of a party as specified in writing by that party to the other):

(i) If to Borrower or Borrowing Agent to:

Merrill Lynch, Pierce, Fenner & Smith Incorporated
4 World Financial Center
New York, NY 10080

Email: andrew_clark1@ml.com

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(ii) If to Securities Intermediary to:

Merrill Lynch, Pierce, Fenner & Smith Incorporated
4 World Financial Center
New York, NY 10080

Email: andrew_clark1@ml.com

(iii) Globalstar, Inc.
461 South Milpitas Blvd.
Milpitas, California 95035
Attention: Chief Financial Officer
Facsimile: 408-933-4949

Email: fuad.ahmad@globalstar.com

3. **Governing Law.** This Amendment shall be governed by and construed in accordance with the laws of the State of New York, but excluding any choice of law provisions that would require the application of the laws of a jurisdiction other than New York.

4. Confirmation of the Share Lending Agreement. Except as amended hereby, the Share Lending Agreement shall remain in full force and effect and is hereby confirmed in all respects.

5. Counterparts. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if all of the signatures thereto and hereto were upon the same instrument.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above written.

GLOBALSTAR, INC.
as Lender

MERRILL LYNCH INTERNATIONAL
as Borrower

By: /s/ Fuad Ahmad
Name: Fuad Ahmad
Title: CFO

By: /s/ Angelina Topes
Name: Angelina Topes
Title: Authorized Signatory

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
as Borrowing Agent

By: /s/ Fran Jacobson
Name: Fran Jacobson
Title: VP

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Subsidiaries of Globalstar, Inc.

As of December 31, 2008, the material subsidiaries of Globalstar, Inc., their jurisdiction of organization and the percent of their voting securities owned by their immediate parent entity were as follows:

<u>Subsidiary</u>	<u>Organized Under Laws of</u>	<u>% of Voting Securities Owned by Immediate Parent</u>
GSSI, LLC	Delaware	100%
ATSS Canada, Inc.	Delaware	100%
Globalstar Brazil Holdings, L.P.	Delaware	100%
Globalstar do Brasil Holdings Ltda.	Brazil	100%
Globalstar do Brasil, S.A.	Brazil	100%
Globalstar Satellite Services Pte., Ltd	Singapore	100%
Globalstar Satellite Services Pty., Ltd	South Africa	100%
Globalstar C, LLC	Delaware	100%
Mobile Satellite Services B.V.	Netherlands	100%
Globalstar Europe, S.A.R.L.	France	100%
Globalstar Europe Satellite Services, Ltd.	Ireland	100%
Globalstar Leasing LLC	Delaware	100%
Globalstar Licensee LLC	Delaware	100%
Globalstar Security Services, LLC	Delaware	100%
Globalstar USA, LLC	Delaware	100%
GUSA Licensee LLC	Delaware	100%
Globalstar Canada Satellite Co.	Nova Scotia, Canada	100%
Globalstar de Venezuela, C.A.	Venezuela	100%
Globalstar Colombia, Ltda.	Colombia	100%
Globalstar Caribbean Ltd.	Cayman Islands	100%
Globalstar Republica Dominicana, S.A. (Dormant)	Dominican Republic	100%
GCL Licensee LLC	Delaware	100%
Globalstar Americas Acquisitions, Ltd.	British Virgin Islands	100%
Globalstar Americas Holding Ltd.	British Virgin Islands	100%
Globalstar Gateway Company S.A.	Nicaragua	100%
Globalstar Americas Telecommunications Ltd.	British Virgin Islands	100%
Globalstar Honduras S.A.	Honduras	100%
Globalstar Nicaragua S.A.	Nicaragua	100%
Globalstar de El Salvador, SA de CV	El Salvador	100%
Globalstar Panama, Corp.	Panama	100%
Globalstar Guatemala S.A.	Guatemala	100%
Globalstar Belize Ltd.	Belize	100%
Astral Technologies Investment Ltd.	British Virgin Islands	100%
Astral Technology Nicaragua S.A.	South America	100%
SPOT LLC.	Colorado	100%

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the registration statements on Form S-8 (No. 333-156884, 333-138590 and, No. 333-145283, 333-150871 and 333-149747) of Globalstar, Inc. of our report dated March 31, 2009, with respect to the consolidated financial statements of Globalstar, Inc., and the effectiveness of internal control over financial reporting, which report appears in this Annual Report on Form 10-K of Globalstar, Inc. for the year ended December 31, 2008.

/s/ CROWE HORWATH LLP

Oak Brook, Illinois
March 31, 2009

Certification of Chief Executive Officer

I, James Monroe III, certify that:

1. I have reviewed this annual report on Form 10-K 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: March 31, 2009

By: /s/ JAMES MONROE III

James Monroe III
Chief Executive Officer

Certification of Chief Financial Officer

I, Fuad Ahmad, certify that:

1. I have reviewed this annual report on Form 10-K 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: March 31, 2009

By: /s/ FUAD AHMAD

Fuad Ahmad
Chief Financial Officer

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

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

This annual report on Form 10-K for the year ended December 31, 2008 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-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 31, 2009

By: /s/ JAMES MONROE III

James Monroe III
Chief Executive Officer

Dated: March 31, 2009

By: /s/ FUAD AHMAD

Fuad Ahmad
Chief Financial Officer
