UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2011

OR

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

For the transition period from to

Commission file number 001-33117

GLOBALSTAR, INC.

(Exact Name of Registrant as Specified in Its Charter)

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

300 Holiday Square Blvd.
Covington, Louisiana 70433
(Address of principal executive offices and zip code)

(985) 335-1500
Registrant's telephone number, including area code

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

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

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

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

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

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

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

As of October 28, 2011, 294,771,836 shares of voting common stock and 19,275,750 shares of nonvoting common stock were outstanding. Unless the context otherwise requires, references to common stock in this Report mean Registrant's voting common stock.

GLOBALSTAR, INC.
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GLOBALSTAR, INC.

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

	Three Months Ended		Nine Months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Revenues:				
Service revenues	$ 14,198	$ 13,389	$ 41,774	$ 38,751
Subscriber equipment sales	3,989	4,834	13,666	12,665
Total revenues	18,187	18,223	55,440	51,416
Operating expenses:				
Cost of services (exclusive of depreciation, amortization, and accretion shown separately below)	8,332	7,995	22,684	22,587
Cost of subscriber equipment sales	2,871	3,329	9,321	9,317
Reduction in the value of equipment	979	-	1,401	61
Reduction in the value of assets	3,038	-	3,484	-
Marketing, general, and administrative	12,249	12,911	34,004	31,245
Depreciation, amortization, and accretion	12,106	7,301	35,512	19,164
Total operating expenses	39,575	31,536	106,406	82,374
Loss from operations	(21,388)	(13,313)	(50,966)	(30,958)
Other income (expense):				
Interest income	3	63	14	402
Interest expense, net of amounts capitalized	(1,235)	(1,202)	(3,613)	(3,794)
Derivative gain (loss)	23,793	(9,150)	34,090	(42,185)
Other	(1,876)	(883)	(573)	(2,742)
Total other income (expense)	20,685	(11,172)	29,918	(48,319)
Loss before income taxes	(703)	(24,485)	(21,048)	(79,277)
Income tax (benefit) expense	(22)	8	167	107
Net loss	$ (681)	$ (24,493)	$ (21,215)	$ (79,384)
Loss per common share:				
Basic	$ (0.00)	$ (0.09)	$ (0.07)	$ (0.28)
Diluted	(0.00)	(0.09)	(0.07)	(0.28)
Weighted-average shares outstanding:				
Basic	295,513	287,502	294,519	281,701
Diluted	295,513	287,502	294,519	281,701

See accompanying notes to unaudited interim condensed consolidated financial statements.

GLOBALSTAR, INC.

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

	(Unaudited) September 30, 2011	(Audited) December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,080	$ 33,017
Restricted cash	—	2,064
Accounts receivable, net of allowance of $8,781 (2011) and $5,971 (2010)	13,220	13,671
Inventory	50,003	55,635
Advances for inventory	9,367	9,431
Prepaid expenses and other current assets	7,021	5,061
Total current assets	85,691	118,879
Property and equipment, net	1,205,535	1,150,470
Restricted cash	46,777	34,276
Deferred financing costs	54,411	59,870
Intangible and other assets, net	14,385	23,313
Total assets	$ 1,406,799	$ 1,386,808
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 16,711	$ —
Accounts payable	32,442	26,434
Accrued expenses	32,264	48,162
Payables to affiliates	210	710
Deferred revenue	18,539	19,150
Total current liabilities	100,166	94,456
Long-term debt	701,169	664,543
Employee benefit obligations	4,240	4,727
Derivative liabilities	28,794	60,819
Deferred revenue	4,422	3,875
Other non-current liabilities	16,904	22,970
Total non-current liabilities	755,529	756,934
Stockholders' equity:		
Preferred Stock of $0.0001 par value; 100,000,000 shares authorized and none issued and outstanding at September 30, 2011 and December 31, 2010:		
Series A Preferred Convertible Stock of $0.0001 par value; One share authorized and none issued and outstanding at September 30, 2011 and December 31, 2010	—	—
Voting Common Stock of $0.0001 par value; 865,000,000 shares authorized; 294,743,000 and 290,683,000 shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively	29	29
Nonvoting Common Stock of $0.0001 par value; 135,000,000 shares authorized and 19,276,000 shares issued and outstanding at September 30, 2011 and December 31, 2010	2	2
Additional paid-in capital	773,495	736,455
Accumulated other comprehensive loss	(409)	(268)
Retained deficit	(222,013)	(200,800)
Total stockholders' equity	551,104	535,418
Total liabilities and stockholders' equity	$ 1,406,799	$ 1,386,808

See accompanying notes to unaudited interim condensed consolidated financial statements.

GLOBALSTAR, INC.

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

	Nine Months Ended	
	September 30, 2011	September 30, 2010
Cash flows from operating activities:		
Net loss	$ (21,215)	$ (79,384)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation, amortization, and accretion	35,512	19,164
Change in fair value of derivative assets and liabilities	(34,090)	42,185
Stock-based compensation expense	1,908	43
Amortization of deferred financing costs	2,734	2,536
Provisions for bad debt	2,245	368
Contingent reimbursements	1,853	—
Impairment of assets and equipment	4,885	61
Loss on equity method investments	315	2,627
Foreign currency and other, net	1,254	0
Changes in operating assets and liabilities:		
Accounts receivable	(1,955)	(2,960)
Inventory	3,240	(164)
Prepaid expenses and other current assets	(1,395)	232
Other assets	(831)	921
Accounts payable	(703)	1,596
Payables to affiliates	(500)	142
Accrued expenses and employee benefit obligations	(1,499)	2,837
Other non-current liabilities	(2,546)	750
Deferred revenue	(62)	1,096
Net cash used in operating activities	(10,850)	(7,688)
Cash flows from investing activities:		
Second-generation satellites, ground and related launch costs	(71,212)	(157,383)
Property and equipment additions	(2,385)	(5,473)
Investment in businesses	(500)	(1,110)
Restricted cash	(10,436)	2,064
Net cash used in investing activities	(84,533)	(161,902)
Cash flows from financing activities:		
Proceeds from exercise of warrants and stock options	526	6,249
Borrowings from Facility Agreement	18,659	153,055
Proceeds from the issuance of 5.0% convertible notes	38,000	—
Borrowings from subordinated loan agreement	12,500	—
Payment of deferred financing costs	(925)	—
Net cash from financing activities	68,760	159,304
Effect of exchange rate changes on cash	(314)	(143)
Net decrease in cash and cash equivalents	(26,937)	(10,429)
Cash and cash equivalents, beginning of period	33,017	67,881
Cash and cash equivalents, end of period	$ 6,080	$ 57,452
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	$ 19,097	$ 14,761
Income taxes	$ 82	$ 108
Supplemental disclosure of non-cash financing and investing activities:		
Reduction in accrued second-generation satellites and launch costs	$ 3,992	$ 42,070
Increase in capitalized accrued interest for second-generation satellites and launch costs	$ 1,117	$ 5,217
Capitalization of the accretion of debt discount and amortization of prepaid finance costs	$ 17,962	$ 22,351
Payments made in Common Stock	$ 3,539	$ 1,811
Reduction in assets and liabilities due to note conversion	$ 1,538	$ 7,685
Conversion of convertible notes into common stock	$ 1,000	$ 4,239
Conversion of contingent equity account derivative liability to equity	$ 5,955	$ 11,940
Value of warrants issued in connection with the contingent equity account loan fee	$ 8,318	$ 8,510
Recognition of a beneficial conversion feature on long-term debt	$ 17,100	$ —
Value of warrants issued in connection with raising capital and debt	$ 8,081	$ —
Recognition of contingent reimbursements	$ 1,852	$ —

See accompanying notes to unaudited interim condensed consolidated financial statements.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The Company has prepared the accompanying unaudited interim condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. Certain information and footnote disclosures normally in financial statements have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission; however, management believes the disclosures made are adequate to make the information presented not misleading. These financial statements and notes should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company evaluates its estimates on an ongoing basis, including those related to revenue recognition; property and equipment; inventory; derivative instruments; litigation, claims and contingencies; allowance for doubtful accounts; pension plan; stock-based compensation; intangible assets; and income taxes. Actual results could differ from these estimates.

All significant intercompany transactions and balances have been eliminated in the consolidation. In the opinion of management, such information includes all adjustments, consisting of normal recurring adjustments, that are necessary for a fair presentation of the Company's condensed consolidated financial position, results of operations, and cash flows for the periods presented. These unaudited interim condensed consolidated financial statements include the accounts of Globalstar and its majority owned or otherwise controlled subsidiaries. The results of operations for the three and nine months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the full year or any future period.

2. MANAGEMENT'S PLANS REGARDING FUTURE OPERATIONS

The Company has generated operating losses and negative operating cash flows for the nine months ended September 30, 2011 and for each of the previous three years. The Company's first-generation satellite constellation has deteriorated over time resulting in substantially reduced ability to provide reliable two-way voice and data communication service ("Duplex"), and accordingly, the Company's operations have been adversely affected. Based on currently available cash and financing commitments, the Company does not have sufficient liquidity to meet its existing contractual obligations and funding requirements over the next 12 months and, therefore, must obtain additional financing. The Company has developed a plan to improve operations; complete the launch of 24 second-generation satellites; complete the development, construction, and activation of additional second-generation satellites and next generation ground upgrades; and obtain additional financing as described below.

Improved Operations

As of September 30, 2011, Management had completed the relocation of its corporate headquarters, product development center, customer care operations, call center and other global business functions including finance, accounting, sales, marketing and corporate communications to one location; obtained the required licensing to activate its ground stations in North America to send and receive call traffic with the second-generation satellites; and improved the Company's cost structure by reducing headcount and other operating costs.

Management has begun several initiatives designed to increase revenues and further reduce operating costs of the business, which include: marketing its Duplex products and services to increase both average revenue per user ("ARPU") and the number of Duplex subscribers (which depends upon successfully completing the launches of the remaining second-generation satellites and mitigating the momentum wheel issues on the second-generation satellites discussed below); introducing, marketing, and selling products (including the Company's Duplex, SPOT, and Simplex products targeted to the consumer and enterprise markets, respectively) to expand the Company's subscriber base and increase revenues; and continuing to restructure operations by reducing costs in underperforming markets and consolidating resources around the world to operate its network more efficiently.

Completion of the Launch of 24 Second-Generation Satellites and Procurement of Additional Second-Generation Satellites

The success of the Company's plan to increase revenues depends upon the successful completion of the launch of the second-generation satellites and maintenance of a healthy constellation post-launch. The Company has launched 12 of the first 24 second-generation satellites (six satellites were launched in both July 2011 and October 2010). Certain of the second-generation satellites that have already been launched have experienced in-orbit anomalies associated with their momentum wheels. The Company is currently working with Thales Alenia Space ("Thales") to develop a solution to the problem. The Company cannot guarantee that a successful solution will be found and one or more satellites may not provide reliable service going forward. (See Note 3 for further description of the anomalies related to the second-generation satellites and the factors impacting the timing of the remaining launches.) The remaining two launches of six satellites each were previously delayed due to issues with the Soyuz launch vehicle. The launch campaign has been scheduled to resume in December 2011; however the launch dates may change due to factors beyond Globalstar's control, including continued review of the momentum wheel issue. Any delay or satellite operation issues, regardless of the cause, may adversely affect Globalstar's results of operations, cash flow and financial condition.

The Company plans to integrate the 24 second-generation satellites with the eight first-generation satellites that were launched in 2007 to form its second-generation constellation. The eight first-generation satellites are providing Duplex, SPOT and Simplex services; however, the Company expects that these satellites will experience degradation similar to the degradation experienced by the initial constellation and that they will no longer be capable of providing reliable Duplex service beyond 2013. Certain of the eight first-generation satellites are experiencing the initial stages of degradation and are not providing service at this time.

The Company has a contract with Thales to construct additional second-generation satellites at fixed pricing. These additional second-generation satellites are intended to replace the eight first-generation satellites when they are no longer capable of providing reliable Duplex service, and can also serve as replacement satellites should the in-orbit anomalies experienced by the second-generation satellites already launched require that certain satellites be de-orbited. The Company is currently in arbitration with Thales to determine if the Company can enforce certain rights under this contract to place an order for additional second-generation satellites, and if so at what pricing. (See Note 12 for a further description of the arbitration.)

If the Company is unable to develop a solution for the momentum wheel issues, complete the launch of the remaining 12 second-generation satellites in a reasonable timeframe, or receive a favorable outcome in the Thales arbitration, its ability to continue to execute its business plan will be adversely affected.

Next Generation Ground Upgrades

The Company has focused on constructing, developing, and ultimately activating the next generation constellation, ground stations and equipment. The Next Generation Ground Upgrades were developed to improve the performance of the company's current lineup of Duplex, SPOT, and Simplex products and services and replace the aging ground network currently in place. The Company plans to integrate the Next Generation Ground Upgrades with its Second-Generation Constellation. As a result, as of September 30, 2011, the Company is committed to several significant contracts for the construction, development and deployment of these assets. The Company continues to seek to amend these contracts to provide the Company with additional options to defer cash outlays until it can obtain additional capital to pay for these commitments to purchase these assets.

In March 2011, the Company entered into an agreement with Hughes Network Systems, LLC ("Hughes") which extended to July 31, 2011 the deadline for the Company to make certain scheduled payments previously due. In October 2011, after a $5.0 million payment from the Company to Hughes against amounts outstanding, the Company entered into an additional amended agreement with Hughes to further extend to December 31, 2011 the deadline for the Company to make the required payments. Additionally, the Company entered into an agreement with Ericsson, Inc. (the contract was transferred from Oceus Networks) which extended to February 23, 2012 (or earlier if the Company obtains additional financing) the deadline for the Company to make scheduled milestone payments which were previously due at various times during 2011. (See Note 3 for a further description of the contract amendments.)

If the Company is unable to continue to modify successfully the contract payment terms or obtain additional capital to pay these obligations as they became due, its ability to continue to execute its business plan will be adversely affected.

Obtain Additional Financing

The Company has cash on hand ($6.1 million as of September 30, 2011) and use of the remaining funds ($8.0 million as of September 30, 2011) available under the Facility Agreement (which are restricted to paying its satellite manufacturer). The Company intends to seek additional financing not yet arranged to fund the completion of the launch of the first 24 second-generation satellites, additional second-generation satellites, and next generation ground upgrades and operations. Although the Company has been successful in raising capital thus far, there can be no assurance that it will be successful in acquiring such financing in the future.

The Company has a contingent equity agreement (see Note 4) entered into with Thermo in 2009 in conjunction with the close of the Facility Agreement. The Company may use funds in the contingent equity account ($60 million as of September 30, 2011) to pay operating expenses, inventory purchases, taxes, maintenance, principal and interest payments under the Credit Facility and certain other budgeted costs. In addition, as amended on September 30, 2011, the Company may use funds in the contingent equity account to pay capital expenditures related to the completion and launch of 25 second-generation satellites, provided that, if the funds are used for capital expenditures, the Company must raise proceeds from equity or subordinated loans in the same amount as the proposed contingent equity withdrawal.

On November 3, 2011, the Company drew $5.4 million of the $60.0 million contingent equity account and issued Thermo 11.4 million shares of common stock consistent with the terms of the contingent equity agreement. The Company intends to continue to make draws in the fourth quarter of 2011 and in 2012 to fund certain operating expenses, inventory purchases, and interest payments. However, the Company will not be permitted to draw funds from the contingent equity account without lender approval if an event of default has occurred. The Company intends to use the cash collected from operations to fund a portion of the remaining capital expenditures for its third and fourth launches of second-generation satellites.

If the Company is unable to obtain additional capital from additional debt or equity financings over the next 12 months, its ability to continue to execute its business plan will be adversely affected.

3. PROPERTY AND EQUIPMENT

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

	September 30, 2011	December 31, 2010
Globalstar System:		
Space component	$ 472,755	$ 171,888
Ground component	49,247	49,818
Construction in progress:		
Space component	702,627	933,806
Ground component	79,813	60,350
Other	1,039	2,794
Internally developed and purchased software	13,669	14,141
Equipment	12,300	11,480
Land and buildings	4,185	4,359
Leasehold improvements	1,399	1,406
	1,337,034	1,250,042
Accumulated depreciation	(131,499)	(99,572)
	$ 1,205,535	$ 1,150,470

Capital Expenditure Contracts

The following table summarizes the total contract price of the Company's capital expenditure contracts (in thousands):

	Contract Price
Thales Alenia second-generation satellites (Phase 1 and 2) and satellite operations control center	$ 638,618
Arianespace launch services	216,000
Launch insurance	39,903
Hughes next-generation ground component	104,375
Ericsson next-generation ground network	28,253
Total	$ 1,027,149

As of September 30, 2011, the Company has incurred $941.8 million of costs under these contracts. Of the amounts incurred, the Company has capitalized $936.3 million and expensed $5.5 million.

Second-Generation Satellites

The Company and Thales have entered into a contract for the construction of the Company's second-generation low-earth orbit satellites and related services. The Company has launched 12 of the 24 second-generation satellites (six satellites were launched in both July 2011 and October 2010). The remaining two launches of six satellites each were previously delayed due to issues with the Soyuz launch vehicle. The launch campaign has been scheduled to resume in December 2011; however the launch dates may change due to factors beyond Globalstar's control, including continued review of the momentum wheel issue.

In August 2011, the Company received its final authorization to operate its second-generation satellite constellation. The French Ministry commenced the process to register the satellites with the United Nations under the Convention on Registration of Objects Launched into Outer Space. As a result, the Company activated its ground stations in North America to send and receive call traffic with the second-generation satellites, thus improving coverage availability for the Company's Duplex customers in that region.

The Company's second-generation satellites were designed with four momentum wheels. The design requires three functioning momentum wheels for operations and one momentum wheel is redundant (a non-operating wheel acting as a spare on the satellite in space). Momentum wheels are flywheels used to provide attitude control and stability on spacecraft.

As previously announced, one of the six second-generation satellites launched in October 2010 has experienced an in-orbit anomaly associated with its momentum wheels. In July 2011, the spare wheel also experienced a similar anomaly, which then required the Company to place the satellite into a "safe hold" mode. In this mode the satellite remains stable in its operational orbit while a potential solution, involving a firmware update, is developed. This satellite is not currently providing communication services. One additional second-generation satellite launched in October 2010 has experienced a similar anomaly, but is currently providing full communication services. Additional satellites in the first batch of six satellites could also be impacted by the similar anomaly.

In October 2011, Thales informed the Company that it had identified further momentum wheel issues that could impact the six second-generation satellites launched in July 2011 and the six satellites launched in October 2010.

The Company is working with Thales to develop a software solution that will allow the satellites to operate with two momentum wheels instead of the designed three. At this time, the Company can provide no assurance that a satisfactory solution will be developed. If the Company is unable to develop and implement a solution to resolve these anomalies, it would record an impairment charge for the satellites that are no longer capable of providing communication services. If the Company is able to develop and implement a solution, it can provide no assurance that the solution would allow the satellites with only two functioning momentum wheels to provide full communication service over its designed 15-year life. As of September 30, 2011, the gross cost of each of these satellites is approximately $43.1 million.

The Company also has a contract with Thales to construct additional second-generation satellites at a fixed price. The Company is currently in arbitration with Thales to enforce certain rights under this contract under which the Company has placed for additional satellites. (See Note 12.)

The Company and Arianespace (the "Launch Provider") have entered into a contract for the launch of the Company's second-generation satellites and certain pre and post-launch services under which the Launch Provider agreed to make four launches of six satellites each and one optional launch of six satellites. Notwithstanding the one optional launch, the Company may contract separately with the Launch Provider or another provider of launch services after the Launch Provider's firm launch commitments are fulfilled.

Next-Generation Gateways and Other Ground Facilities

The Company and Hughes Network Systems, LLC ("Hughes") entered into an agreement under which Hughes will design, supply and implement (a) the Radio Access Network (RAN) ground network equipment and software upgrades for installation at a number of the Company's satellite gateway ground stations and (b) satellite interface chips to be a part of the User Terminal Subsystem (UTS) in various next-generation Globalstar devices. The Company has the option to purchase additional RANs and other software and hardware improvements at pre-negotiated prices.

In March 2011, the Company entered into an agreement with Hughes which extended to July 31, 2011 the deadline for the Company to make certain scheduled payments previously due prior to July 31, 2011. The deferred payments incurred interest at the rate of 10% per annum. Neither the Company nor Hughes terminated the contract by July 31, 2011. In September 2011, the Company paid $5.0 million of these deferred payments and in October 2011, entered into an amended agreement with Hughes to extend to December 31, 2011 the deadline for the Company to make the remaining required payments. The deferred payments will continue to incur interest at the rate of 10% per annum. As of September 30, 2011, the Company had recorded $22.8 million in accounts payable related to these required payments and had incurred and capitalized $72.8 million of costs related to this contract, which is recorded as an asset in property and equipment. If the Company is unable to modify successfully the contract payment terms the contract may be terminated, and the Company may be required to record an impairment charge.

In March 2011, the Company entered into an agreement with Ericsson, Inc. (the contract was transferred from Oceus Networks) which extended to February 23, 2012 (or earlier if the Company obtains additional financing) the deadline for the Company to make scheduled milestone payments which were previously due at various times during 2011. The milestone payments that have been or are expected to be invoiced in 2011, which may be deferred to February 23, 2012, total $6.2 million. The deferred payments will incur interest at a rate of 6.5% per annum.

Capitalized Interest and Depreciation Expense

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

	As of	
	September 30, 2011	December 31, 2010
Total Interest Capitalized	$ 162,045	$ 122,222

	Three Months Ended		Nine Months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Current Period Interest Capitalized	$ 14,221	$ 12,208	$ 39,823	$ 35,310

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

	Three Months Ended		Nine Months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Depreciation Expense	$ 12,078	$ 5,588	$ 33,550	$ 16,618

4. BORROWINGS

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

	As of	
	September 30, 2011	December 31, 2010
Facility Agreement	$ 578,296	$ 559,637
5.00% Convertible Senior Unsecured Notes	11,745	—
8.00% Convertible Senior Unsecured Notes	23,520	21,014
5.75% Convertible Senior Unsecured Notes	62,600	58,465
Subordinated Loan	41,719	25,427
	717,880	664,543
Less current portion	16,711	—
Total long-term debt	$ 701,169	$ 664,543

Facility Agreement

The Company has a $586.3 million senior secured facility agreement (the “Facility Agreement”) that will mature 96 months after the first repayment date. Scheduled semi-annual principal repayments will begin the earlier of eight months after the last launch of 24 second-generation satellites or six months after December 15, 2011. The facility bears interest at a floating LIBOR rate, plus a margin of 2.07% through December 2012, increasing to 2.25% through December 2017 and 2.40% thereafter. Ninety-five percent of the Company’s obligations under the Facility Agreement are guaranteed by COFACE, the French export credit agency. The Company’s obligations under the facility are guaranteed on a senior secured basis by all of its domestic subsidiaries and are secured by a first priority lien on substantially all of the assets of the Company and its domestic subsidiaries (other than their FCC licenses), including patents and trademarks, 100% of the equity of the Company’s domestic subsidiaries and 65% of the equity of certain foreign subsidiaries. The Facility Agreement contains customary events of default and requires that the Company satisfy various financial and nonfinancial covenants. If the Company violates any of these covenants and is unable to obtain waivers, the Company would be in default under the agreement and payment of the indebtedness could be accelerated or prohibit the Company from utilizing the Facility Agreement until the default has been remediated. The acceleration of the Company’s indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross-default or cross –acceleration provisions. As of September 30, 2011, the Company was in compliance with all such covenants, however, unless it is able to obtain additional financing (See Note 2), the Company expects to be out of compliance with certain covenants, including certain covenants effective July 30, 2012, within the next 12 months.

On September 30, 2011, the Company entered into a Deed of Waiver and Amendment to its Facility Agreement which delays the last date for final in-orbit acceptance of 18 second-generation satellites by eight months to August 1, 2012; permits the Company to order six second-generation satellites under the Contract with Thales provided that the purchase price does not exceed €55.2 million; requires that, following an acceptance of the order by Thales, Thermo Capital Partners LLC (“Thermo”) fund no less than $25 million into an escrow account to provide for the initial payments for the satellites (the Company intends to issue additional equity or subordinated indebtedness to Thermo in return); specifies that, in addition to operating expenses, inventory purchases, taxes, maintenance and certain other budgeted costs, the Company may use funds in the contingent equity account (currently $60 million) to pay capital expenditures related to the completion and launch of 25 second-generation satellites, provided that, if the funds are used for capital expenditures, the Company must raise proceeds from equity or subordinated loans in the same amount as the proposed contingent equity withdrawal; and extends the term of the contingent equity agreement to December 31, 2014.

5.00% Convertible Senior Notes

On June 14, 2011, the Company entered into a Third Supplemental Indenture relating to the sale and issuance by the Company to selected investors (including an affiliate of Thermo) in private transactions of up to $50 million in aggregate principal amount of the Company's 5.0% Convertible Senior Unsecured Notes (the "5.0% Notes") and warrants (the "5.0% warrants") to purchase up to 20 million shares of voting common stock of the Company at an exercise price of $1.25 per share. The 5.0% Notes are convertible into shares of common stock at an initial conversion price of $1.25 per share of common stock, subject to adjustment in the manner set forth in the Indenture. The 5.0% Notes are guaranteed on a subordinated basis by substantially all of the Company's domestic subsidiaries (the "Guarantors"), on an unconditional joint and several basis, pursuant to a Guaranty Agreement (the "Guaranty"). The 5.0% warrants are exercisable until five years after their issuance. The 5.0% Notes and 5.0% warrants have anti-dilution protection in the event of certain stock splits or extraordinary share distributions, and a reset of the conversion and exercise price on April 15, 2013 if the Company's common stock is then below the initial conversion and exercise price.

On June 14 and 20, 2011, the Company issued $30 million and $8 million, respectively, in aggregate principal amount of the 5.0% Notes, the related Guaranty, and 5.0% warrants to purchase 12,000,000 and 3,200,000 shares of common stock, respectively. The securities were sold pursuant to an exemption from registration under Section 4(2) of the Securities Act of 1933 as a transaction not involving a public offering. Subsequently, the securities were registered for resale under the Securities Act of 1933.

In October 2011, the Company agreed with the holders of its 5.0% Notes and 5.0% warrants and related guaranty to extend the holders' right to purchase up to $12 million of additional 5.0% Notes and a corresponding number of 5.0% warrants on the same terms to November 17, 2011. This date may be extended by mutual agreement of the parties.

The 5.0% Notes are senior unsecured debt obligations of the Company and rank pari passu with the Company's existing 5.75% and 8.00% Convertible Senior Notes and are subordinated to the Company's obligations pursuant to its Facility Agreement. There is no sinking fund for the 5.0% Notes. The 5.0% Notes will mature at the earlier to occur of (i) December 14, 2021, or (ii) six months following the maturity date of the Facility Agreement and bear interest at a rate of 5.0% per annum. Interest on the Notes will be payable in-kind semi-annually in arrears on June 15 and December 15 of each year, commencing December 15, 2011. Under certain circumstances, interest on the 5.0% Notes will be payable in cash at the election of the holder if such payments are permitted under the Facility Agreement.

Subject to certain exceptions set forth in the Indenture, the 5.0% Notes will be subject to repurchase for cash at the option of the holders of all or any portion of the 5.0% Notes upon a fundamental change at a purchase price equal to 100% of the principal amount of the 5.0% Notes, plus a make-whole payment and 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 common stock.

Holders may convert their 5.0% Notes into convertible stock at their option at any time. Upon conversion of the 5.0% Notes, the Company will pay the holders of the 5.0% Notes a make-whole premium by increasing the number of shares of common stock delivered upon such conversion. The number of additional shares constituting the make-whole premium per $1,000 principal amount of 5.0% Notes will equal the quotient of (i) the aggregate principal amount of the Securities so converted multiplied by 25.00%, *less* the aggregate interest paid on such Securities prior to the applicable Conversion Date *divided* by (ii) 95% of the volume-weighted average Closing Price of the Common Stock for the 10 trading days immediately preceding the conversion date.

The Indenture contains customary financial reporting requirements and also contains restrictions on the issuance of additional indebtedness, liens, loans and investments, dividends and other restricted payments, mergers, asset sales, certain transactions with affiliates and layering of debt. The Indenture also provides that upon certain events of default, including without limitation failure to pay principal or interest, failure to deliver a notice of fundamental change, failure to convert the 5.0% Notes when required, defaults under other material indebtedness and failure to pay material judgments, either the trustee or the holders of 20% in aggregate principal amount of the 5.0% Notes may declare the principal of the 5.0% Notes and any accrued and unpaid interest through the date of such declaration immediately due and payable. In the case of certain events of bankruptcy or insolvency relating to the Company or its significant subsidiaries, the principal amount of the 5.0% Notes and accrued interest automatically will become due and payable. The Company was in compliance with the terms of the Indenture as of September 30, 2011.

The Company evaluated the various embedded derivatives resulting from the conversion rights and features within the Indenture for bifurcation from the 5.0% Notes. Due to the provisions and reset features in the 5.0% warrants, the Company recorded the 5.0% warrants as equity with a corresponding debt discount which is netted against the face value of the 5.0% Notes. The Company is accreting the debt discount associated with the 5.0% warrants to interest expense over the term of the 5.0% warrants using the effective interest rate method. The Company determined the relative fair value of the 5.0% warrants using a Monte Carlo simulation model based upon a risk-neutral stock price model.

The Company evaluated the embedded derivative resulting from the contingent put feature within the Indenture for bifurcation from the 5.0% Notes. The contingent put feature was not deemed clearly and closely related to the 5.0% Notes and had to be bifurcated as a stand alone derivative. The Company recorded this embedded derivative liability as a non-current liability on its Consolidated Balance Sheets with a corresponding debt discount which is netted against the principal amount of the 5.0% Notes.

The Company evaluated the conversion option within the convertible notes to determine whether the conversion price was beneficial to the note holders. The Company recorded a beneficial conversion feature ("BCF") related to the issuance of the 5.0% Notes. The BCF for the 5.0% Notes is recognized and measured by allocating a portion of the proceeds to beneficial conversion feature, based on relative fair value, and as a reduction to the carrying amount of the convertible instrument equal to the intrinsic value of the conversion feature. The Company is accreting the discount recorded in connection with the BCF valuation as interest expense over the term of the 5.0% Notes, using the effective interest rate method.

The Company netted the debt discount associated with the 5.0% warrants, the beneficial conversion feature, and the contingent put feature against the face value of the 5.0% Notes to determine the carrying amount of the 5.0% Notes. The accretion of debt discount will increase the carrying amount of the debt over the term of the 5.0% Notes. The Company allocated the proceeds at issuance as follows (in thousands):

Debt	$	11,316
Fair value of 5.0% Warrants		8,081
Beneficial Conversion Feature		17,100
Contingent Put Feature		1,503
Face Value of 5.0% Notes	$	38,000

As of September 30, 2011 there had been no conversions and approximately $38.0 million aggregate principal amount of 5.0% Notes remained outstanding.

8.00% Convertible Senior Notes

In 2009, the Company issued $55.0 million in aggregate principal amount of 8.00% Notes (the "8.00% Notes") and Warrants (the "8.00% Warrants") to purchase shares of the Company's common stock. The 8.00% Notes mature at the later of the tenth anniversary of closing (June 19, 2019) or six months following the maturity date of the Facility Agreement and bear interest at a rate of 8.00% per annum. Interest on the 8.00% Notes is payable in the form of additional 8.00% Notes or, subject to certain restrictions, in common stock at the option of the holder. Interest is payable semi-annually in arrears on June 15 and December 15 of each year. The 8.00% Notes are subordinated to all of the Company's obligations under the Facility Agreement. The 8.00% Notes are the Company's senior unsecured debt obligations and rank pari passu with existing unsecured, unsubordinated obligations, including the Company's 5.0% and 5.75% Notes. The indenture governing the 8.00% Notes contains customary events of default. The Company was not in default as of September 30, 2011.

In April 2011, approximately $0.6 million of 8.00% Warrants were exercised, resulting in the issuance of approximately 0.6 million shares of common stock.

In September 2011, the Company issued stock at $0.52 per share, which is below the $0.87 per share strike price of the 8.00% Warrants, in connection with the contingent consideration paid as part of the acquisition of Axonn. Given this transaction and the related provisions in the warrant agreements, the holders of the 8.00% Warrants received additional 8.00% Warrants to purchase 15.0 million shares of common stock and the strike price of all of the 8.00% Warrants was reset to $0.52. There was no adjustment made to the conversion price of the 8.00% Notes, which are convertible into shares of common stock, as a result of this transaction.

As of September 30, 2011 and December 31, 2010, approximately $15.6 million and $14.6 million of the 8.00% Notes had been converted, resulting in the issuance of approximately 14.2 million and 13.4 million shares of common stock, and $46.2 million and $45.5 million in 8.00% Notes remained outstanding.

5.75% Convertible Senior Notes

In 2008 the Company issued $150.0 million aggregate principal amount of 5.75% Notes (the "5.75% Notes"), which, subject to certain exceptions set forth in the indenture, are subject to repurchase by the Company for cash at the option of the holders in whole or part (i) on each of April 1, 2013, April 1, 2018 and April 1, 2023 or (ii) upon a fundamental change, both at a purchase price equal to 100% of the principal amount of the 5.75% Notes, plus accrued and unpaid interest, if any. Holders may convert their 5.75% Notes into shares of common stock at their option at any time prior to maturity, subject to the Company's option to deliver cash in lieu of all or a portion of the shares. The indenture governing the 5.75% Notes contains customary events of default. The Company was not in default as of September 30, 2011.

The Company placed approximately $25.5 million of the proceeds of the offering of the 5.75% Notes in an escrow account that is being used to make the first six scheduled semi-annual interest payments on the 5.75% Notes. The Company pledged its interest in this escrow account to the trustee for the 5.75% Notes as security for these interest payments. As of September 30, 2011 and December 31, 2010, the balance in the escrow account was $0 and $2.1 million, respectively.

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

As of September 30, 2011 and December 31, 2010, approximately $71.8 million aggregate principal amount of 5.75% Notes remained outstanding.

Share Lending Agreement

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

Pursuant to and upon the terms of the Share Lending Agreement, the Company will issue and lend the Borrowed Shares to the Borrower as a share loan. The Borrowing Agent also is acting as an underwriter with respect to the Borrowed Shares, which are being offered to the public. The Borrowed Shares included approximately 32.0 million shares of common stock initially loaned by the Company to the Borrower on separate occasions, delivered pursuant to the Share Lending Agreement and the Underwriting Agreement, and an additional 4.1 million shares of common stock that, from time to time, may be borrowed from the Company by the Borrower pursuant to the Share Lending Agreement and the Underwriting Agreement and subsequently offered and sold at prevailing market prices at the time of sale or negotiated prices. The Borrowed Shares are free trading shares. At each of September 30, 2011 and December 31, 2010, approximately 17.3 million Borrowed Shares remained outstanding. As of September 30, 2011 and December 31, 2010, the unamortized amount of issuance costs associated with the Share Lending Agreement was $2.7 million and $4.0 million, respectively.

Subordinated Loan Agreement

The Company has a loan agreement with Thermo whereby Thermo has loaned the Company $25.0 million to fund the debt service reserve account required under the Facility Agreement. The loan accrues interest at 12% per annum, which is capitalized and added to the outstanding principal in lieu of cash payments.

In April and July 2011, in accordance with the terms of the Facility Agreement, $7.6 million and $4.9 million, respectively, was funded to the debt service reserve account for a total of $37.5 million. This amount was recorded in restricted cash as of September 30, 2011. As of September 30, 2011, $4.2 million of interest, net of amortized debt discount, was outstanding and is included in long-term debt on the balance sheet.

The Company will make payments to Thermo only when permitted under the Facility Agreement. The loan becomes due and payable on the earliest of six months after the obligations under the Facility Agreement have been paid in full, a change in control of the Company or any acceleration of the maturity of the loans under the Facility Agreement occurs. As additional consideration for the loan, the Company issued Thermo a warrant to purchase 4,205,608 shares of common stock at $0.01 per share with a five-year exercise period. No voting common stock is issuable upon such exercise if such issuance would cause Thermo and its affiliates to own more than 70% of the Company's outstanding voting stock. This loan is subordinated to, and the debt service reserve account is pledged to secure, all of the Company's obligations under the Facility Agreement.

Contingent Equity Agreement

The Company has a contingent equity agreement with Thermo whereby Thermo deposited $60.0 million into a contingent equity account to fulfill a condition precedent for borrowing under the Facility Agreement. Under the terms of the Facility Agreement, the Company will be required to make drawings from this account if and to the extent it has an actual or projected deficiency in its ability to meet costs, liabilities and expenses due within a forward-looking 90-day period. Thermo has pledged the contingent equity account to secure the Company's obligations under the Facility Agreement. If the Company draws on the contingent equity account, it will issue Thermo shares of common stock calculated using a price per share equal to 80% of the average closing price of the common stock for the 15 trading days immediately preceding the draw.

On September 30, 2011, the Company entered into a Deed of Waiver and Amendment to its Facility Agreement which specifies that, in addition to operating expenses, inventory purchases, taxes, maintenance and certain other budgeted costs, the Company may use funds in the contingent equity account (currently $60 million) to pay capital expenditures related to the completion and launch of 25 second-generation satellites, provided that, if the funds are used for capital expenditures, the Company must raise proceeds from equity or subordinated loans in the same amount as the proposed contingent equity withdrawal. The Deed of Waiver and Amendment also extends the term of the contingent equity agreement to December 31, 2014.

On November 3, 2011, the Company drew $5.4 million from the $60.0 million contingent equity account. The Company plans to make similar draws in the future to fund operating expenses, working capital and debt requirements. As a result of the November 3 draw, the Company will issue Thermo 11.4 million shares of common stock calculated using a price per share equal to 80% of the average closing price of the common stock for the 15 trading days immediately preceding the draw.

Thermo borrowed $20 million of the initial $25 million loaned to the Company under the subordinated loan agreement from two Company vendors and also agreed to reimburse another Company vendor if its guarantee of a portion of the debt service reserve account were called. The Company agreed to grant one of these vendors a one-time option to convert its debt into equity of the Company on the same terms as Thermo at the first call by the Company for funds under the contingent equity agreement.

5. DERIVATIVES

The following tables disclose the fair value of the derivative instruments and their impact on the Company's Condensed Consolidated Statements of Operations (in thousands):

	As of			
	September 30, 2011		December 31, 2010	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate cap	Intangible and other assets, net	$ 303	Intangible and other assets, net	$ 1,000
Compound embedded conversion option with 8.00% Notes	Derivative liabilities	(5,103)	Derivative liabilities	(23,008)
Warrants issued with 8.00% Notes	Derivative liabilities	(14,373)	Derivative liabilities	(29,924)
Warrants issued in conjunction with contingent equity agreement	Derivative liabilities	(6,120)	Derivative liabilities	(7,887)
Contingent put feature embedded in the 5.0% Notes	Derivative liabilities	(3,198)	Derivative liabilities	—
Total		$ (28,491)		$ (59,819)

	Three months ended September 30,			
	2011		2010	
	Location of gain (loss) recognized in Statement of Operations	Amount of gain (loss) recognized on Statement of Operations	Location of Loss recognized in Statement of Operations	Amount of Loss recognized on Statement of Operations
Interest rate cap	Derivative gain (loss)	$ (437)	Derivative gain (loss)	$ (728)
Compound embedded conversion option with 8.00% Notes	Derivative gain (loss)	13,330	Derivative gain (loss)	(4,303)
Warrants issued with 8.00% Notes	Derivative gain (loss)	10,336	Derivative gain (loss)	(4,013)
Warrants issued in conjunction with contingent equity agreement	Derivative gain (loss)	2,259	Derivative gain (loss)	(106)
Contingent put feature embedded in the 5.0% Notes	Derivative gain (loss)	(1,695)	Derivative gain (loss)	—
Total		$ 23,793		$ (9,150)

	Nine months ended September 30,			
	2011		2010	
	Location of gain (loss) recognized in Statement of Operations	Amount of gain (loss) recognized on Statement of Operations	Location of Loss recognized in Statement of Operations	Amount of Loss recognized on Statement of Operations
Interest rate cap	Derivative gain (loss)	$ (697)	Derivative gain (loss)	$ (6,013)
Compound embedded conversion option with 8.00% Notes	Derivative gain (loss)	17,370	Derivative gain (loss)	(15,412)
Warrants issued with 8.00% Notes	Derivative gain (loss)	14,987	Derivative gain (loss)	(17,041)
Warrants issued in conjunction with contingent equity agreement	Derivative gain (loss)	4,125	Derivative gain (loss)	(3,719)
Contingent put feature embedded in the 5.0% Notes	Derivative gain (loss)	(1,695)	Derivative gain (loss)	—
Total		$ 34,090		$ (42,185)

Interest Rate Cap

In connection with entering into the Facility Agreement, which provides for interest at a variable rate, the Company entered into ten-year interest rate cap agreements. The interest rate cap agreements reflect a variable notional amount ranging from $14.8 million to $586.3 million at interest rates that provide coverage to the Company for exposure resulting from escalating interest rates over the term of the Facility Agreement. The interest rate cap provides limits on the six-month Libor rate ("Base Rate") used to calculate the coupon interest on outstanding amounts on the Facility Agreement of 4.00% from the date of issuance through December 2012. Thereafter, the Base Rate is capped at 5.50% should the Base Rate not exceed 6.50%. Should the Base Rate exceed 6.50%, the Company's Base Rate will be 1.00% less than the then six-month Libor rate. The fair value of the interest rate cap is marked-to-market at the end of each reporting period. The Company determined the fair value of the interest rate cap using benchmark yields, reported trades, and broker/dealer quotes at the reporting date.

Compound Embedded Conversion Option with 8.00% Notes

The Company recorded the conversion rights and features embedded within the 8.00% Convertible Senior Notes as a compound embedded derivative liability with a corresponding debt discount which is netted against the face value of the 8.00% Notes. The Company is accreting the debt discount associated with the compound embedded derivative liability to interest expense over the term of the 8.00% Notes using the effective interest rate method. The fair value of the compound embedded derivative liability is marked-to-market at the end of each reporting period. The Company determined the fair value of the compound embedded derivative using a Monte Carlo simulation model based upon a risk-neutral stock price model.

Warrants Issued with 8.00% Notes

Due to the cash settlement provisions and reset features in the warrants issued with the 8.00% Notes, the Company recorded the 8.00% Warrants as a liability with a corresponding debt discount which is netted against the principal amount of the 8.00% Notes. The Company is accreting the debt discount associated with the warrant liability to interest expense over the term of the 8.00% Warrants using the effective interest rate method. The fair value of the warrant liability is marked-to-market at the end of each reporting period. The Company determined the fair value of the 8.00% Warrants derivative using a Monte Carlo simulation model based upon a risk-neutral stock price model.

Warrants Issued in Conjunction with Contingent Equity Agreement

The Contingent Equity Agreement provides that the Company will pay Thermo an availability fee of 10% per year for maintaining funds in the contingent equity account. This annual fee is payable solely in warrants to purchase common stock at $0.01 per share with a five-year exercise period from issuance. The number of shares subject to the warrants issuable is calculated by taking the outstanding funds available in the contingent equity account multiplied by 10% divided by the lower of the Company's common stock price on the issuance date or $1.37, but not less than $0.20. The common stock price is subject to a reset provision on certain valuation dates subsequent to issuance whereby the warrant price used in the calculation will be the lower of the warrant price on the issuance date or the Company's common stock price on the valuation date, but not less than $0.20.

The Company determined that the warrants issued in conjunction with the availability fee were a derivative liability. The corresponding benefit is recorded in other assets and is amortized over the one year availability period. On June 19, 2010, the warrants issued on June 19, 2009 and on December 31, 2009 were no longer variable and the related $11.9 million liability was reclassified to equity.

On June 19, 2010, the Company issued warrants to purchase 4,379,562 shares of common stock. On June 19, 2011, these warrants were subject to the reset provision, and as a result the Company issued additional warrants to purchase 620,438 shares of common stock. These warrants were no longer variable and the related $6.0 million liability was reclassified to equity.

On June 19, 2011, the Company also issued warrants to purchase 5,000,000 shares of common stock (equal to 10% of the outstanding balance in the contingent equity account divided by the Company's common stock price on that date); these warrants will be subject to the reset provision one year after initial issuance.

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

Contingent put feature embedded in the 5.0% Notes

The Company evaluated the embedded derivative resulting from the contingent put feature within the Indenture for bifurcation from the 5.0% Notes. The contingent put feature was not deemed clearly and closely related to the 5.0% Notes and had to be bifurcated as a standalone derivative. The Company recorded this embedded derivative liability as a non-current liability on its Consolidated Balance Sheets with a corresponding debt discount which is netted against the face value of the 5.0% Notes. The fair value of the contingent put feature liability is marked-to-market at the end of each reporting period. The Company determined the fair value of the contingent put feature derivative using a Monte Carlo simulation model based upon a risk-neutral stock price model.

6. FAIR VALUE MEASUREMENTS

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

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

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

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

Recurring Fair Value Measurements

The following table provides a summary of the financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2011 and December 31, 2010 (in thousands):

	Fair Value Measurements at September 30, 2011 using			
	(Level 1)	(Level 2)	(Level 3)	Total Balance
Other assets:				
Interest rate cap	$ —	$ 303	$ —	$ 303
Total other assets measured at fair value	$ —	$ 303	$ —	$ 303
Other liabilities:				
Liability for contingent consideration	$ —	$ —	$ (4,215)	$ (4,215)
Compound embedded conversion option with 8.00% Notes	—	—	(5,103)	(5,103)
Warrants issued with 8.00% Notes	—	—	(14,373)	(14,373)
Warrants issued with contingent equity agreement	—	—	(6,120)	(6,120)
Contingent put feature embedded in 5.0% Notes	—	—	(3,198)	(3,198)
Total other liabilities measured at fair value	$ —	$ —	$ (33,009)	$ (33,009)

	Fair Value Measurements at December 31, 2010 using			
	(Level 1)	(Level 2)	(Level 3)	Total Balance
Other assets:				
Interest rate cap	$ —	$ 1,000	$ —	$ 1,000
Total other assets measured at fair value	$ —	$ 1,000	$ —	$ 1,000
Other liabilities:				
Liability for contingent consideration	$ —	$ —	$ (6,019)	$ (6,019)
Compound embedded conversion option with 8.00% Notes	—	—	(23,008)	(23,008)
Warrants issued with 8.00% Notes	—	—	(29,924)	(29,924)
Warrants issued with contingent equity agreement	—	—	(7,887)	(7,887)
Total other liabilities measured at fair value	$ —	$ —	$ (66,838)	$ (66,838)

Interest Rate Cap

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

Derivative Liabilities

The derivative liabilities in Level 3 include the compound embedded conversion option in the 8.00% Notes, 8.00% Warrants, contingent equity agreement, and the contingent put feature of the 5.0% Notes. The Company marks-to-market these liabilities at each reporting date with the changes in fair value recognized in the Company's results of operations.

As of September 30, 2011, the Company utilized valuation models that rely exclusively on Level 3 inputs including, among other things: (i) the underlying features of each item, including reset features, make whole premiums, etc.; (ii) stock price volatility ranges from 35% – 105%; (iii) risk-free interest rates ranges from .02% – 1.92%; (iv) dividend yield of 0%; (v) conversion price of $1.61; and (vi) market price of common stock at the valuation date of $0.41.

As of December 31, 2010, the Company utilized valuation models that relied exclusively on Level 3 inputs including, among other things: (i) the underlying features of each item, including reset features, make whole premiums, etc.; (ii) stock price volatility ranges from 33% – 106%; (iii) risk-free interest rates ranges from 0.07% – 3.30%; (iv) dividend yield of 0%; (v) conversion price of $1.61; and (vi) market price of common stock at the valuation date of $1.45.

Contingent Consideration

In connection with the acquisition of Axonn in 2009, the Company is obligated to pay up to an additional $10.8 million in contingent consideration for earnouts based on sales of existing and new products over a five-year earnout period. The Company's initial estimate of the total earnout expected to be paid was 100%, or $10.8 million. In September 2011, the Company revised its initial estimate of the earnout expected to be paid, which resulted in a reduction of future obligations of $2.0 million, to a revised total earnout of $8.8 million. As of September 30, 2011, the Company has made $2.6 million in earnout payments and expects to make the remaining $6.2 million payments over the earnout period.

Changes in the fair value of the earnout payments due to the passage of time will be recorded as accretion expense under operating expenses. The Company will make earnout payments principally in stock, but at its option may pay the earnout in cash after 13 million shares have been issued. The Company has issued 8,205,994 and 7,057,827 shares of voting common stock to Axonn and certain of its lenders as of September 30, 2011 and December 31, 2010, respectively.

The fair value of the accrued contingent consideration is determined using a probability-weighted discounted cash flow approach. That approach is based on significant inputs that are not observable in the market, which are referred to as Level 3 inputs. The fair value is based on the acquired company reaching specific performance metrics over the next four years of operations. As of September 30, 2011 and December 31, 2010, the Company accrued the fair value of the remaining expected earnout payments of approximately $4.2 million and $6.0 million, respectively.

Level 3 Reconciliation

The following table presents a reconciliation for all assets and liabilities measured at fair value on a recurring basis, excluding accrued interest components, using significant unobservable inputs (Level 3) for the three and nine months ended September 30, 2011 as follows (in thousands):

Balance at June 30, 2011	$	(59,296)
Issuance of contingent equity warrant liability		—
Issuance of contingent put feature embedded in 5.0% Notes		—
Derivative adjustment related to conversions and exercises		—
Contingent consideration		2,057
Contingent equity warrant liability reclassed to equity		—
Unrealized gain, included in derivative gain (loss)		24,230
Balance at September 30, 2011	$	(33,009)
Balance at December 31, 2010	$	(66,838)
Issuance of contingent equity warrant liability		(8,313)
Issuance of contingent put feature embedded in 5.0% Notes		(1,503)
Derivative adjustment related to conversions and exercises		1,100
Contingent consideration		1,803
Contingent equity warrant liability reclassed to equity		5,955
Unrealized gain, included in derivative gain (loss)		34,787
Balance at September 30, 2011	$	(33,009)

The following table presents a reconciliation for all assets and liabilities measured at fair value on a recurring basis, excluding accrued interest components, using significant unobservable inputs (Level 3) for the three and nine months ended September 30, 2010 as follows (in thousands):

Balance at June 30, 2010	$	(66,618)
Issuance of contingent equity warrant liability		-
Derivative adjustment related to conversions and exercises		2,448
Contingent equity liability reclassed to equity		-
Contingent consideration		(7,092)
Unrealized loss, included in derivative gain (loss), net		(8,182)
Balance at September 30, 2010	$	(79,444)
Balance at December 31, 2009	$	(49,755)
Issuance of contingent equity warrant liability		(8,510)
Derivative adjustment related to conversions and exercises		9,451
Contingent equity liability reclassed to equity		11,940
Contingent consideration		(7,092)
Unrealized loss, included in derivative gain (loss), net		(35,478)
Balance at September 30, 2010	$	(79,444)

7. RELATED PARTY TRANSACTIONS

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Purchases of services, equipment, and other transactions	$ 112	$ 300	$ 400	$ 1,900

Transactions with Thermo

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
General and administrative expense	$ 10	$ 271	$ 119	$ 352
Non-cash expenses	102	28	186	112
Total	$ 112	$ 299	$ 305	$ 464

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

Thermo and its affiliates have also deposited $60.0 million into a contingent equity account to fulfill a condition precedent for borrowing under the Facility Agreement, purchased $20.0 million of the Company's 5.0% Notes, purchased $11.4 million of the Company's 8.00% Notes, provided a $2.3 million short-term loan to the Company (which was subsequently converted into nonvoting common stock), and loaned $25.0 million to the Company to fund the debt service reserve account.

Other Affiliates

During 2010, the Company purchased services and equipment from a company whose non-executive chairman served as a member of the Company's board of directors. Effective October 1, 2010, the individual was no longer a member of the Company's board of directors.

8. INCOME TAXES

The Company follows authoritative guidance surrounding accounting for uncertainty in income taxes. It is the Company's policy to recognize interest and applicable penalties, if any, related to uncertain tax positions in income tax expense. For the periods ending September 30, 2011 and December 31, 2010, the net deferred tax assets were fully reserved.

In September 2011, an agreement was reached with the IRS for an adjustment for interest income and expense on the Section 482 transfer pricing adjustments that has been previously disclosed. The agreement resulted in a reduction in the Company's total net operating loss carried forward of $1.7 million for the 2007, 2008 and 2009 income years. This decrease was reflected as a reduction of the deferred tax asset (which, as noted above, is fully reserved)

The Company's corporate U.S. tax return for 2006 and 2007 and its U.S. partnership tax returns filed for years prior to 2006 remain subject to examination by tax authorities. State income tax returns are generally subject to examination for a period of three to five years after filing of the respective return. The state impact of any federal changes remains subject to examination by various states of a period of up to one year after formal notification to the states.

Through a prior foreign acquisition the Company acquired a tax liability for which the Company has been indemnified by the previous owners. As of September 30, 2011 and December 31, 2010, the Company had recorded a tax liability of $1.9 million and $10.2 million, respectively, to the foreign tax authorities with an offsetting tax receivable from the previous owners.

9. ACCUMULATED OTHER COMPREHENSIVE LOSS

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Accumulated other comprehensive loss, June 30, 2011 and 2010 and December 31, 2010 and 2009, respectively	$ (275)	$ (1,286)	$ (268)	$ (1,718)
Other comprehensive income (loss):				
Foreign currency translation adjustments	(134)	43	(141)	475
Accumulated other comprehensive loss, September 30, 2011 and 2010, respectively	$ (409)	$ (1,243)	$ (409)	$ (1,243)

10. STOCK BASED COMPENSATION

The Company's 2006 Equity Incentive Plan (the "Equity Plan") provides long-term incentives to the Company's key employees, including officers, directors, consultants and advisers ("Eligible Participants") and to align stockholder and employee interests. Under the Equity Plan, the Company may grant incentive stock options, restricted stock awards, restricted stock units, and other stock based awards or any combination thereof to Eligible Participants. The Compensation Committee of the Company's Board of Directors establishes the terms and conditions of any awards granted under the plans. In January 2011, 5,813,653 shares of the Company's common stock were added to the shares available for issuance under the Equity Plan.

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

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Grants of restricted stock awards and restricted stock units	426	225	426	1,550
Grants of options to purchase common stock	56	1,000	1,421	1,550
Total	482	1,225	1,847	3,100

In June 2011, the Company adopted an Employee Stock Purchase Plan ("ESPP") which provides eligible employees of the Company and its subsidiaries with an opportunity to acquire shares of its common stock at a discount. The maximum aggregate number of shares of common stock that may be purchased through the Plan is 7,000,000 shares. The number of shares that may be purchased through the Plan will be subject to proportionate adjustments to reflect stock splits, stock dividends, or other changes in the Company's capital stock.

The Plan permits eligible employees to purchase shares of common stock during two annual offering periods beginning on June 15 and December 15, unless adjusted by the Board or one of its designated committees (the "Offering Periods"). Eligible employees may purchase shares of up to 15% of their total compensation per pay period, but may purchase no more than the lesser of $25,000 of shares of common stock or 500,000 shares of common stock in any calendar year, as measured as of the first day of each applicable Offering Period. The price an employee pays is 85% of the fair market value of common stock. Fair market value is equal to the lesser of the closing price of a share of common stock on either the first or last day of the Offering Period.

For the three and nine months ended September 30, 2011, the Company recorded compensation expense of approximately $0.1 million, which is reflected in general and administrative expenses. The first issuance of shares will occur on December 15, 2011.

In October 2011, the Company granted to eligible participants approximately 3,000,000 nonstatutory stock options under its equity plan that vest and become exercisable on the earlier of (i) the first trading day after the Company's common stock shall have traded on the NASDAQ stock market for more than ten consecutive trading days at or above a per-share closing price of $2.50 or (ii) the day that a binding written agreement is signed for the sale of the Company, as determined by the Company's board of directors in its discretion reasonably exercised.

11. HEADQUARTERS RELOCATION

During 2010, the Company announced that it would be relocating its corporate headquarters, product development center, customer care operations, call center and other global business functions including finance, accounting, sales, marketing and corporate communications to Covington, Louisiana.

In connection with the relocation, the Company incurred expenses, including but not limited to, severance, travel expenses, moving expenses, temporary housing, and lease termination payments. As of September 30, 2011 and December 31, 2010, the Company had incurred relocation expenses of approximately $3.9 million and $3.0 million, respectively, and also recorded in property and equipment $1.3 million of facility improvements and replacement equipment in connection with the relocation.

The Company entered into a Cooperative Endeavor Agreement with the Louisiana Department of Economic Development ("LED") to be reimbursed to relocate equipment and personnel from other Company locations to the facility in Covington, Louisiana. The Company records a receivable from the State as reimbursable costs are incurred or as capital expenditures are made. Reimbursements for relocation expenses offset those expenses in the period incurred. Reimbursements for capital expenditures are recorded as deferred costs and offset depreciation expense as the related assets are used in service. These reimbursements, not to exceed $8.1 million, are contingent upon meeting required payroll thresholds. The Company has committed to the State to maintain required payroll amounts for each year covered by the terms of the agreement through 2019. If the Company fails to meet the required payroll in any project year, the Company will reimburse the State for a portion of the shortfall not to exceed the total reimbursement received by the Company from the State. The Company assesses the probability of reimbursement to the State and will record a liability when the amounts are probable and estimable.

Through September 30, 2011, the Company had been reimbursed for $5.2 million of expenses incurred in connection with the relocation. As of September 30, 2011 and December 31, 2010, the Company had recorded a receivable of $0 and $2.6 million, respectively, from the State of Louisiana related to these reimbursements. As of September 30, 2011, due to a recently implemented plan to improve its cost structure by reducing headcount, the Company is not projecting to meet the minimum payroll thresholds required under the contract in future project years, and therefore recorded a $1.9 million provision for contingent reimbursements which the Company estimates will be paid between 2015 and 2019.

12. COMMITMENTS AND CONTINGENCIES

Contractual Obligations

In April 2011, the Company and a potential vendor entered into a contingent agreement for services related to the second-generation satellite constellation. This agreement was amended on September 30, 2011 to become effective if and when the Company obtains certain financing commitments prior to December 31, 2011. If the effective date does not occur on or before December 31, 2011, this agreement will terminate and all deposits will be refunded to the Company. If on or before December 31, 2011, the Company obtains a commitment to finance alternative or competing services other than those to be provided by the potential vendor, the vendor will retain the $6.0 million deposits made by the Company.

The Company 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 price as advances for inventory. As of September 30, 2011 and December 31, 2010, total advances to Qualcomm for inventory were $9.2 million and the Company had outstanding commitment balances of approximately $48.9 million. The Company and Qualcomm are interested in terminating the purchase orders and are negotiating to do so.

Arbitration and Litigation

On June 3, 2011, the Company filed a demand for arbitration against Thales before the American Arbitration Association to enforce certain rights to order additional satellites under the Amended and Restated Contract for the construction of the Company's satellites for the second-generation constellation. Specifically, the Company seeks a declaration that Thales is obligated to manufacture and deliver Phase 3 satellites (additional second-generation satellites beyond the first 25 satellites) in amounts timely ordered by the Company at the Contract price calculable in accordance with the Amended and Restated Contract, along with additional declaratory relief and specific performance.

Thales claims that the Company is not entitled to the fixed pricing for Phase 3 satellites provided under the Amended and Restated Contract and that the price of any Phase 3 satellites ordered by the Company is subject to equitable adjustment. Thales has subsequently claimed that the Company has terminated all further rights under the Contract to order additional satellites. Thales originally sought a declaration and award of termination charges of €60.5 million, alleging that the Company has terminated the contract for convenience. Subsequent to their original demands, Thales delivered to the Company an invoice for termination costs under the contract of €51.5 million. The Company claims that it has previously paid Thales €12.0 million for the procurement of certain long-lead time components and parts for six of these satellites and prepaid €53.0 million for these satellites, which Thales disputes claiming that the €53.0 prepaid was for the construction of the first 25 second-generation satellites and not Phase 3 satellites. The Company disputes that it has terminated any portion of the contract for convenience and under the unambiguous language of the contract, even if it had terminated any portion of the contract for convenience, management believes the Company would not owe any termination charges as no work has been performed under Phase 3 of the contract. As such, the Company has not recorded any reserve for Thales' claims. Additionally, the Company has claimed up to €395 million would be due to the Company from Thales if a termination for convenience is found by the arbitrator.

The Company has requested and received formal assurance from Thales that the arbitration process will not affect any work being performed pursuant to the Contract regarding manufacture and delivery of the remaining first 25 satellites.

The panel of three arbitrators has been selected, and the hearing is currently scheduled to begin January 24, 2012.

Due to the nature of the Company's business, the Company is involved, from time to time, in various litigation matters or subject to disputes or routine claims regarding its business activities. Legal costs related to these matters are expensed as incurred. In management's opinion, other than the arbitration discussed above, none of the pending litigation, disputes or claims are expected to have a material adverse effect on the Company's financial condition, results of operations or liquidity.

Other

See Note 3 regarding the status of certain second-generation satellites and the potential impairment if the Company is unable to successfully develop and implement a solution to fix the momentum wheel anomalies.

13. GEOGRAPHIC INFORMATION

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

Revenues

	Three months ended September 30,		Nine months ended September 30,	
	2011	**2010**	**2011**	**2010**
Service:				
United States	$ 9,291	$ 8,398	$ 27,282	$ 24,160
Canada	2,813	3,126	8,217	8,947
Europe	1,186	791	3,238	2,295
Central and South America	828	966	2,780	3,050
Others	80	108	257	299
Total service revenue	$ 14,198	$ 13,389	$ 41,774	$ 38,751
Subscriber equipment:				
United States	2,633	3,711	8,695	9,066
Canada	924	568	2,657	1,940
Europe	220	188	1,137	788
Central and South America	200	345	937	843
Others	12	22	240	28
Total subscriber equipment revenue	$ 3,989	$ 4,834	$ 13,666	$ 12,665
Total revenue	$ 18,187	$ 18,223	$ 55,440	$ 51,416

Long-Lived Assets

	September 30, 2011	December 31, 2010
Long-lived assets:		
United States	$ 1,199,454	$ 1,142,618
Central and South America	3,686	5,125
Canada	340	437
Europe	162	142
Others	1,893	2,148
Total long-lived assets	$ 1,205,535	$ 1,150,470

14. LOSS PER SHARE

The Company is required to present basic and diluted earnings per share. Basic earnings per share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed in the same manner as basic earnings per share except that the denominator is increased to include the number of additional common shares that could have been outstanding assuming the exercise of stock options and restricted stock and the potential shares that would have a dilutive effect on earnings per share.

For the three and nine months ended September 30, 2011 and 2010, diluted net loss per share of common stock were the same as basic net loss per share of common stock, because the effects of potentially dilutive securities are anti-dilutive.

As of September 30, 2011 and 2010, 17.3 million Borrowed Shares related to the Company's Share Lending Agreement remained outstanding. The Company does not consider the Borrowed Shares to be outstanding for the purposes of computing and reporting its earnings per share.

15. SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL INFORMATION

In connection with the Company's entering into the sale and issuance of the 5.0% Notes and 5.0% Warrants, certain of the Company's domestic subsidiaries (the "Guarantor Subsidiaries"), fully, unconditionally, jointly, and severally guaranteed the payment obligations under these Notes. The following supplemental financial information sets forth, on a consolidating basis, the balance sheets, statements of income and statements of cash flows for Globalstar, Inc. ("Parent Company"), for the Guarantor Subsidiaries and for the Company's other subsidiaries (the "Non-Guarantor Subsidiaries").

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

Globalstar, Inc.
Supplemental Condensed Consolidating Statement of Operations
Three Months Ended September 30, 2011
(Unaudited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Revenues:					
Service revenues	$ 8,120	$ 9,992	$ 5,049	$ (8,963)	$ 14,198
Subscriber equipment sales	301	2,905	229	554	3,989
Total revenues	8,421	12,897	5,278	(8,409)	18,187
Operating expenses:					
Cost of services (exclusive of depreciation, amortization, and accretion shown separately below)	4,595	1,421	3,498	(1,182)	8,332
Cost of subscriber equipment sales	—	2,661	2,187	(1,977)	2,871
Reduction in the value of equipment	—	312	667	—	979
Reduction in the value of assets	788	2,195	55	—	3,038
Marketing, general and administrative	3,839	5,980	2,431	—	12,249
Depreciation, amortization, and accretion	6,187	9,171	3,836	(7,088)	12,106
Total operating expenses	15,409	21,740	12,674	(10,247)	39,575
(Loss) gain from operations	(6,988)	(8,843)	(7,396)	1,838	(21,388)
Other income (expense):					
Interest income	309	—	33	(339)	3
Interest expense, net of amounts capitalized	(950)	—	(615)	330	(1,235)
Derivative gain (loss)	23,793	—	—	—	23,793
Equity in subsidiary earnings	(16,544)	(3,349)	—	19,893	—
Other	(302)	247	(1,924)	103	(1,876)
Total other income (expense)	6,306	(3,102)	(2,506)	19,987	20,685
(Loss) gain before income taxes	(682)	(11,945)	(9,902)	21,825	(703)
Income tax (benefit) expense	(1)	(23)	2	—	(22)
Net (loss) gain	$ (681)	$ (11,922)	$ (9,904)	$ 21,825	$ (681)

Globalstar, Inc.
Supplemental Condensed Consolidating Statement of Operations
Nine Months Ended September 30, 2011
(Unaudited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Revenues:					
Service revenues	$ 21,693	$ 29,624	$ 13,179	$ (22,722)	$ 41,774
Subscriber equipment sales	710	10,567	3,871	(1,482)	13,666
Total revenues	22,403	40,191	17,050	(24,204)	55,440
Operating expenses:					
Cost of services (exclusive of depreciation, amortization, and accretion shown separately below)	9,602	6,262	9,996	(3,176)	22,684
Cost of subscriber equipment sales	529	7,998	3,472	(2,678)	9,321
Reduction in the value of equipment	—	735	666	—	1,401
Reduction in the value of assets	1,073	2,356	55	—	3,484
Marketing, general and administrative	8,702	17,470	7,832	—	34,004
Depreciation, amortization, and accretion	16,208	27,396	10,901	(18,993)	35,512
Total operating expenses	36,114	62,217	32,922	(24,847)	106,406
(Loss) gain from operations	(13,711)	(22,026)	(15,872)	643	(50,966)
Other income (expense):					
Interest income	823	—	37	(846)	14
Interest expense, net of amounts capitalized	(2,869)	—	(1,589)	845	(3,613)
Derivative gain (loss)	34,090	—	—	—	34,090
Equity in subsidiary earnings	(39,816)	(7,193)	—	47,009	—
Other	295	(117)	(695)	(56)	(573)
Total other income (expense)	(7,477)	(7,310)	(2,247)	46,952	29,918
Loss before income taxes	(21,188)	(29,336)	(18,119)	47,595	(21,048)
Income tax expense	27	—	140	—	167
Net (loss) gain	$ (21,215)	$ (29,336)	$ (18,259)	$ 47,595	$ (21,215)

Globalstar, Inc.
Supplemental Condensed Consolidating Statement of Operations
Three Months Ended September 30, 2010
(Unaudited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Revenues:					
Service revenues	$ 2,697	$ 12,452	$ 5,535	$ (7,295)	$ 13,389
Subscriber equipment sales	107	4,583	115	29	4,834
Total revenues	2,804	17,035	5,650	(7,266)	18,223
Operating expenses:					
Cost of services (exclusive of depreciation, amortization, and accretion shown separately below)	2,328	3,109	3,493	(935)	7,995
Cost of subscriber equipment sales	(749)	3,433	1,824	(1,179)	3,329
Reduction in the value of assets	—	—	—	—	—
Marketing, general and administrative	(335)	7,314	5,975	(43)	12,911
Depreciation, amortization, and accretion	1,724	6,393	4,379	(5,195)	7,301
Total operating expenses	2,968	20,249	15,671	(7,352)	31,536
(Loss) gain from operations	(164)	(3,214)	(10,021)	86	(13,313)
Other income (expense):					
Interest income	290	—	7	(234)	63
Interest expense, net of amounts capitalized	(1,086)	—	(348)	232	(1,202)
Derivative gain (loss)	(9,150)	—	—	—	(9,150)
Equity in subsidiary earnings	(12,661)	(3,236)	—	15,897	—
Other	(1,713)	(395)	1,434	(209)	(883)
Total other income (expense)	(24,320)	(3,631)	1,093	15,686	(11,172)
Loss before income taxes	(24,484)	(6,845)	(8,928)	15,772	(24,485)
Income tax expense	9	(1)	—	—	8
Net (loss) gain	$ (24,493)	$ (6,844)	$ (8,928)	$ 15,772	$ (24,493)

Globalstar, Inc.
Supplemental Condensed Consolidating Statement of Operations
Nine Months Ended September 30, 2010
(Unaudited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Revenues:					
Service revenues	$ 7,991	$ 29,845	$ 13,822	$ (12,907)	$ 38,751
Subscriber equipment sales	233	10,972	2,907	(1,447)	12,665
Total revenues	8,224	40,817	16,729	(14,354)	51,416
Operating expenses:					
Cost of services (exclusive of depreciation, amortization, and accretion shown separately below)	6,373	8,355	10,654	(2,795)	22,587
Cost of subscriber equipment sales	46	8,766	3,228	(2,662)	9,378
Reduction in the value of assets	—	—	—	—	—
Marketing, general and administrative	5,778	18,026	7,550	(109)	31,245
Depreciation, amortization, and accretion	3,316	16,368	8,554	(9,074)	19,164
Total operating expenses	15,513	51,515	29,986	(14,640)	82,374
(Loss) gain from operations	(7,289)	(10,698)	(13,257)	286	(30,958)
Other income (expense):					
Interest income	1,053	—	9	(660)	402
Interest expense, net of amounts capitalized	(3,360)	(1)	(1,089)	656	(3,794)
Derivative gain (loss)	(42,185)	—	—	—	(42,185)
Equity in subsidiary earnings	(23,965)	(6,276)	—	30,241	—
Other	(3,595)	234	948	(329)	(2,742)
Total other income (expense)	(72,052)	(6,043)	(132)	29,908	(48,319)
Loss before income taxes	(79,341)	(16,741)	(13,389)	30,194	(79,277)
Income tax expense	43	50	14	—	107
Net (loss) gain	$ (79,384)	$ (16,791)	$ (13,403)	$ 30,194	$ (79,384)

Globalstar, Inc.
Supplemental Condensed Consolidating Balance Sheet
As of September 30, 2011
(Unaudited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination	Consolidated
			(In thousands)		
ASSETS					
Current assets:					
Cash and cash equivalents	$ 3,606	$ 593	$ 1,881	$ —	$ 6,080
Accounts receivable	2,815	5,041	5,364	—	13,220
Intercompany receivables	524,202	349,771	3,781	(877,754)	—
Inventory	12	5,528	44,463	—	50,003
Advances for inventory	—	15	9,352	—	9,367
Prepaid expenses and other current assets	4,128	494	2,399	—	7,021
Total current assets	534,763	361,442	67,240	(877,754)	85,691
Property and equipment, net	1,044,446	66,924	96,810	(2,645)	1,205,535
Restricted cash	46,777	—	—	—	46,777
Intercompany notes receivable	50,167	—	1,800	(51,967)	—
Investment in subsidiaries	(87,214)	(24,575)	—	111,789	—
Deferred financing costs	54,339	—	72	—	54,411
Intangible and other assets, net	3,223	3,460	7,717	(15)	14,385
Total assets	$ 1,646,501	$ 407,251	$ 173,639	$ (820,592)	$ 1,406,799
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Current portion of long-term debt	$ 16,711	$ —	$ —	$ —	$ 16,711
Accounts payable	3,984	1,773	26,685	—	32,442
Accrued expenses	16,285	8,361	7,618	—	32,264
Intercompany payables	313,005	426,009	138,740	(887,754)	—
Payables to affiliates	210	—	—	—	210
Deferred revenue	4,258	13,458	823	—	18,539
Total current liabilities	354,453	449,601	173,866	(887,754)	100,166
Long-term debt	701,169	—	—	—	701,169
Employee benefit obligations	4,240	—	—	—	4,240
Intercompany notes payable	—	—	51,968	(51,968)	—
Derivative liabilities	28,794	—	—	—	28,794
Deferred revenue	3,698	724	—	—	4,422
Other non-current liabilities	3,043	3,624	10,237	—	16,904
Total non-current liabilities	740,944	4,348	62,205	(51,968)	755,529
Stockholders' equity	551,104	(46,698)	(62,432)	109,130	551,104
Total liabilities and stockholders' equity	$ 1,646,501	$ 407,251	$ 173,639	$ (820,592)	$ 1,406,799

Globalstar, Inc.
Supplemental Condensed Consolidating Balance Sheet
As of December 31, 2010
(Unaudited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination	Consolidated
			(In thousands)		
ASSETS					
Current assets:					
Cash and cash equivalents	$ 32,288	$ (766)	$ $1,495	$ —	$ 33,017
Restricted cash	2,064	—	—	—	2,064
Accounts receivable	4,351	5,105	4,215	—	13,671
Intercompany receivables	424,903	313,857	10,527	(749,287)	—
Inventory	33	8,105	47,497	—	55,635
Advances for inventory	—	44	9,387	—	9,431
Prepaid expenses and other current assets	2,011	497	2,553	—	5,061
Total current assets	465,650	326,842	75,674	(749,287)	118,879
Property and equipment, net	1,056,380	86,276	10,856	(3,042)	1,150,470
Restricted cash	34,276	—	—	—	34,276
Intercompany notes receivable	45,166	—	—	(45,166)	—
Investment in subsidiaries	(49,142)	(18,040)	—	67,182	—
Deferred financing costs	59,797	—	73	—	59,870
Intangible and other assets, net	2,915	6,100	14,298	—	23,313
Total assets	$ 1,615,042	$ 401,178	$ 100,901	$ (730,313)	$ 1,386,808
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Current portion of long-term debt	$ —	$ —	$ —	$ —	$ —
Accounts payable	19,787	3,020	3,627	—	26,434
Accrued expenses	30,027	9,682	8,453	—	48,162
Intercompany payables	287,462	391,597	70,228	(749,287)	—
Payables to affiliates	709	1	—	—	710
Deferred revenue	6,461	11,615	1,074	—	19,150
Total current liabilities	344,446	415,915	83,382	(749,287)	94,456
Long-term debt	664,543	—	—	—	664,543
Employee benefit obligations	4,727	—	—	—	4,727
Intercompany notes payable	—	—	45,166	(45,166)	—
Derivative liabilities	60,819	—	—	—	60,819
Deferred revenue	3,875	—	—	—	3,875
Other non-current liabilities	1,214	4,594	17,162	—	22,970
Total non-current liabilities	735,178	4,594	62,328	(45,166)	756,934
Stockholders' equity	535,418	(19,331)	(44,809)	64,140	535,418
Total liabilities and stockholders' equity	$ 1,615,042	$ 401,178	$ 100,901	$ (730,313)	$ 1,386,808

Globalstar, Inc.
Supplemental Condensed Consolidating Statement of Cash Flows
Nine Months Ended September 30, 2011
(Unaudited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Net cash provided by (used in) operating activities	$ (14,793)	$ 3,052	$ 891	$ —	$ (10,850)
Cash flows from investing activities:					
Second-generation satellites, ground and related launch costs	(71,212)	—	—	—	(71,212)
Property and equipment additions	(502)	(1,692)	(192)	—	(2,385)
Investment in businesses	(500)	—	—	—	(500)
Restricted cash	(10,436)	—	—	—	(10,436)
Net cash from investing activities	(82,650)	(1,692)	(192)	—	(84,533)
Cash flows from financing activities:					
Proceeds from exercise of warrants and stock options	526	—	—	—	526
Borrowings from Facility Agreement	18,659	—	—	—	18,659
Proceeds from the issuance of 5.0% convertible notes	38,000	—	—	—	38,000
Proceeds from the contribution to the debt service reserve account	12,500	—	—	—	12,500
Payment of deferred financing costs	(925)	—	—	—	(925)
Net cash provided by financing activities	68,760	—	—	—	68,760
Effect of exchange rate changes on cash and cash equivalents	—	—	(314)	—	(314)
Net increase (decrease) in cash and cash equivalents	(28,682)	1,360	385	—	(26,937)
Cash and cash equivalents at beginning of period	32,288	(766)	1,495	—	33,017
Cash and cash equivalents at end of period	$ 3,606	$ 594	$ 1,880	$ —	$ 6,080

Globalstar, Inc.
Supplemental Condensed Consolidating Statement of Cash Flows
Nine Months Ended September 30, 2010
(Unaudited)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Net cash provided by (used in) operating activities	$ (11,468)	$ 4,081	$ (27)	$ (274)	$ (7,688)
Cash flows from investing activities:					
Second-generation satellites, ground and related launch costs	(157,383)	—	—	—	(157,383)
Property and equipment additions	(1,125)	(4,286)	(62)	—	(5,473)
Investment in businesses	(1,110)	—	—	—	(1,110)
Restricted Cash	2,064	—	—	—	2,064
Net cash from investing activities	(157,554)	(4,286)	(62)	—	(161,902)
Cash flows from financing activities:					
Proceeds from exercise of warrants	6,249	—	—	—	6,249
Borrowings from Facility Agreement	153,055	—	—	—	153,055
Net cash provided by financing activities	159,304	—	—	—	159,304
Effect of exchange rate changes on cash and cash equivalents	—	—	(417)	274	(143)
Net increase (decrease) in cash and cash equivalents	(9,718)	(205)	(506)	—	(10,249)
Cash and cash equivalents at beginning of period	65,909	485	1,487	—	67,881
Cash and cash equivalents at end of period	$ 56,191	$ 280	$ 981	$ —	$ 57,452

16. ACCOUNTING PRONOUNCEMENTS

In June 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-05, "Comprehensive Income (Topic 220): Presentation of Comprehensive Income". This ASU amends the FASB Accounting Standards Codification ("Codification") to allow an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments to the Codification in the ASU do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. ASU 2011-05 will be applied retrospectively. ASU 2011-05 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Early adoption is permitted. Based on the Company's evaluation of this ASU, the adoption of this amendment will only impact the presentation of comprehensive income on the Company's consolidated condensed financial statements.

Effective January 1, 2010, the Company adopted ASU 2010-06, Improving Disclosures about Fair Value Measurements. This guidance requires a reporting entity to disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and to describe the reasons for the transfers. In addition, in the reconciliation for fair value measurements using significant unobservable inputs, or Level 3, a reporting entity is required to disclose separately information about purchases, sales, issuances and settlements (that is, on a gross basis rather than one net number). The updated guidance also requires that an entity should provide fair value measurement disclosures for each class of assets and liabilities and disclosures about the valuation techniques and inputs used to measure fair value for both recurring and non-recurring fair value measurements for Level 2 and Level 3 fair value measurements. The guidance was effective for interim or annual financial reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances and settlements in the roll forward activity in Level 3 fair value measurements, which are effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years. The Company adopted the guidance with respect to the roll forward activity in Level 3 fair value measurements effective January 1, 2011. The adoption did not have an impact on the Company's results of operations or financial position.

In May 2011, the FASB issued ASU No. 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. The amendments in this ASU generally represent clarification of Topic 820, but also include instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. This update results in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and International Financial Reporting Standards ("IFRS"). The amendments are effective for interim and annual periods beginning after December 15, 2011 and are to be applied prospectively. Early application is not permitted. The Company does not expect the adoption of ASU 2011-04 will have a material impact on its Condensed Consolidated Financial Statements.

In April 2010, the FASB issued ASU 2010-17, Revenue Recognition—Milestone Method. The new standard provides guidance on defining the milestone and determining when the use of the milestone method of revenue recognition for research or development transactions is appropriate. It provides criteria for evaluating if the milestone is substantive and clarifies that a vendor can recognize consideration that is contingent upon achievement of a milestone as revenue in the period in which the milestone is achieved, if the milestone meets all the criteria to be considered substantive. ASU 2010-17 is effective first quarter of fiscal 2012 and should be applied prospectively. Early adoption is permitted. The Company is currently evaluating the impact, if any, the adoption of this standard will have on its results of operations or financial position.

In October 2009, the FASB issued ASU 2009-13, Multiple-Deliverable Revenue Arrangements. The new guidance changed the requirements for establishing separate units of accounting in a multiple element arrangement and requires the allocation of arrangement consideration to each deliverable based on the relative selling price. The selling price for each deliverable is based on vendor-specific objective evidence (VSOE) if available, third-party evidence if VSOE is not available, or estimated selling price if neither VSOE nor third-party evidence is available. The new standard is effective for revenue arrangements entered into in fiscal years beginning on or after June 15, 2010. The adoption of ASU 2009-13 has not had an impact on the Company's results of operations or financial position.

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

Forward-Looking Statements

Certain statements contained in or incorporated by reference into this Report, other than purely historical information, including, but not limited to, estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions, although not all forward-looking statements contain these identifying words. These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Forward-looking statements, such as the statements regarding our ability to develop and expand our business, our anticipated capital spending (including for future satellite procurements and launches), our ability to manage costs, our ability to exploit and respond to technological innovation, the effects of laws and regulations (including tax laws and regulations) and legal and regulatory changes, the opportunities for strategic business combinations and the effects of consolidation in our industry on us and our competitors, our anticipated future revenues, our anticipated financial resources, our expectations about the future operational performance of our satellites (including their projected operational lives), the expected strength of and growth prospects for our existing customers and the markets that we serve, commercial acceptance of new products, problems relating to the ground-based facilities operated by us or by independent gateway operators, worldwide economic, geopolitical and business conditions and risks associated with doing business on a global basis and other statements contained in this Report regarding matters that are not historical facts, involve predictions. Risks and uncertainties that could cause or contribute to such differences include, without limitation, those described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

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

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

This "Management's Discussion and Analysis of Financial Condition" should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition" and information included in our Annual Report on Form 10-K for the year ended December 31, 2010.

Overview

We are a leading provider of mobile voice and data communications services globally via satellite. By providing wireless services in areas not served or underserved by terrestrial wireless and wireline networks, we seek to address our customers' increasing desire for connectivity. We currently use 33 in-orbit satellites and 24 ground stations, which we refer to as gateways, to offer our voice and data communication services.

Our first-generation 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”). In 2002, Old Globalstar filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code. In 2004, we completed the acquisition of the business and assets of Old Globalstar. 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 were formed as a Delaware limited liability company in November 2003 and were converted into a Delaware corporation in March 2006.

Our initial constellation has deteriorated over time resulting in substantially reduced ability to provide two-way communications, although the constellation continues to provide reliable one-way communications. The deterioration has had a significant negative impact on our financial results from 2007 through today.

We have launched 12 of the first 24 second-generation satellites (six satellites were launched in both July 2011 and October 2010). Certain of the second-generation satellites that have already been launched have experienced in-orbit anomalies associated with their momentum wheels. We are currently working with Thales Alenia Space (“Thales”) to develop a solution to the problem. (See Note 3 to our financial statements included in this report for further description of the anomalies related to the second-generation satellites and the factors impacting the timing of the remaining launches.) The remaining two launches of six satellites each were previously delayed due to issues with the Soyuz launch vehicle. The launch campaign has been scheduled to resume in December 2011; however the launch dates may change due to factors beyond Globalstar’s control, including continued review of the momentum wheel issue. Any delay, regardless of the cause, may adversely affect our results of operations, cash flow and financial condition.

We plan to integrate the 24 second-generation satellites with the eight first-generation satellites that were launched in 2007 to form our second-generation constellation (“second-generation constellation”). The eight first-generation satellites are providing Duplex, SPOT and Simplex services; however, we expect that these satellites will experience degradation similar to the degradation experienced by the initial constellation and that they will no longer be capable of providing reliable Duplex service beyond 2013. Some of the eight first-generation satellites are experiencing the initial stages of degradation and are not providing service at this time. We currently are engaged in arbitration with Thales with respect to our contract to purchase additional second-generation satellites. These additional second-generation satellites are intended to replace the eight first-generation satellites when they are no longer capable of providing reliable Duplex service, and can also serve as replacement satellites should the in-orbit anomalies experienced by the second-generation satellites already launched require that certain satellites be de-orbited.

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

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

As of September 30, 2011, we served approximately 477,000 subscribers. We increased our net subscribers by approximately 11% from September 30, 2010 to September 30, 2011. We count "subscribers" based on the number of devices that are subject to agreements which entitle them to use our voice or data communications services rather than the number of persons or entities who own or lease those devices.

We currently provide the following communications services:

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

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

- Duplex two-way transmission products;
- SPOT family of products (“SPOT”); and
- Simplex one-way transmission products.

Performance Indicators

Our management reviews and analyzes several key performance indicators in order to manage our business and assess the quality of and potential variability of our earnings and cash flows. These key performance indicators include:

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

Results of Operations for the three and nine months ended September 30, 2011 and 2010

Revenue

Three Months: For the three months ended September 30, 2011, total revenue of $18.2 million was consistent with total revenue during the three months ended September 30, 2010. We attribute this trend to increased service revenue as a result of gains in our SPOT and Simplex subscriber base and increased revenue from engineering services. These increases in our revenues were offset by decreases in service revenue in our Duplex business, which continues to be affected adversely by our two-way communication issues, combined with decreases in our Duplex and Simplex equipment sales.

Nine Months: Total revenue increased by $4.0 million, or approximately 8%, to $55.4 million for the nine months ended September 30, 2011 from $51.4 million for the nine months ended September 30, 2010. Upon termination of our Open Range contract in the first quarter of 2011, we recognized a nonrecurring increase in revenue of approximately $2.0 million, which represents the December 31, 2010 balance of deferred revenue related to the contract. We attribute the balance of this increase to higher sales of Simplex equipment, increased service revenue as a result of gains in our SPOT and Simplex subscriber base, and increased revenue from engineering services. These increases were offset partially by decreases in service revenue in our Duplex business, which continues to be affected by our two-way communication issues.

The following table sets forth amounts and percentages of our revenue by type of service for the three and nine months ended September 30, 2011 and 2010 (in thousands):

	Three months ended September 30, 2011		Three months ended September 30, 2010		Nine months ended September 30, 2011		Nine months ended September 30, 2010	
	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue
Service Revenues:								
Duplex	$ 5,154	28%	$ 5,892	32%	$ 15,614	28%	$ 17,980	35%
SPOT	4,941	27	4,436	24	14,010	25	11,452	22
Simplex	1,555	9	1,199	7	3,979	7	3,357	6
IGO	434	2	251	1	1,295	2	824	2
Other	2,114	12	1,611	9	6,876	13	5,138	10
Total Service Revenues	$ 14,198	78%	$ 13,389	73%	$ 41,774	75%	$ 38,751	75%

The following table sets forth amounts and percentages of our revenue for equipment sales for the three and nine months ended September 30, 2011 and 2010 (in thousands):

	Three months ended September 30, 2011		Three months ended September 30, 2010		Nine months ended September 30, 2011		Nine months ended September 30, 2010	
	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue
Equipment Revenues:								
Duplex	$ 341	2%	$ 593	3%	$ 1,466	3%	$ 1,648	3%
SPOT	2,040	11	2,032	11	6,175	11	6,722	13
Simplex	1,312	7	1,843	10	4,970	9	3,658	7
IGO	338	2	259	2	898	2	505	1
Other	(42)	—	107	1	157	—	132	1
Total Equipment Revenues	$ 3,989	22%	$ 4,834	27%	$ 13,666	25%	$ 12,665	25%

The following table sets forth our average number of subscribers, ARPU, and ending number of subscribers by type of revenue for the three and nine months ended September 30, 2011 and 2010. The following numbers are subject to immaterial rounding inherent to calculating averages.

	Three months ended September 30.		Nine months ended September 30.	
	2011	2010	2011	2010
Average number of subscribers for the period:				
Duplex	93,516	98,072	94,483	98,208
SPOT	185,903	133,637	172,395	122,347
Simplex	130,259	121,974	133,552	120,395
IGO	48,106	60,437	50,153	62,310
ARPU (monthly):				
Duplex	$ 18.37	$ 20.03	$ 18.36	$ 20.34
SPOT	8.86	11.06	9.03	10.40
Simplex	3.98	3.28	3.31	3.10
IGO	3.01	1.38	2.87	1.47

Other service revenue includes revenue generated from engineering services and our former Open Range partnership, which is not subscriber driven. Accordingly, we do not present average subscribers or ARPU for other service revenue in the above charts.

	September 30,	
	2011	2010
Ending number of subscribers:		
Duplex	93,087	97,389
SPOT	193,038	141,179
Simplex	135,790	125,406
IGO	47,822	59,896
Other	7,770	7,912
Total	477,507	431,782

Service Revenue

Three Months: Duplex revenue for the three months ended September 30, 2011 decreased approximately 13% compared to the same period in 2010. Our ARPU for Duplex during the three months ended September 30, 2011 decreased 8% from the same period in 2010. Our two-way communication issues continue to affect adversely our Duplex service revenue. Despite our efforts to maintain our Duplex subscriber base by lowering prices for our Duplex products, our subscriber base decreased by approximately 4% during the three months ended September 30, 2011 as compared to the same period in 2010.

SPOT revenue for the three months ended September 30, 2011 increased approximately 11% compared to the same period in 2010. We generated increased service revenue from our SPOT satellite GPS messenger and added additional service revenue from the release of other SPOT consumer retail products during the second half of 2010 and the first quarter of 2011. Our SPOT subscriber base increased by approximately 37% during the three months ended September 30, 2011 compared to the same period in 2010. Our subscriber count includes suspended subscribers, which are subscribers who have activated their devices, have access, but no service revenue is being recognized for their fees while we are in the process of collecting payment. These suspended accounts represented 23% and 13% of our total SPOT subscribers as of September 30, 2011 and 2010, respectively.

Simplex revenue for the three months ended September 30, 2011 increased approximately 30% compared to the same period in 2010. We generated increased service revenue due to an increase in our Simplex subscribers of 8% during the three months ended September 30, 2011 compared to the same period in 2010.

Other revenue increased for the three months ended September 30, 2011 approximately 31% compared to the same period in 2010 due to an increase in engineering services revenue recognized in 2011.

Nine Months: Duplex revenue for the nine months ended September 30, 2011 decreased approximately 13% compared to the same period in 2010. Our ARPU for Duplex during the nine months ended September 30, 2011 decreased 10% from the same period in 2010. Our two-way communication issues continue to affect adversely our Duplex service revenue. Despite our efforts to maintain our Duplex subscriber base by lowering prices for our Duplex products, our subscriber base decreased by approximately 4% during the nine months ended September 30, 2011 compared to the same period in 2010.

SPOT revenue for the nine months ended September 30, 2011 increased approximately 22% compared to the same period in 2010. We generated increased service revenue from our SPOT satellite GPS messenger and added additional service revenue from the release of other SPOT consumer retail products during the second half of 2010 and the first quarter of 2011. Our SPOT subscriber base increased by approximately 37% during the nine months ended September 30, 2011 compared to the same period in 2010.

Simplex revenue for the nine months ended September 30, 2011 increased approximately 19% compared to the same period in 2010. We generated increased service revenue due to an increase in our Simplex subscribers of 8% during the nine months ended September 30, 2011 compared to the same period in 2010.

Other revenue for the nine months ended September 30, 2011 increased approximately 34% compared to the same period in 2010. The increase related primarily to revenue recognized as a result of the termination of our Open Range contract. Upon termination of our Open Range contract in the first quarter of 2011, we recognized a nonrecurring increase to revenue of approximately $2.0 million, which represents the December 31, 2010 balance of deferred revenue related to the contract. We also attribute this increase to engineering services revenue recognized in the third quarter of 2011.

Subscriber Equipment Sales

Three Months: Duplex equipment sales for the three months ended September 30, 2011 decreased by approximately 43% from the same period in 2010. Our two-way communication issues continue to affect adversely our Duplex equipment revenue. Despite our efforts to maintain our Duplex equipment sales by lowering prices for our Duplex products, we continue to be affected by our two-way communication issues.

SPOT equipment sales for the three months ended September 30, 2011 remained consistent compared to the same period in 2010. We attribute this trend primarily to higher sales in 2010 related to the release of our SPOT 2 Satellite GPS Messenger during that period, which was offset by the release of other SPOT consumer retail products during the second half of 2010 and the first quarter of 2011.

Simplex equipment sales for the three months ended September 30, 2011 decreased approximately 29% from the same period in 2010. The decrease is due primarily to the timing of orders received by certain customers, which accelerated the number of units sold in the prior period resulting in decreased equipment sales in the current period.

Nine Months: Duplex equipment sales for the nine months ended September 30, 2011 decreased by approximately 11% from the same period in 2010. Our two-way communication issues continue to affect adversely our Duplex equipment revenue. Despite our efforts to maintain our Duplex equipment sales by lowering prices for our Duplex products, we continue to be affected by our two-way communication issues.

SPOT equipment sales for the nine months ended September 30, 2011 decreased approximately 8% from the same period in 2010. The decrease is related primarily to higher sales in 2010 related to the release of our SPOT 2 Satellite GPS Messenger during that period, which was offset partially by the release of other SPOT consumer retail products during the second half of 2010 and the first quarter of 2011.

Simplex equipment sales for the nine months ended September 30, 2011 increased approximately 36% from the same period in 2010. The increase is due primarily to increased demand for our M2M products and the timing of orders received by certain customers, which accelerated the number of units sold in the current period resulting in increased equipment sales.

Operating Expenses

Three Months: Total operating expenses for the three months ended September 30, 2011 increased $8.0 million, or approximately 25%, to $39.6 million from $31.5 million for the same period in 2010. We attribute this increase to higher depreciation expense as a result of six second-generation satellites coming into service during the fourth quarter 2010 and the first nine months of 2011, a reduction in the value of assets and equipment recognized in the third quarter of 2011 related to our strategic decision to focus our business on our core products and curtail substantially all on-going product development activities, and increased marketing, general, and administrative expenses due to our recording a liability for contingent payroll reimbursements as a result of our relocation agreement with the State of Louisiana. (See Note 11.)

Nine Months: Total operating expenses for the three months ended September 30, 2011 increased $24.0 million, or approximately 29%, to $106.4 million from $82.4 million for the same period in 2010. We attribute this increase to higher depreciation expense as a result of six second-generation satellites coming into service during the fourth quarter 2010 and the first half of 2011, a reduction in the value of assets and equipment recognized on the third quarter of 2011 related to our strategic decision to focus our business on our core products, and increased marketing, general, and administrative expenses related to our recording a liability for contingent payroll reimbursements as a result of our relocation agreement with the State of Louisiana and increased legal fees incurred in the second quarter of 2011.

Cost of Services

Three and Nine Months: Cost of services for the three and nine months ended September 30, 2011 remained consistent compared to the same periods in 2010. Cost of services is comprised primarily of network operating costs, which are generally fixed in nature.

Cost of Subscriber Equipment Sales

Three Months: Cost of subscriber equipment sales for the three months ended September 30, 2011 decreased $0.5 million, or approximately 14%, to $2.8 million from $3.3 million for the same period in 2010. This decrease was due to decreases in equipment revenue (17%) for the same period and increased warranty expense recognized due to the release of other SPOT consumer retail products during 2010 and the first quarter of 2011.

Nine Months: Cost of subscriber equipment sales remained consistent during the nine months ended September 30, 2011 at $9.3 million compared to the same period in 2010. We attribute this to an increase in equipment revenue (8%) for the same period, which was offset partially by a reduction in product margins due to competitive pricing initiatives, as well as increased warranty expense recognized due to the release of other SPOT consumer retail products during 2010 and the first quarter of 2011.

Reduction in the Value of Assets

Three and Nine Months: Reduction in the value of assets for the three months ended September 30, 2011 increased $3.0 million, or approximately 100% from the same period in 2010 and increased $3.5 million, or approximately 100%, for the nine months ended September 30, 2011. The increases relate to the impairment of intangible assets, equipment, and capitalized software costs was recorded as a result of discontinuance of the sale of certain products resulting from our strategic decision to focus on our core products and curtail substantially all on-going product development activities.

Reduction in the Value of Equipment

Three and Nine Months: Reduction in the value of equipment for the three months ended September 30, 2011 increased $1.0 million, or approximately 100% from the same period in 2010 and increased $1.3 million for the nine months ended September 30, 2011 from $0.1 million for the same period in 2010. The increases relate to impairment of equipment we recorded as a result of discontinuance of the sale of certain products resulting from our strategic decision to focus on our core products and curtail substantially all on-going product development activities.

Marketing, General and Administrative

Three Months: Marketing, general and administrative expenses for the three months ended September 30, 2011 decreased $0.7 million, or approximately 5%, to $12.3 million from $12.9 million for the same period in 2010. The decrease was due to reductions in stock-based compensation and Management incentive expenses as a result of recently announced headcount reductions, which were offset by a provision recorded for contingent payroll reimbursements as a result of our relocation agreement with the State of Louisiana.

Nine Months: Marketing, general and administrative expenses for the nine months ended September 30, 2011 increased $2.8 million, or approximately 9%, to $34.0 million from $31.3 million for the same period in 2010. This increase relates primarily to cash and non-cash legal fees incurred in the second quarter of 2011 and our recording a provision for contingent payroll reimbursements as a result of our relocation agreement with the State of Louisiana.

Depreciation, Amortization and Accretion

Three and Nine Months: Depreciation, amortization, and accretion expense for the three months ended September 30, 2011 increased $4.8 million, or approximately 66%, to $12.1 million from $7.3 million for the same period in 2010 and increased $16.3 million, or approximately 85%, to $35.5 million for the nine months ended September 30, 2011 from $19.2 million for the same period in 2010. The increases relate primarily to additional depreciation expense for the second-generation satellites placed into service starting in the fourth quarter of 2010 and the first nine months of 2011. Additional increases relate to the expense related to the reduction in the useful lives of our eight spare satellites from 8 years to 6.5 years in the fourth quarter of 2010 based on changes in the probability of functionality of the six satellites launched in 2007 to continue to provide Duplex services.

Other Income (Expense)

Derivative Gain (Loss)

Three and Nine Months: Derivative loss for the three months ended September 30, 2011 decreased by $32.9 million to a gain of $23.8 million compared to the same period in 2010 and decreased by $76.3 million to a gain of $34.1 million for the nine months ended September 30, 2011 compared to the same period in 2010. These gains are due to the fair value adjustment to our derivative assets and liabilities. The increase was due primarily to decreases in our stock price during the period.

Other

Three and Nine Months: Other expense for the three months ended September 30, 2011 increased by $1.0 million to $1.9 million compared to expense of $0.9 million for the same period in 2010 and decreased by $2.2 million to $0.5 million for the nine months ended September 30, 2011 compared to expense of $2.7 million for the same period in 2010. These increases relate primarily to foreign currency gains in the current period in addition to losses we recognized on equity method investments in 2010 that did not recur in the same period in 2011.

Liquidity and Capital Resources

Our principal liquidity requirements are to meet capital expenditure needs, including procuring and deploying our second-generation constellation, next-generation ground upgrades, operating costs, working capital, and research and development costs. Our principal sources of liquidity are the remaining funds available under our Facility Agreement, cash on hand, cash flows from operations, and funds from financing not yet arranged. We do not expect to have significant cash flow from operations to support our business until the end of 2012, assuming our current launch schedule does not change. We may also use the funds available under the contingent equity agreement to fund operating expenses, inventory purchases, taxes, maintenance and other budgeted costs; however, to use the contingent equity account to pay capital expenditures we must raise proceeds from equity or subordinated loans in the same amount as the proposed withdrawal. We may direct the transfer of funds from our contingent equity account to operating accounts only if no default has occurred and is continuing under our Facility Agreement; however, the administrative agent of the Facility Agreement may, but is not obligated to, transfer contingent equity funds to our operating accounts in a default situation.

On November 3, 2011, we drew $5.4 million of our $60.0 million contingent equity account and will issue Thermo 11.4 million shares of our common stock consistent with the terms of the contingent equity agreement. We intend to continue to draw funds from this account in the fourth quarter of 2011 and in 2012 to fund operating expenses, inventory purchases, and interest payments. We intend to use the cash collected from revenues to fund a portion of the remaining capital expenditures for our third and fourth launches of second-generation satellites.

Cash Flows for the Nine Months Ended September 30, 2011 Compared with the Nine Months Ended September 30, 2010

The following table shows our cash flows from operating, investing, and financing activities for the nine months ended September 30, 2011 and 2010 (in thousands):

	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Net cash used by operating activities	$ (10,850)	$ (7,688)
Net cash used in investing activities	(84,533)	(161,902)
Net cash from financing activities	68,760	159,304
Effect of exchange rate changes on cash	(314)	(143)
Net increase (decrease) in cash and cash equivalents	$ (26,937)	$ (10,429)

Cash Flows Used by Operating Activities

The increase in cash used by operating activities resulted primarily from unfavorable changes in operating assets and liabilities during the nine months ended September 30, 2011, compared to the same period in 2010. We continued to use cash to fund cash operating losses (operating losses after adjustments for non-cash expenses including depreciation, amortization, accretion, stock based compensation, impairment of assets, and changes in the fair values of derivative assets and liabilities).

Cash Flows Used in Investing Activities

The decrease in cash used during the nine months ended September 30, 2011 compared to the same period in 2010 resulted primarily from decreased payments related to the construction of our second-generation constellation as the first 24 of the second-generation satellites neared completion.

We will continue to incur capital expenditures to complete the construction and launch of our second-generation satellite constellation and upgrade our gateways and other ground facilities. We have entered into various agreements to design, construct, and launch our satellites in the normal course of business. These capital expenditures will support our growth and the resiliency of our operations and will also support the delivery of new revenue streams.

Cash Flows Provided by Financing Activities

The decrease in cash provided by financing activities was due primarily to lower funding needs related to the construction of our second-generation satellites and related ground facilities as they near completion. We funded these activities by borrowing under our Facility Agreement and the sale of the 5.0% Notes. We spent approximately $71.2 million on these projects during the nine months ended September 30, 2011 compared to approximately $157.4 million during the same period in 2010.

Capital Expenditures

Management's Plan Regarding Future Operations

As discussed in Note 2 to our financial statements, we do not currently have sufficient cash or financing commitments to meet our existing contractual obligations and funding requirements over the next 12 months. We have developed a plan to improve operations; complete the launch of 24 second-generation satellites; complete the development, construction, and activation of additional second-generation satellites and next generation ground upgrades, and obtain additional financing. We cannot assure you that we can implement this plan successfully.

On November 3, 2011, we drew $5.4 million of our $60.0 million contingent equity account and will issue Thermo 11.4 million shares of our common stock consistent with the terms of the contingent equity agreement. We intend to continue to draw funds from this account in the fourth quarter of 2011 and in 2012 to fund certain operating expenses, inventory purchases, and interest payments. We may direct the transfer of funds from the contingent equity account to operating accounts only if no default has occurred and is continuing under our Facility Agreement; however, the administrative agent of the Facility Agreement may, but is not obligated to, transfer contingent equity funds to our operating accounts in a default situation. We intend to use the cash collected from operations to fund a portion of the remaining capital expenditures for our third and fourth launches of second-generation satellites.

If we are unable to complete successful launches of the remaining 12 second-generation satellites in a reasonable time, develop a solution for the momentum wheel issues relating to our second-generation satellites, receive a favorable outcome on the Thales arbitration, continue to modify successfully contract payment terms with our equipment suppliers, or obtain additional capital from proceeds of future debt or equity financings over the next 12 months, our ability to continue to execute our plan will be adversely impacted.

24 Second-Generation Satellites

We have entered into various agreements related to procuring and deploying the first 24 satellites of our second-generation constellation. We plan to fund the balance of the capital expenditures for 24 second-generation satellites through the use of the remaining funds available under our Facility Agreement, cash on hand, and other financing not yet arranged. We may also use the funds available under the contingent equity agreement to fund operating expenses, inventory purchases, taxes, maintenance and other budgeted costs; however, to use funds under the contingent equity account to pay capital expenditures we must raise proceeds from equity or subordinated loans in the same amount as the proposed withdrawal.

We present in the following table the amount of capital expenditures incurred as of September 30, 2011 and estimated future capital expenditures related to the construction of 24 satellites of our second-generation constellation and the launch services contract (in millions, based on when cash payment is scheduled to be made, excluding capitalized interest):

	Payments through September 30,	Estimated Future Payments				
Capital Expenditures	**2011**	**Remaining 2011**	**First 9 Months of 2012**	**Final 3 Months of 2012**	**Thereafter**	**Total**
Thales Alenia Second-Generation Satellites	$ 613	$ 9	$ 1	$ —	$ —	$ 623
Thales Alenia Satellite Operations Control Centers	15	—	—	—	—	15
Arianespace Launch Services	205	3	8	—	—	216
Launch Insurance	22	9	9	—	—	40
Other Capital Expenditures and Capitalized Labor	34	1	1	—	—	36
Total	$ 889	$ 22	$ 19	$ —	$ —	$ 930

As of September 30, 2011, $6.2 million of the remaining 2011 capital expenditures were recorded in accounts payable and accrued expenses.

Next-Generation Gateways and Other Ground Facilities

We have also entered into various agreements related to upgrading our gateways and other ground facilities. We plan to fund the balance of the capital expenditures for our next-generation gateways and other ground facilities through proceeds from additional debt or equity financings not yet arranged. If we do not obtain such funds from the proceeds of future debt or equity financings over the next 12 months, our ability to continue to procure the upgrade of our next-generation gateways and other ground facilities will be impaired. If future cash flows from operations are below our expectations or the costs of procurement are higher than expected, we will require more external funding than planned. We cannot assure you that we will be able to obtain such additional liquidity on reasonable terms, or at all. We have not yet entered into any additional debt or equity financing arrangements. If we are not able to secure such funding, we would need to delay some or all of the procurement or terminate the existing contractual obligations. If we were to terminate our existing contractual obligations, the costs incurred to date may not be recoverable and additional termination costs may be incurred.

We present the amount of actual and contractual capital expenditures related to upgrading our gateways and other ground facilities in the table below (in millions, based on when cash payment is scheduled to be made, excluding capitalized interest):

Capital Expenditures	Payments through September 30, 2011	Estimated Future Payments: Remaining 2011	First 9 Months of 2012	Final 3 Months of 2012	Thereafter	Total
Hughes next-generation ground component (including research and development expense)	$ 55	$ 32	$ 11	$ 5	$ 1	$ 104
Ericsson Networks- next-generation ground network	2	—	16	6	4	28
Total	$ 57	$ 32	$ 27	$ 11	$ 5	$ 132

In March 2011, we entered into an agreement with Hughes Network Systems, LLC ("Hughes") which extended to July 31, 2011 the deadline for us to make certain scheduled payments previously due prior to July 31, 2011. The deferred payments incurred interest at the rate of 10% per annum. Neither we nor Hughes terminated the contract by July 31, 2011. In September 2011, we paid $5.0 million of these deferred payments and in October 2011, entered into an amended agreement with Hughes to extend to December 31, 2011 the deadline for us to make the remaining required payments. The deferred payments will continue to incur interest at the rate of 10% per annum. As of September 30, 2011, we had recorded $22.8 million in accounts payable related to these required payments and had incurred and capitalized $72.8 million of costs related to this contract, which is recorded as an asset in property and equipment. If we are unable to modify successfully the contract payment terms, we may be required to record an impairment charge.

On March 7, 2011, we entered into an agreement with Ericsson, Inc. (the contract was transferred from Oceus Networks) which extended to February 23, 2012 (or earlier if we obtain additional financing) the deadline for us to make scheduled milestone payments which were previously due at various times during 2011. The milestones that have been or are expected to be completed and invoiced in 2011, which may be deferred to February 23, 2012 (and are reflected as such in the above table), totaled $6.2 million. The deferred payments will incur interest at a rate of 6.5% per annum.

As of September 30, 2011, $23.8 million of the remaining 2011 capital expenditures are recorded in accounts payable and accrued expenses. The above table does not include other possible capital expenditures or capitalized labor.

Additional Second-Generation Satellites

Although we have a contract with Thales to construct additional satellites, we are currently in arbitration with Thales to enforce certain rights under our contract to place an order of additional satellites. We have previously paid Thales €12.0 million for the procurement of certain long-lead time components and parts for six of these satellites and prepaid €53.0 million for these satellites. Thales claims that the €53.0 prepaid was for the construction of the first 24 second-generation satellites and not Phase 3 satellites. We requested and have received formal assurance from Thales that this arbitration will not affect any work being performed pursuant to the Contract regarding manufacturing and delivery of the remaining first 24 satellites. The amount of actual and contractual capital expenditures in the original contract related to the construction of the additional satellites of our second-generation constellation is $318.8 million. These contractual capital expenditures do not include launch services, launch insurance and other capital expenditures and capitalized labor which have not been finalized at this time. Thales currently seeks a declaration and award of termination charges of €51.5 million, alleging that we have terminated the 2009 Contract for convenience. We have counter claimed that if the Contract is found to have been terminated for convenience, we are entitled to a €395 million reimbursement from Thales. (See Note 12 to our financial statements.)

If we do not obtain funds from future debt or equity financings, our ability to procure the additional satellites of our second-generation constellation will be impaired. If future cash flows from operations are below our expectations or the costs of procurement are higher than expected, we will require even more external funding than planned. Our ability to obtain additional funding may be impacted adversely by a number of factors, including the global economic situation and related credit markets. We cannot assure you that we will be able to obtain such additional liquidity on reasonable terms, or at all. We have not yet entered into any additional debt or equity financing arrangements. If we are not able to secure such funding, we would need to delay some or all of the procurement or terminate the existing contractual obligations. If we were to terminate our existing contractual obligations, we may incur additional termination costs.

Cash Position and Indebtedness

As of September 30, 2011, our total cash and cash equivalents were $6.1 million, our cash available under our Facility Agreement was $8.0 million and we had total indebtedness of $717.9 million compared to total cash and cash equivalents, cash available under our Facility Agreement and total indebtedness at December 31, 2010 of $33.0 million, $26.7 million, and $664.5 million, respectively.

The amount of estimated future principal and interest payments on our indebtedness through 2012 is presented in the table below (in millions, based on when cash payment is scheduled to be made):

Principal and Interest Payments (1)	Remaining 2011	First 9 Months of 2012	Final 3 Months of 2012	Total Through 2012
Facility Agreement (2)	$ —	$ 31	$ 25	$ 56
5.00% Convertible Senior Unsecured Notes	—	—	—	—
8.00% Convertible Senior Unsecured Notes	—	—	—	—
5.75% Convertible Senior Unsecured Notes (3)	—	2	2	6
Subordinated Loan	—	—	—	—
Total	$ —	$ 33	$ 27	$ 62

(1) All of the indebtedness may be accelerated upon default under related covenants. See Note 4 to our financial statements in this Report. Amounts do not include principal to be paid in common stock or payment in kind interest.

(2) Approximately $586 million of our debt bears interest at a floating rate and, accordingly, we estimated our interest costs in future years.

(3) The Facility Agreement requires that we fund the 5.75% convertible note reserve account by March 1, 2012 equal to 50% and by March 1, 2013 equal to 100% of the notional purchase price of the 5.75% Notes to secure our obligations. As of September 30, 2011, the estimated notional purchase price was $71.8 million, which we assume will be paid in 2013. However, failure to fund this account if excess cash flow, as defined, is not available is not an event of default under the Facility Agreement.

Facility Agreement

On June 5, 2009, we entered into a $586.3 million senior secured facility agreement (the "Facility Agreement") with a syndicate of bank lenders, including BNP Paribas, Natixis, Société Générale, Caylon, Crédit Industriel et Commercial as arrangers and BNP Paribas as the security agent and COFACE agent. COFACE, the French export credit agency, has guaranteed 95% of our obligations under the Facility Agreement.

The facility will mature 96 months after the first repayment date. The facility bears interest at a floating LIBOR rate, capped at 4%, plus 2.07% through December 2012, increasing to 2.25% through December 2017 and 2.40% thereafter. Interest payments are due on a semi-annual basis.

The Facility Agreement, requires that:

- following the contingent equity release date, we maintain a minimum liquidity of $5.0 million;
- we achieve for each period the following minimum adjusted consolidated EBITDA (as defined in the Facility Agreement):

Period	Minimum Amount
7/1/10-6/30/11	$ (15.0) million
1/1/11-12/31/11	$ 2.5 million
7/1/11-6/30/12	$ 17.5 million
1/1/12-12/31/12	$ 55.0 million
7/1/12-6/30/13	$ 65.0 million
1/1/13-12/31/13	$ 78.0 million

- beginning with the period of July 1, 2011 through December 31, 2012, we maintain a minimum debt service coverage ratio of 1.00:1, gradually increasing to a ratio of 1.50:1 through 2019; and
- beginning in 2012, we maintain a maximum net debt to adjusted consolidated EBITDA ratio of 9.90:1, gradually decreasing to 2.50:1 through 2019.

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

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

On September 30, 2011, we entered into a Deed of Waiver and Amendment to its Facility Agreement which delays the last date for final in-orbit acceptance of 18 second-generation satellites by eight months to August 1, 2012; permits us to order six second-generation satellites under the Contract with Thales provided that the purchase price does not exceed €55.2 million; requires that, following an acceptance of the order by Thales, Thermo fund no less than $25 million into an escrow account to provide for the initial payments for the satellites (we intend to issue additional equity or subordinated indebtedness to Thermo in return); specifies that, in addition to operating expenses, inventory purchases, taxes, maintenance and certain other budgeted costs, we may use funds in the contingent equity account (currently $60 million) to pay capital expenditures related to the completion and launch of 25 second-generation satellites, provided that, if the funds are used for capital expenditures, we must raise proceeds from equity or subordinated loans in the same amount as the proposed contingent equity withdrawal; and extends the term of the contingent equity agreement to December 31, 2014.

Short Term Liquidity Needs

At October 1, 2011, our principal short-term liquidity needs were:

- to make payments to complete the procurement of 24 second-generation satellites;
- to make payments related to our two remaining launches for the remaining 12 second-generation satellites (including payments for launch insurance);
- to fund our working capital;
- to fund repayment of our indebtedness, both principal and interest;
- to fund future operations; and
- to make payments to procure and deploy additional second-generation satellites and to upgrade our gateways and other ground facilities.

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

- cash on hand at September 30, 2011 ($6.1 million);
- cash from our Facility Agreement ($8.0 million was available at September 30, 2011);
- additional debt and equity offerings not yet arranged;
- cash available under our contingent equity account (If there is no default under the Facility Agreement, we may use the available funds in the contingent equity account, $60 million as of September 30, 2011, to pay operating expenses, inventory purchases, taxes, maintenance, principal and interest payments under the Credit Facility and certain other budgeted costs. In addition, pursuant to our amendment to the Facility Agreement on September 30, 2011, we may use funds in the contingent equity account to pay capital expenditures related to the completion and launch of 25 second-generation satellites, provided that, if the funds are used for capital expenditures, we must raise proceeds from equity or subordinated loans in the same amount as the proposed contingent equity withdrawal.). On November 3, 2011, we drew $5.4 million of our $60.0 million contingent equity account and will issue Thermo 11.4 million shares of our common stock consistent with the terms of the contingent equity agreement. We intend to continue to draw funds from the contingent equity account in the fourth quarter of 2011 and in 2012 to fund certain operating expenses, inventory purchases, and interest payments. We intend to use the cash collected from operations to fund a portion of the remaining capital expenditures for our third and fourth launches of second-generation satellites; and
- operating cash flows (if any).

We do not have sufficient cash or financing commitments to meet our existing contractual obligations and funding requirements over the next 12 months.

Long Term Liquidity Needs

Our principal long-term liquidity needs are:

- to make payments to procure and deploy our additional second-generation satellites and upgrading our gateways and other ground facilities;
- to fund our working capital and operations, including any growth in our business; and
- to fund repayment of our indebtedness, both principal and interest, when due.

We expect sources of long-term liquidity to include the exercise of warrants and other additional debt and equity financings which have not yet been arranged. We cannot assure you that sufficient additional financing will be obtained on acceptable terms, if at all. We also expect cash flow from operations to be a source of long-term liquidity once we have fully deployed our second-generation satellite constellation.

Contractual Obligations and Commitments

There have been no other significant changes to our contractual obligations and commitments since December 31, 2010 except those discussed above.

Off-Balance Sheet Transactions

We have no material off-balance sheet transactions.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our services and products are sold, distributed or available in over 120 countries. Our international sales are made primarily in U.S. dollars, Canadian dollars, Brazilian reais and Euros. In some cases, insufficient supplies of U.S. currency may require us to accept payment in other foreign currencies. We reduce our currency exchange risk from revenues in currencies other than the U.S. dollar by requiring payment in U.S. dollars whenever possible and purchasing foreign currencies on the spot market when rates are favorable. We currently do not purchase hedging instruments to hedge foreign currencies. We are obligated to enter into currency hedges with the original lenders no later than 90 days after any fiscal quarter during which more than 25% of revenues is denominated in a single currency other than U.S. or Canadian dollars. Otherwise, we cannot enter into hedging agreements other than interest rate cap agreements or other hedges described above without the consent of the COFACE agent, and with that consent the counterparties may only be the original lenders.

We have entered into two separate contracts with Thales Alenia Space to construct 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 Facility Agreement, under which loans bear interest at a floating rate based on the LIBOR. In order to minimize the interest rate risk, we completed an arrangement with the lenders under the Facility Agreement to limit the interest to which we are exposed. The interest rate cap provides limits on the 6-month Libor rate (Base Rate) used to calculate the coupon interest on outstanding amounts on the Facility Agreement of 4.00% from the date of issuance through December 2012. Thereafter, the Base Rate is capped at 5.50% should the Base Rate not exceed 6.50%. Should the Base Rate exceed 6.50%, our base rate will be 1.00% less than the then 6-month Libor rate. The applicable margin from the Base Rate ranges from 2.07% to 2.4% through the termination date of the facility. Assuming that we borrowed the entire $586.3 million under the Facility Agreement, a 1.00% change in interest rates would result in a change to interest expense of approximately $5.9 million annually.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 as of September 30, 2011, 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 September 30, 2011 our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

We believe that the condensed consolidated financial statements included in this Report fairly present, in all material respects, our condensed consolidated financial position and results of operations as of and for the three and nine months ended September 30, 2011.

(b) Changes in internal control over financial reporting.

As of September 30, 2011, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated our internal control over financial reporting. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that no changes in our internal control over financial reporting occurred during the quarter ended September 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

The information included under the heading "Arbitration and Litigation" in Note 12 to the Unaudited Interim Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q is incorporated by reference into this Item.

Item 1A. Risk Factors

You should carefully consider the risks described in this Report and all of the other reports that we file from time to time with the Securities and Exchange Commission ("SEC"), in evaluating and understanding us and our business. Additional risks not presently known or that we currently deem immaterial may also impact our business operations and the risks identified in this Report may adversely affect our business in ways we do not currently anticipate. Our financial condition or results of operations also could be materially adversely affected by any of these risks. With exception of the risks amended and restated below, there have been no material changes to the risk factors disclosed in Part I. Item 1A."Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2010, as filed with the SEC on March 31, 2011.

The loss of skilled management and personnel could impair our operations.

In September 2011, we implemented a plan to improve our cost structure by reducing headcount. This has lead to personnel turnover and reduced headcount in all areas of our business. Our performance is substantially dependent on the performance and institutional knowledge of our senior management and key scientific and technical personnel. The loss of the services of any member of our senior management, scientific or technical staff may significantly delay or prevent the achievement of business objectives by diverting management's attention to retention matters, and could have a material adverse effect on our business, operating results and financial condition.

Our Facility Agreement contains events of default for failing to achieve certain milestones with respect to our second-generation satellites that may limit our operating and financial flexibility.

We have launched 12 of the first 24 second-generation satellites (six satellites were launched in both July 2011 and October 2010). Certain of the second-generation satellites that have already been launched have experienced in-orbit anomalies associated with their momentum wheels. We are currently working with Thales Alenia Space ("Thales") to develop a solution to the problem. (See Note 3 to our financial statements included in this report for further description of the anomalies related to the second-generation satellites and the factors impacting the timing of the remaining launches.) The remaining two launches of six satellites each were previously delayed due to issues with the Soyuz launch vehicle. The launch campaign has been scheduled to resume in December 2011; however the launch dates may change due to factors beyond Globalstar's control, including continued review of the momentum wheel issue. Any delay, regardless of the cause, may adversely affect our results of operations, cash flow and financial condition.

Our Facility Agreement provides for an event of default if we fail to achieve individual in-orbit acceptance of 18 second-generation satellites by August 1, 2012 or final in-orbit acceptance of 24 second-generation satellites by September 1, 2012.

An event of default may impair our ability to finance our operations or capital needs or to take advantage of other favorable business opportunities. Our ability to achieve in-orbit acceptance will depend on future events, which may be beyond our control. If we are in default and are unable to obtain waivers, payment of the indebtedness could be accelerated or prohibit us from utilizing the Facility Agreement until the default has been remediated. 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. Furthermore, our ability to draw on our credit facility is subject to conditions, including that no default is continuing or would be likely to result from a proposed plan. We may direct the transfer of funds from our contingent equity account to operating accounts only if no default has occurred and is continuing under our Facility Agreement; however, the administrative agent of the Facility Agreement may, but is not obligated to, transfer contingent equity funds to our operating accounts in a default situation.

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

As a result of the degradation of our first-generation satellites, 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 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 impacted adversely by our need to reduce our prices for two-way communications services as we seek to maintain our customer base in the face of the challenges to our two-way services. We have implemented new pricing strategies 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 constellation. In order to do so, we depend on third parties 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, changes in the technical specifications of the satellites and other unforeseen circumstances such experiencing anomalies after the new satellites are placed into service . For example, when we entered into the contracts with Thales Alenia Space, our satellite manufacturer, we anticipated the launch of our second-generation satellites beginning in the first quarter of 2010 into late 2010. However, earthquake damage to the Thales Alenia Space assembly facility in L'Aquila, Italy, and other factors, has delayed delivery and launch of our satellites. The first two launches of six second-generation satellites each took place in October 2010 and July 2011 and the remaining two launches are expected to occur in the coming months. Further, two of the second-generation satellites launched in October 2010 have experienced anomalies with their momentum wheels that has caused us to place one into “safe mode” while we seek a solution for the problem is explored. Should we experience additional launch delays or additional momentum wheel or other anomalies that impact the operation of our second-generation satellites, our operations and business plan will be materially adversely affected.

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

Our voting common stock is currently listed on the Global Select Market of the NADAQ Stock 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. 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 Stock Market may also make it more difficult for us to raise capital through the sale of our securities.

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 5.0% Notes, 5.75% Notes and 8% Notes will have the option to require us to repurchase the Notes, which we may not have sufficient financial resources to do. In addition, if our common stock is not listed on a U.S. national stock exchange, we will be obligated to make any earn-out payments for the Axonn acquisition in cash rather than common stock.

On September 12, 2011, we received a letter from The NASDAQ Stock Market informing us that for the last 30 consecutive business days the bid price of our common stock had closed below the minimum $1.00 per share requirement for continued inclusion under Listing Rule 5450(a)(1). The letter stated that NASDAQ will provide us a grace period of 180 calendar days, or until March 12, 2012, to regain compliance. To regain compliance, any time before March 12, 2012, the bid price of our common stock must close at $1.00 per share or more for a minimum of 10 consecutive business days. If we do not regain compliance with Rule 5450(a)(1) by March 12, 2012, we will be eligible for an additional 180 calendar day compliance period if we meet The NASDAQ Capital Market initial listing criteria except for the bid price requirement. If we are not eligible for an additional compliance period, NASDAQ will provide us with written notification that our common stock will be delisted. At that time, we may appeal to the Listings Qualifications Panel NASDAQ’s determination to delist our common stock.

Item 6. Exhibits

Exhibit Number	Description
10.1	Amendments to Subscription Agreement
10.2	Severance Agreement with Peter J. Dalton dated August 25, 2011
10.3	Amendment No. 6 to the Facility Agreement dated March 29, 2011
10.4†	Dead of Waiver of Amendment No. 7 to the Facility Agreement dated September 30, 2011
31.1	Section 302 Certification of Chief Executive Officer
31.2	Section 302 Certification of Chief Financial Officer
32.1	Section 906 Certification

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

SIGNATURES

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

	GLOBALSTAR, INC.
Date: November 8, 2011	By: /s/ James Monroe III James Monroe III *Chief Executive Officer*
Date: November 8, 2011	By: /s/ Dirk Wild Dirk Wild *Senior Vice President and Chief Financial Officer*

Exhibit 10.1

Amendment to Subscription Agreement

This Amendment dated September 26, 2011 pertains to and amends the Subscription Agreement dated June 14, 2011 as amended by the Addendum to Subscription Agreement dated June 20, 2011 (as amended, the "**Agreement**") by and among **Globalstar, Inc.**, a Delaware corporation (the "**Company**"), the domestic subsidiaries of the Company parties thereto (the "**Guarantors**"), and the Investors party to the Agreement (individually, an "**Investor**," and collectively, the "**Investors**").

1. Amendment. In the event of any express conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.

2. Right to Purchase Additional Securities. The third paragraph of Section 2.1(c) of the Agreement shall be deleted and replaced with the following: Each Investor shall have the right, but not the obligation, to purchase anytime prior to October 17, 2011 (on one or more occasions), additional Notes (and a corresponding number of Warrants) in a principal amount up to the aggregate limit set forth under the caption "Option for Additional Purchase of Notes and Warrants" on the Schedule of Investors hereto or on the applicable Addendum. If StarkSat, Inc. does not purchase its portion, Thermo Funding Company LLC may purchase the Remaining Notes (and a corresponding number of Warrants) allocated to StarkSat, Inc. in the Agreement. If Thermo Funding Company LLC does not purchase all of then Remaining Notes (and a corresponding number of Warrants) allocated to Thermo Funding Company LLC in the Agreement, StarkSat, Inc. and the Investors executing the Addendum may purchase any such Remaining Notes (and a corresponding number of Warrants) on a pro rata basis.

3. Representations and Warranties of the Company. The Company confirms that neither it nor any other Person acting on its behalf has provided the Investors executing this Amendment or their agents or counsel with any information that constitutes or could reasonably be expected to constitute material, nonpublic information. The Company understands and confirms that each of the Investors will rely on the foregoing representations in effecting transactions in securities of the Company.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have caused their respective signature page to this Amendment to Subscription Agreement to be duly executed as of the date first written above.

COMPANY:

GLOBALSTAR, INC.

By: ______________________________
Name:
Title:

GUARANTORS:

GLOBALSTAR LEASING LLC

By: ______________________________
Name:
Title:

GLOBALSTAR C LLC

By: ______________________________
Name:
Title:

GLOBALSTAR SECURITY SERVICES LLC

By: ______________________________
Name:
Title:

GSSI, LLC

By: ______________________________
Name:
Title:

ATSS CANADA, INC.

By: ______________________________
Name:
Title:

GLOBALSTAR USA, LLC

By: ______________________________
Name:
Title:

SPOT LLC

By: ______________________________
Name:
Title:

GLOBALSTAR BRAZIL HOLDINGS, L.P.

By: ______________________________
Name:
Title:

GLOBALSTAR LICENSEE LLC

By: ______________________________
Name:
Title:

GCL LICENSEE LLC

By: ______________________________
Name:
Title:

GUSA LICENSEE LLC

By: ______________________________
Name:
Title:

IN WITNESS WHEREOF, the parties have caused their respective signature page to this Amendment to Subscription Agreement to be duly executed as of the date first written above.

Investors:

THERMO FUNDING COMPANY LLC

By: ______________________________
Name:
Title:

IN WITNESS WHEREOF, the parties have caused their respective signature page to this Amendment to Subscription Agreement to be duly executed as of the date first written above.

Investors:

STARKSAT, INC.

By: ______________________________
Name:
Title:

IN WITNESS WHEREOF, the parties have caused their respective signature page to this Amendment to Subscription Agreement to be duly executed as of the date first written above.

Investors:

CAPITAL VENTURES INTERNATIONAL

By: ______________________________
Name:
Title:

IN WITNESS WHEREOF, the parties have caused their respective signature page to this Amendment to Subscription Agreement to be duly executed as of the date first written above.

Investors:

WHITEBOX SPECIAL OPPORTUNITIES FUND LP, SERIES B

By: ________________________
Name:
Title:

IN WITNESS WHEREOF, the parties have caused their respective signature page to this Amendment to Subscription Agreement to be duly executed as of the date first written above.

Investors:

PANDORA SELECT PARTNERS, L.P.

By: ________________________
Name:
Title:

IN WITNESS WHEREOF, the parties have caused their respective signature page to this Amendment to Subscription Agreement to be duly executed as of the date first written above.

Investors:

WHITEBOX CONCENTRATED CONVERTIBLE ARBITRAGE PARTNERS, L.P.

By: ________________________
Name:
Title:

IN WITNESS WHEREOF, the parties have caused their respective signature page to this Amendment to Subscription Agreement to be duly executed as of the date first written above.

Investors:

WHITEBOX MULTI STRATEGY PARTNERS, L.P.

By: ____________________________

Name:

Title:

<u>Amendment to Subscription Agreement</u>

This Amendment dated October 17, 2011 pertains to and amends the Subscription Agreement dated June 14, 2011 as amended by the Addendum to Subscription Agreement dated June 20, 2011 and further amended by the Amendment dated September 13, 2011 (as amended, the "**Agreement**") by and among **Globalstar, Inc.**, a Delaware corporation (the "**Company**"), the domestic subsidiaries of the Company parties thereto (the "**Guarantors**"), and the Investors party to the Agreement (individually, an "**Investor**," and collectively, the "**Investors**").

1. <u>Amendment.</u> In the event of any express conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.

2. <u>Right to Purchase Additional Securities</u>. The third paragraph of Section 2.1(c) of the Agreement shall be deleted and replaced with the following: Each Investor shall have the right, but not the obligation, to purchase anytime prior to November 17, 2011 (on one or more occasions), additional Notes (and a corresponding number of Warrants) in a principal amount up to the aggregate limit set forth under the caption "Option for Additional Purchase of Notes and Warrants" on the Schedule of Investors hereto or on the applicable Addendum. If StarkSat, Inc. does not purchase its portion, Thermo Funding Company LLC may purchase the Remaining Notes (and a corresponding number of Warrants) allocated to StarkSat, Inc. in the Agreement. If Thermo Funding Company LLC does not purchase all of the then Remaining Notes (and a corresponding number of Warrants) allocated to Thermo Funding Company LLC in the Agreement, StarkSat, Inc. and the Investors executing the Addendum may purchase any such Remaining Notes (and a corresponding number of Warrants) on a pro rata basis.

3. <u>Representations and Warranties of the Company</u>. The Company confirms that neither it nor any other Person acting on its behalf has provided the Investors executing this Amendment or their agents or counsel with any information that constitutes or could reasonably be expected to constitute material, nonpublic information. The Company understands and confirms that each of the Investors will rely on the foregoing representations in effecting transactions in securities of the Company.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have caused their respective signature page to this Amendment to Subscription Agreement to be duly executed as of the date first written above.

COMPANY:

GLOBALSTAR, INC.

By: ____________________
Name:
Title:

GUARANTORS:

GLOBALSTAR LEASING LLC

By: ____________________
Name:
Title:

GLOBALSTAR C LLC

By: ____________________
Name:
Title:

GLOBALSTAR SECURITY SERVICES LLC

By: ____________________
Name:
Title:

GSSI, LLC

By: ____________________
Name:
Title:

ATSS CANADA, INC.

By: ____________________
Name:
Title:

GLOBALSTAR USA, LLC

By: ________________________________
Name:
Title:

SPOT LLC

By: ________________________________
Name:
Title:

GLOBALSTAR BRAZIL HOLDINGS, L.P.

By: ________________________________
Name:
Title:

GLOBALSTAR LICENSEE LLC

By: ________________________________
Name:
Title:

GCL LICENSEE LLC

By: ________________________________
Name:
Title:

GUSA LICENSEE LLC

By: ________________________________
Name:
Title:

IN WITNESS WHEREOF, the parties have caused their respective signature page to this Amendment to Subscription Agreement to be duly executed as of the date first written above.

Investors:

THERMO FUNDING COMPANY LLC

By: __________________________
Name:
Title:

IN WITNESS WHEREOF, the parties have caused their respective signature page to this Amendment to Subscription Agreement to be duly executed as of the date first written above.

Investors:

STARKSAT, INC.

By: __________________________
Name:
Title:

IN WITNESS WHEREOF, the parties have caused their respective signature page to this Amendment to Subscription Agreement to be duly executed as of the date first written above.

Investors:

CAPITAL VENTURES INTERNATIONAL

By: __________________________
Name:
Title:

IN WITNESS WHEREOF, the parties have caused their respective signature page to this Amendment to Subscription Agreement to be duly executed as of the date first written above.

Investors:

WHITEBOX SPECIAL OPPORTUNITIES FUND LP, SERIES B

By: ____________________________
Name:
Title:

IN WITNESS WHEREOF, the parties have caused their respective signature page to this Amendment to Subscription Agreement to be duly executed as of the date first written above.

Investors:

PANDORA SELECT PARTNERS, L.P.

By: ____________________________
Name:
Title:

IN WITNESS WHEREOF, the parties have caused their respective signature page to this Amendment to Subscription Agreement to be duly executed as of the date first written above.

Investors:

WHITEBOX CONCENTRATED CONVERTIBLE ARBITRAGE PARTNERS, L.P.

By: ____________________________
Name:
Title:

IN WITNESS WHEREOF, the parties have caused their respective signature page to this Amendment to Subscription Agreement to be duly executed as of the date first written above.

Investors:

WHITEBOX MULTI STRATEGY PARTNERS, L.P.

By: ____________________________
Name:
Title:

Exhibit 10.2

GLOBALSTAR INC.

EMPLOYMENT CONTINUATION, SEPARATION, AND GENERAL RELEASE AGREEMENT

This Employment Continuation, Separation, and General Release Agreement (the "Agreement") is made between **Peter J. Dalton** ("Employee") and **GLOBALSTAR, INC.,** a Delaware corporation with its principal place of business in Covington, Louisiana ("the Company") (each individually, a "Party" and together, the "Parties") as follows:

1. Employee has voluntarily retired as a member of the Board of Directors and as Chief Executive Officer of the Company, and has accepted an appointment as Special Advisor to the interim Chief Executive Officer. Employee's employment with the Company will terminate on. August 31, 2011 (the "Termination Date"). This is a voluntary termination by employee. Regardless of whether Employee signs this Agreement on or before the Termination Date, on that date Employee will receive Employee's final paycheck, reflecting accrued but unpaid wages and vacation benefits through the Termination Date, subject to appropriate withholding. By separate letter, Employee shall also be provided with information regarding Employee's rights to continue to participate in the Company's group health plans under COBRA. To the extent Employee has such rights, nothing in this Agreement will impair those rights. Nothing in this Agreement modifies or in any way impairs Employee's rights under any presently existing stock or stock option award agreements, and under any presently existing confidentiality and/or non-competition agreements, between Employee and Company, all of which shall remain unchanged and in full effect in accordance with their terms.

2. In consideration of Employee accepting this Agreement and returning a signed copy of it to the Company on or before the date provided in Section 5, below, and although Employee is not otherwise entitled to this benefit, Company shall (a) pay to Employee, on the later of the Effective Date (defined below) or August 31, 2011, a severance allowance for taxes and other applicable payroll deductions, according to Employee's current elections, and (b) pay directly to the service vendor, upon presentation of vendor invoices, Employee's documented moving expenses incurred in connection with Employee's relocation following separation. Employee acknowledges that the benefit described in the preceding sentence is an enhanced benefit that exceeds the benefit that Employee would be entitled to receive under policy no**.** 730 of the Company's standard personnel practices and procedures, and that this enhanced benefit offer is in lieu of any severance benefit offered to employee under such policy. Employee has seven (7) days following his signing of this Agreement to revoke his signature. Employee also acknowledges that the enhanced severance benefit will not be paid unless (a) Employee timely signs and returns a copy of this Agreement to Company on or before the date provided in Section 5, below, and (b) Employee does not timely exercise Employee's right to revoke waiver and release of ADEA claims {as also explained in Section 5, below).

3. In addition to the additional benefits described in Section 2, in the event that Employee returns to the Company a signed copy of this Agreement within the time required in Section 5, and does not revoke or attempt to revoke waiver and release of ADEA claims, Employee shall be entitled to have Employee's existing mobile phone and number transferred to his personal name promptly after the Termination Date. Employee shall become personally responsible for all mobile phone charges accruing after the transfer date.

4. Employee and Employee's heirs, representatives, successors and assigns hereby completely release, waive and forever discharge the Company, its affiliated and/or subsidiary business entities, and its and their present and former shareholders, officers, agents, directors, partners, managers, employees, and all assigns of any of the foregoing, as well as all administrators, service providers, and fiduciaries (as the term "fiduciary" is defined under the Employment Retirement Income Security Act of 1974, as amended) from any and all claims, demands, debts, liabilities, obligations, actions and causes of action Employee has or may have, or at any other time had or may have had, against the Company and all of the foregoing enumerated persons and entities (collectively "Releasees"), whether known or unknown, suspected or unsuspected, based upon or arising out of any matter, cause, fact, thing, act or omission whatsoever occurring at any time up to and including the Effective Date, including without limitation claims under any employment laws, including, but not limited to, any claims of unlawful or wrongful discharge, breach of contract, breach of the covenant of good faith and fair dealing, fraud, misrepresentation, negligence, breach of fiduciary duty, violation of public policy, defamation, physical injury, infliction of emotional distress, claims for additional compensation or benefits arising from your employment or your separation from employment, claims of national origin, race, sex, sexual orientation, disability or other discrimination or harassment, and any other claims under federal, state and local statutory or common law, such as Title VII of the 1964 Civil Rights Act, as amended, The Americans with Disabilities Act, and to the extent that any state laws may apply, to any other laws and/or regulations of any jurisdiction relating to employment or employment discrimination, and the law of contract and tort, and any claims for attorney fees or penalties.

5. This Agreement is intended to satisfy the requirements of the Older Workers' Benefit Protection Act of 1990 ("OWBPA"). Employee hereby acknowledges that Employee is waiving and releasing any rights Employee has or may have under the Age Discrimination in Employment Act of 1967 ("ADEN') and that this waiver and release is knowing and voluntary. Employee and the Company agree that this waiver and release does not apply to any rights or claims that may arise under ADEA after the Effective Date of this Agreement. In addition, this release does not prohibit Employee from challenging the validity of this Agreement's waiver and release of claims under ADEA. Employee acknowledges that a portion of the consideration given for this waiver is in addition to anything of value to which Employee was already entitled for wages and vacation benefits through the Termination Date. Employee further acknowledges by this writing that Employee has been advised that (i) Employee should consult with an attorney prior to signing this Agreement; (ii) Employee has up to twenty-one (21) days, i.*e.* through September 15, 2011, within which to consider and sign this Agreement; (iii) Employee has up to seven (7) days following the signing of this Agreement by the Parties to revoke the Agreement; and (iv) this Agreement shall not be effective with respect to claims under the ADEA until the revocation period has expired.

6. Employee acknowledges that this Agreement includes a general release of claims, and therefore may encompass claims that Employee **DOES NOT KNOW OR SUSPECT MAY EXIST IN EMPLOYEE'S FAVOR AT THE TIME OF EXECUTING THIS AGREEMENT, WHICH CLAIMS, IF KNOWN BY EMPLOYEE, MIGHT HAVE MATERIALLY AFFECTED THIS AGREEMENT.** Employee waives any rights that Employee has or may have under any applicable provision of the laws of any applicable jurisdiction pertaining to the enforceability or effectiveness of this general release of claims to the fullest extent that Employee may lawfully waive such rights, and Employee affirms that Employee is releasing all known and unknown claims that Employee has or may have against the Releasees.

7. Without limitation of any other obligations of confidentiality undertaken by Employee, or incurred to the Company during Employee's service on the Board of Directors or as an officer of the Company, Employee acknowledges that during the course of Employee's employment with the Company, Employee has received, or been otherwise exposed to, the Company's Confidential Information (as defined below) Employee agrees that Employee will not, at any point in time, (i) use the Confidential Information for any purpose whatsoever other than the performance of services on behalf of the Company or (ii) disclose the Confidential Information to any third party, including, but expressly not limited to, any future employers. Employee agrees that all Confidential Information will remain the sole property of the Company. Employee also agrees to take all reasonable precautions to prevent any unauthorized disclosure of such Confidential Information. For purposes of this Agreement, "Confidential Information" means any non-public information that relates to the actual or anticipated business or research and development of the Company, technical data, trade secrets or know-how, including, but not limited to, research, product plans or other information regarding Company's products or services and markets therefore, customer lists and customers (including, but not limited to, customers of the Company on whom Employee has called or with whom Employee has became acquainted, during his employment with the Company), software, developments, inventions, processes, formulas, technology, designs, drawing, engineering, hardware configuration information, marketing, finances or other business information. Confidential Information does not include information that (i) was known to Employee at the time of disclosure to him by the Company as evidenced by Employee's written records, (ii) has become publicly known and made generally available through no wrongful act of Employee or (iii) has been rightfully received by Employee from a third party who is authorized to make such disclosure. For purposes of this Section 7, "Company" shall include the Company's related companies, including its subsidiaries and affiliated corporations.

Nothing in this Section 7 shall curtail or otherwise limit any other obligations that Employee may have to safeguard Company Confidential Information pursuant to any other agreements which. Employee previously entered into, or arising out of any positions or duties that Employee has held with the Company and/or any of its affiliated and/or subsidiary business entities.

8. The Company shall respond to inquiries from prospective employers of Employee by confirming: (1) Employee's dates of employment, and (2) the capacities in which Employee has been employed by the Company. The Company shall also, through either its Chief Executive Officer of its Executive Chairman, as selected by the Company, respond to such inquiries by stating accurate, positive, and non-misleading information concerning Employee's service with the Company. The actual contents of all such responses by Company shall be solely as determined by the officer signing the Company's response letter, in such officer's sole and unqualified discretion. Under no circumstances shall Employee have any right to question or object to any statement, express or implied in any such letter. No claim or cause of action of any nature whatsoever shall arise in favor of Employee based on the contents of any such letter of recommendation furnished by the Company. Employee shall direct all inquiries from prospective employers to the Company's Human Resources department

9. This Agreement, and its terms, shall be maintained by Employee in strict confidence and Employee shall not disclose the Agreement or any of its terms or the contents of any discussions that led to this Agreement to any other person or entity, other than Employee's immediate fatuity, or Employee's tax advisors or counsel, without the express written consent of the Company, unless required to do so by law.

10. Employee agrees not to speak to, or directly or indirectly provide information to, any reporters, journalists and/or news or media organizations regarding the Company and any related companies. Employee and Company each agree to refrain from making any disparaging, negative or uncomplimentary statements about each other, or, in the case of Employee, about related companies and/or any current or former employees, officers or directors of the Company and its related companies.

11. Employee warrants and agrees that Employee **has** returned, or will return, to the Company by the Termination Date, all property or data of the Company of any type whatsoever in Employee's possession or control.

12. Employee represents that Employee has not filed any complaints, claims, or actions relating to Employee's employment with Company and/or any event or events occurring prior to the execution to this Agreement with any federal, state, or local agency or court which are still pending, and that Employee will not do so at any time hereafter. If Employee has done so, Employee will immediately dismiss with prejudice any such complaints, claims or actions.

13. Employee acknowledges that Employee was never denied any federal Family Medical Leave Act ("FMLA") or any similar state law right or benefits by the Company, including but not limited to the Company's denial of any request by Employee for leave under FMLA or any similar state law. Employee further acknowledges that Employee has no pending claims under FMLA or any similar state law against the Company.

14. Employee represents that, except as may have been reported previously, Employee has not, during the time period of Employee's employment with Company, besubject to or witnessed any kind of sexual harassment, or made such a complaint on Employee's own or another's behalf.

15. Employee represents that, except as may have been reported previously, Employee has not, during the time period of Employee's employment with Company, witnessed, been aware of or complained about waste or fraud in the application for or use of funds provided under the American Recovery and Reinvestment Act of 2009 ("ARRA").

16. The Parties agree and expressly deny any liability or wrongdoing with respect to the Employee's employment and the termination of Employee's employment. It is understood and agreed that the furnishing or receipt of consideration pursuant to this Agreement is not an admission of liability by any Party to this Agreement.

17. The Parties acknowledge that they have had the opportunity to consult with and/or be represented by an attorney; that they have read the Agreement; that they are fully aware of its contents and of its legal effect; that the language in the Agreement recites the sole consideration for this Agreement; that all agreements and understandings between the parties to this Agreement are embodied and expressed herein; and that each Party enters into this Agreement freely, without coercion, and based on the Party's own judgment and not in reliance on any representations or promises made by the other Party, other than those contained herein.

18. This Agreement shall be deemed to have been entered into and shall be construed and enforced in accordance with the laws of the State of Louisiana as applied to contracts made and to be performed entirely within Louisiana, without regard to conflicts of law principles. The Parties hereby submit to the exclusive jurisdiction and venue of the state and federal courts located in the State of Louisiana, Parish of St Tammany, to resolve any disputes arising out of or relating to this Agreement, including any actions for the purpose of enforcing this Agreement.

19. Each Party shall bear its own attorney's fees in connection with this Agreement. The prevailing party in any dispute arising out of or relating to this Agreement, including any actions for the purpose of enforcing this Agreement, shall be entitled to recover his, her or its reasonable attorney's fees and costs.

20. Should any provision of this Agreement be declared or determined by any Court to be invalid or unenforceable, in whole or in part, then the remaining terms and provisions hereof shall be unimpaired and fully enforceable. Such court shall have the authority to modify or replace the invalid or unenforceable term or provision with a valid and enforceable term or provision that most accurately represents the Parties' intention with respect to the invalid or unenforceable term or provision.

21. This Agreement supersedes all prior understandings, commitments and representations between the Parties with respect to the subject matter hereof.

22. This Agreement may be executed in multiple sections and/or counterparts, each of which shall be deemed an original, all of which together shall constitute one andthe same instrument. Signature pages may be delivered by facsimile and any such signature page shall have full force and effect as if it or they were an original. The Effective Date of this Agreement shall be the eighth (8th) day after Employee signs

Globalstar, Inc.

/s/ Richard S. Roberts

Richard S. Roberts
Corporate Secretary

By signing and returning a copy of this Agreement to the Company, Employee agrees to and shall be bound by, and shall be entitled (in addition to the benefits of Section 1) to the benefits of the terms and conditions of Sections 2 through 22 of this Agreement..

/s/ Peter J. Dalton
Peter J. Dalton
Date: August 25, 2011

Exhibit 10.3

AMENDMENT LETTER NO. 6

Globalstar, Inc. (the "Borrower")
461 South Milpitas Blvd.
Milpitas
CA 95035
United States of America
Attention: James Monroe III

Thermo Funding Company LLC **("Thermo")**
1735 Nineteenth Street
Second Floor
Denver
Colorado 80202
United States of America
Attention: James Monroe III

29 March 2011

Dear Sirs,

Facility Agreement dated 5 June 2009 between the Borrower, BNP Paribas, Societe Generale, Natixis, Credit Agricole Corporate and Investment Bank and Credit Industriel et Commercial as the Mandated Lead Arrangers, BNP Paribas as the Security Agent and the COFACE Agent and the banks and financial institutions listed in Schedule I thereto as the Original Lenders as amended pursuant to the Amendment Letters (as defined below) (the "Facility Agreement").

1. Introduction

(a) We refer to:

(i) the Facility Agreement;

(ii) the first amendment letter to the Facility Agreement dated 29 June 2009 and entered into between, amongst others, the Obligors and the other parties to the Facility Agreement;

(iii) the second amendment letter to the Facility Agreement dated 9 April 2010 and entered into between, amongst others, the Obligors and the other parties to the Facility Agreement;

(iv) the third amendment and cancellation letter to the Facility Agreement dated 28 October 2010 and entered into between, amongst others, the Obligors and the other parties to the Facility Agreement **("Amendment No. 3 and Cancellation Letter")**;

(v) the fourth amendment letter to the Facility Agreement dated 22 December 2010 and entered into between, amongst others, the Obligors and the other parties to the Facility Agreement; and

(vi) the fifth amendment letter to the Facility Agreement dated 16 March 2011 and entered into between, amongst others, the Obligors and the other parties to the Facility Agreement ("Amendment Letter No.5"),

such letters referred to in paragraphs (a)(ii) to (vi) (inclusive), together the "Amendment Letters".

(b) In this letter (the "Letter"):

(i) "US Licence" means the authorisations contained in the FCC Order (as defined below) granted by the FCC and as more particularly described in paragraphs 34 and 35 of the FCC Order; and

(ii) "Authorised Investments", "Contingent Equity Release Date" and "Thermo Contingent Equity Account" shall have the meaning given to such terms in clause 1.1 *(Definitions)* of the Accounts Agreement.

(c) Prior to the date of this Letter, the Borrower has delivered to the COFACE Agent a copy of the FCC Order dated 18 March 2011 (the "FCC Order") pursuant to which the FCC has conditioned the effectiveness of the US Licence to the registration of the new Satellites under the United Nations Registration Convention in accordance with the Applicable Laws of France (the "Relevant Condition").

(d) The Parties acknowledge that:

(i) such registration is not contemplated in the Facility Agreement as the Parties were not aware of the Relevant Condition at, or prior to, the date on which the Facility Agreement and the Amendment Letters were entered into; and

(ii) the purpose of this Letter has, among other things, been prepared following the delivery of the FCC Order and to take account of the Relevant Condition.

(e) Terms and expressions defined in the Facility Agreement shall, unless the context otherwise requires, have the same meaning when used in this Letter.

(f) In the case of any conflict between the terms of this Letter and the terms of any other Finance Document, the terms of this Letter shall govern and control as between the parties to this Letter.

(g) We write to you in our capacity as COFACE Agent under the Facility Agreement.

2. Amendments

With effect from the execution of this Letter by all parties to it:

(a) Amendment No.3 and Cancellation Letter shall be amended by deleting clause 4 *(US Licence)* of Amendment No.3 and Cancellation Letter in its entirety; and

(b) Amendment Letter No.5 shall be amended by deleting clause 3 *(US Licence)* of Amendment Letter No.5 in its entirety.

3. Representation — FCC Order

The Borrower represents to each Finance Party on the date of this Letter that the FCC Order attached as Schedule 1 *(FCC Order)* is a true, complete and accurate copy of the original.

4. US Licence

(a) The Borrower shall:

(i) ensure that the US Licence is in full force and effect by no later than 31 August 2011 in relation to the first six (6) Satellites which have been the subject of a Launch (the **"Permanent US Licence");**

(ii) deliver to the COFACE Agent, promptly following receipt thereof, any written evidence documenting that the Permanent US Licence is in full force and effect; and

(iii) promptly following the Launch of any further Satellites and within the time periods prescribed by law, ensure the registration of such Satellites under the United Nations Registration Convention in accordance with the Applicable Laws of France and the FCC Order so as to ensure that the US Licence is in full force and effect with respect to such Satellites.

(b) Promptly following the date on which the Borrower has confirmed that the Permanent US Licence is in full force and effect in accordance with paragraph (a)(i) above, the Borrower shall certify to the COFACE Agent that the Borrower is in full compliance with clause 21.1 *(Compliance with Laws)* of the Facility Agreement.

5. Thermo Contingent Equity Account Cash Requirement

(a) Subject to paragraph (c) below, Thermo shall ensure that:

(i) no later than sixty (60) days from the date of this Letter (the **"Relevant Date");** and

(ii) at all times after the Relevant Date,

all amounts deposited in the Thermo Contingent Equity Account are funded solely in Cash (and not invested in any Authorised Investments).

(b) Subject to paragraph (c) below, from the Relevant Date until the Contingent Equity Release Date, clause 16 *(Authorised Investments)* of the Accounts Agreement shall not apply with respect to Thermo and the Thermo Contingent Equity Account.

(c) Paragraphs (a) and (b**)** above shall not apply if, prior to the Relevant Date, the Borrower has effected an Equity Issuance or has raised Subordinated Indebtedness, in each case, in an aggregate amount no less than twenty million Dollars (US$20,000,000).

6. Payment of Waiver Fees

(a) Subject to paragraph (d) below, the Borrower shall pay to:

(i) the COFACE Lender (for the account of each Lender) a waiver fee in an amount equal to fifteen thousand Dollars (US$15,000) for each Lender; and

(ii) the COFACE Agent (for its own account) a waiver fee in an amount equal to ten thousand Dollars (US$10,000),

(each fee, a **"Waiver** Fee") if after the date of this Letter any additional waivers and/or amendments (howsoever described) are required in respect of the Finance Documents.

(b) Each Waiver Fee shall be due from the date on which the Borrower delivers the additional waiver and/or amendment request to the COFACE Agent and is payable within thirty (30) days of such request.

(c) Each payment by the Borrower of a Waiver Fee shall be made in accordance with clause 31 *(Payment Mechanics)* of the Facility Agreement and the other provisions of the Finance Documents.

(d) No Waiver Fee shall be payable with respect to a waiver and/or amendment requested by the Borrower in connection with any Financial Indebtedness proposed to be incurred by the Borrower in relation to the financing of:

(i) Phase 3 Costs; and

(ii) the *"Radio Access Network and User Terminal Subsystem Contract"* between the Borrower and Hughes, effective as of I May 2008,

provided that, the items referred to in paragraphs (d)(i) and (ii) are the subject of a single waiver and/or amendment request from the Borrower to the COFACE Agent.

7. Default

Any failure by the Borrower to comply with this Letter shall constitute an Event of Default pursuant to clause 23.3 *(Other Obligations)* of the Facility Agreement (other than those obligations and/or provisions which if not complied with would result in an Event of Default under another sub-clause of clause 23 *(Events of Default)* of the Facility Agreement).

8. Reservation of Rights

Nothing in this Letter shall constitute or be deemed to constitute a waiver of the rights of any Finance Party under any of the Finance Documents or any amendment of the Finance Documents except as expressly set out in Clauses 2 *(Amendments)*, 4 *(US Licence)*, *5 (Thermo Contingent Equity Account — Cash Requirement)*, 6 *(Payment of Waiver Fees)* and *7 (Default)* above.

9. Terms Incorporated

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

10. Finance Document

This Letter shall constitute a Finance Document.

11. Confirmation

Each Obligor confirms in favour of the COFACE Agent that:

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

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

12. Third Parties Rights

A person who is not a party to this Letter has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

We should be grateful if you would sign and return to us the enclosed copy of this Letter by way of your acknowledgement and acceptance of the contents of this Letter.

Yours faithfully,
/s/ Fabrice Pruvost /s/ E. Galzy
For and on behalf of
BNP Paribas
as the COFACE Agent

/s/ Fabrice Pruvost
/s/ E. Galzy
BNP Paribas
as Lender

/s/ Didier Tangley
Société Générale
as Lender

/s/ Arnaud Sarret
/s/ Nelly Serkisian
Natixis
as Lender

/s/ Pascale Arnaud
Crédit Agricole Corporate and Investment Bank
as Lender

/s/ Michêle Patri
/s/ Jaques-Philippe Menville
Crédit Industriel et Commercial
as Lender

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

/s/ James Monroe III
By: James Monroe III
Title: Chairman
Date: 29 March 2011

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

/s/ James Monroe III
By: James Monroe III
Title: Manager
Date: 29 March 2011

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

/s/ James Monroe III
By: James Monroe III
Title: Chairman
Date: 29 March 2011

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

/s/ James Monroe III
By: James Monroe III
Title: Chairman
Date: 29 March 2011

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

/s/ James Monroe III
By: James Monroe III
Title: Chairman
Date: 29 March 2011

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

/s/ James Monroe III
By: James Monroe III
Title: Chairman
Date: 29 March 2011

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

/s/ James Monroe III
By: James Monroe III
Title: Chairman
Date: 29 March 2011

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

/s/ James Monroe III
By: James Monroe III
Title: Chairman
Date: 29 March 2011

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

/s/ James Monroe III
By: James Monroe III
Title: Chairman
Date: 29 March 2011

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

/s/ James Monroe III
By: James Monroe III
Title: Chairman
Date: 29 March 2011

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

/s/ James Monroe III
By: James Monroe III
Title: Chairman
Date: 29 March 2011

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

/s/ James Monroe III
By: James Monroe III
Title: Chairman
Date: 29 March 2011

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

/s/ James Monroe III
By: James Monroe III
Title: Chairman
Date: 29 March 2011

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.

Dated 30 September 2011

DEED OF WAIVER AND AMENDMENT – No.7

between

GLOBALSTAR, INC.
as the Borrower

and

THERMO FUNDING COMPANY LLC
as Thermo

and

BNP PARIBAS
as the COFACE Agent, the Security Agent and the Offshore Account Bank

And **OTHERS**

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THIS DEED OF WAIVER AND AMENDMENT (the "**Deed**") is made as a deed on 30 September 2011 and made between:

(1) **GLOBALSTAR INC.**, a corporation duly organised and validly existing under the laws of the State of Delaware, with its principal office located at 300 Holiday Square Blvd., Covington, LA 70433, United States of America (the "**Borrower**");

(2) **THERMO FUNDING COMPANY LLC**, a limited liability company duly organised and existing under the laws of the State of Colorado, with its principal office located at 1735 Nineteenth Street, Second Floor, Denver, Colorado 80202, United States of America ("**Thermo**");

(3) **THE SUBSIDIARY GUARANTORS**, listed in Schedule 2 (*Subsidiary Guarantors*) as Subsidiary Guarantors (the "**Subsidiary Guarantors**");

(4) **BNP PARIBAS**, a *société anonyme* with a share capital of €2,415,479,796 organised and existing under the laws of the Republic of France, whose registered office is at 16 boulevard des Italiens, 75009 Paris, France registered under number 662 042 449 at the Commercial Registry of Paris, acting in its capacity as facility agent and *Chef de File* for and on behalf of the Finance Parties (the "**COFACE Agent**");

(5) **BNP PARIBAS**, a *société anonyme* with a share capital of €2,415,479,796 organised and existing under the laws of the Republic of France, whose registered office is at 16 boulevard des Italiens, 75009 Paris, France registered under number 662 042 449 at the Commercial Registry of Paris, acting in its capacity as security agent for and on behalf of the Finance Parties (the "**Security Agent**");

(6) **BNP PARIBAS**, a *société anonyme* with a share capital of €2,415,479,796 organised and existing under the laws of the Republic of France, whose registered office is at 16 boulevard des Italiens, 75009 Paris, France registered under number 662 042 449 at the Commercial Registry of Paris, acting in its capacity as offshore account bank for and on behalf of the Finance Parties (the "**Offshore Account Bank**"); and

(7) **THE LENDERS**, listed in Schedule 1 (*COFACE Lenders*) as Lenders.

RECITALS:

(A) We refer to:

(i) the Facility Agreement;

(ii) the Original Accounts Agreement;

(iii) the first amendment letter to the Facility Agreement dated 29 June 2009 and entered into between, amongst others, the Obligors and the other parties to the Facility Agreement;

(iv) the second amendment letter to the Facility Agreement dated 9 April 2010 and entered into between, amongst others, the Obligors and certain other parties to the Facility Agreement;

(v) the third amendment and cancellation letter to the Facility Agreement dated 28 October 2010 and entered into between, amongst others, the Obligors and certain other parties to the Facility Agreement;

(vi) the fourth amendment letter to the Facility Agreement dated 22 December 2010 and entered into between, amongst others, the Obligors and certain other parties to the Facility Agreement;

(vii) the fifth amendment letter to the Facility Agreement dated 16 March 2011 and entered into between, amongst others, the Obligors and certain other parties to the Facility Agreement; and

(viii) the sixth amendment letter to the Facility Agreement dated 30 March 2011 and entered into between, amongst others, the Obligors and certain other parties to the Facility Agreement ("**Amendment Letter No.6**"),

such letters referred to in paragraphs (a)(iii) to (viii) (inclusive), together the "**Amendment Letters**".

(B) Terms and expressions defined in the Facility Agreement shall, unless the context otherwise requires, have the same meaning when used in this Deed.

(C) It is intended that this document take effect as a deed notwithstanding the fact that a party may only execute this document under hand.

NOW THIS DEED WITNESSES as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions**

In this Deed:

"**Acceptance Date**" has the meaning given to such term in Clause 2(b)(iii) (*Waiver*).

"**Amendment Letter No.6**" has the meaning given to such term in Recital (A)(viii).

"**Amendment Letters**" has the meaning given to such term in Recital (A).

"**Escrow Agent**" means a bank or financial institution acceptable to the Borrower, the Supplier and the COFACE Agent acting in its capacity as "*escrow agent*" pursuant to the Escrow Agreement.

"**Escrow Agreement**" means the escrow agreement to be entered into following the Acceptance Date in accordance with this Deed between the Borrower, Thermo, the Supplier and the Escrow Agent.

"**Excess Payment**" has the meaning given to such term in Clause 2(e) (*Waiver*).

"**Facility Agreement**" means the facility agreement dated 5 June 2009 and made between, among others, the Borrower, the Security Agent and the Lenders as amended by the Amendment Letters and this Deed.

“**Final Discharge Date**” has the meaning given to such term in the Subordination Deed.

“**First Payment Amount**” means an amount no less than eleven million and nine hundred thousand Dollars (US$11,900,000) paid by Thermo to the Interim Escrow Account and which will be:

(a) credited to the Supplier Escrow Account; and

(b) thereafter, held in escrow pursuant to, and in accordance with, the terms of the Escrow Agreement,

after the Acceptance Date.

“**Interim Escrow Account**” means the Dollar denominated account so titled, held in the name of Globalstar Holdings LLC held with UBS Financial Services Inc., 677 Washington Blvd, 4th Floor, Stamford, CT 06901 and with account number [*].

“**New Satellites**” means six (6) Phase 3 Satellites to be purchased by the Borrower from the Supplier pursuant to the terms of the Satellite Construction Contract for an amount, as at the date of this Deed, no greater than the Total Contract Price.

“**Original Accounts Agreement**” means the accounts agreement entered into on 5th June 2009 by the Borrower, Thermo, the Security Agent, the COFACE Agent and the Offshore Account Bank.

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

“**Permitted Thermo Subordinated Loan Agreement**” means any loan agreement entered into by the Borrower (as “*borrower*”) and Thermo (as “*lender*”) in respect of monies deposited into the Supplier Escrow Account and the Relevant Account *provided that* such loan agreement shall only be a “*Permitted Thermo Subordinated Loan Agreement*” if such agreement:

(a) is in form and substance satisfactory to the COFACE Agent;

(b) is provided on a subordinated basis pursuant to, and in accordance with, the Subordination Deed and this Deed; and

(c) provides that payment by the Borrower to Thermo may be permitted *provided that* any such amounts paid by the Borrower to Thermo are replaced with equivalent funds raised by way of an Equity Issuance and/or Subordinated Indebtedness in accordance with Clause 2(c) (*Waiver*).

[*]

“**Relevant Account**” means either:

(a) a Project Account; or

(b) such other account controlled by the COFACE Agent and opened by the COFACE Agent (in the Borrower’s name) for the purpose of receiving the Second Payment Amount.

"**Second Payment Amount**" means an amount no less than thirteen million and one hundred thousand Dollars (US$13,100,000) to be paid by Thermo (for the benefit of the Supplier) to a Relevant Account on or following the Acceptance Date in accordance with this Deed.

"**Senior Liabilities**" has the meaning given to such term in the Subordination Deed.

"**Subordinated Liabilities**" has the meaning given to such term in the Subordination Deed.

"**Supplier Escrow Account**" means the account to be opened in the joint names of the Supplier and the Borrower with the Escrow Agent.

"**Total Contract Price**" means the contract price of fifty five million and two hundred thousand Euros (€55,200,000) proposed to be payable by the Borrower to the Supplier for the purchase of the New Satellites pursuant to, and in accordance with, the Satellite Construction Contract.

"**Total Thermo Amount**" means an amount no less than twenty-five million Dollars (US$25,000,000) to be contributed by Thermo to the Supplier Escrow Account and/or the Relevant Account (as the case may be) by the making of the First Payment Amount and the Second Payment Amount, in each case, for the sole purpose of making payments to the Supplier for and on behalf of the Borrower in respect of the purchase of the New Satellites.

1.2 **Interpretation**

(a) Unless this Deed provides otherwise, a term that is defined or expressed to be subject to a particular construction in clause 1.1 (*Definitions*) or clause 1.2 (*Construction*) of the Facility Agreement shall have the same meaning (or be subject to the same construction) in this Deed.

(b) In this Deed, unless the context otherwise requires, references to:

(i) a "**notice**" includes any notice, request, instruction, demand or other communication; and

(ii) a "**payment**" include a distribution, prepayment or repayment and references to "**pay**" include distribute, repay or prepay.

1.3 **Conflict**

In the case of any conflict between the terms of this Deed and the terms of any other Finance Document, the terms of this Deed shall govern and control as between the Parties.

1.4 **Third Party Rights**

(a) Unless expressly provided to the contrary in this Deed a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Deed.

(b) Notwithstanding any term of this Deed, the consent of any person who is not a Party is not required to rescind or vary this Deed at any time.

2. WAIVER

Subject to the terms of this Deed, the Lenders agree to waive the requirement that the Borrower not agree to the order, purchase, manufacture or delivery of any or all Phase 3 Satellites pursuant to, and in accordance with, clause 22.14 (*Excess Cash Flow / Purchase of Satellites*) of the Facility Agreement *provided that* each of the following conditions have been satisfied in full:

(a) the amount payable by the Borrower (for or on its behalf) in respect of the purchase price for the New Satellites shall not, at any time, exceed the Total Contract Price (it being agreed, for the avoidance of doubt, that if the purchase price for the New Satellites is determined to be in excess of the Total Contract Price the Borrower will not be in breach of the Facility Agreement for having placed an order in accordance with the terms contemplated by this Deed *provided that* the Borrower shall not agree to any increase in price above the Total Contract Price or confirm any order for the New Satellites without the prior written consent of the COFACE Agent);

(b) Thermo shall:

(i) ensure that at all times the First Payment Amount remains deposited in:

(A) the Interim Escrow Account; or

(B) within five (5) days of the Acceptance Date (or such other date as is agreed between the COFACE Agent, Thermo, the Borrower and the Supplier), in the Supplier Escrow Account in accordance with the terms of the Escrow Agreement, for the sole purpose of constituting the security instrument to be placed by the Borrower to the Supplier in respect of the New Satellites in accordance with the Satellite Construction Contract;

(ii) promptly provide evidence to the COFACE Agent (in form and substance satisfactory to the COFACE Agent) of such deposit made in accordance with paragraph (b)(i) above, the location of:

(A) the Interim Escrow Account; and

(B) following the Acceptance Date, the Supplier Escrow Account and the conditions to the utilisation and release of those monies standing to the credit of the Supplier Escrow Account;

(iii) promptly following acceptance by the Supplier of the Borrower's order for the New Satellites (the "**Acceptance Date**") (and, no later than five (5) days after the Acceptance Date):

(A) ensure an amount no less than the Second Payment Amount is deposited into such Relevant Account as determined by the COFACE Agent and notified by the COFACE Agent to the Borrower; and

(B) promptly following such deposit, deliver evidence (in form and substance satisfactory to the COFACE Agent) to the COFACE Agent that the Second Payment Amount has been paid in full into a Relevant Account;

(iv) on the Acceptance Date, promptly (and, no later than five (5) days after the Acceptance Date) provide evidence to the COFACE Agent that:

(A) shares in the Borrower's Capital Stock; and/or

(B) Subordinated Indebtedness pursuant to a Permitted Thermo Subordinated Loan Agreement,

in an amount no less than those monies standing to the credit of the Supplier Escrow Account and the Relevant Account (in the case of the Relevant Account, in an amount no less than the Second Payment Amount) has been:

(1) in the case of paragraph (A) above, issued in the Borrower to Thermo; and

(2) in the case of paragraph (B), lent to the Borrower,

in each case, on a subordinated basis pursuant to, and in accordance with, the Subordination Deed;

(c) notwithstanding any provision to the contrary in a Finance Document, if at any time an Equity Issuance and/or any Subordinated Indebtedness is raised, any amounts made available by Thermo in respect of the First Payment Amount and/or the Second Payment Amount can be reimbursed to Thermo and replaced with funds raised by way of such Equity Issuance and/or Subordinated Indebtedness;

(d) if the Borrower withdraws the order for New Satellites, any funds standing to the credit of the Interim Escrow Account shall be freely available to Thermo and Thermo shall have the right to request the reimbursement of the First Payment Amount from such account;

(e) if prior to the date on which [*], an amount greater than the Total Thermo Amount is due and payable to the Supplier pursuant to the Satellite Construction Contract in respect of the New Satellites (an "**Excess Payment**"), any Excess Payment shall be paid by Thermo (or any of its Affiliates) to the Supplier for and on behalf of the Borrower on terms and conditions satisfactory to the COFACE Agent;

(f) no Excess Payment shall be made by the Borrower; and

(g) payment to the COFACE Agent of the "*Waiver Fee*" (as such term is defined in Amendment Letter No.6) in accordance with, and pursuant to, the terms of Amendment Letter No.6.

3. AMENDMENT TO THE FACILITY AGREEMENT

(a) With effect from the date of this Deed, the Facility Agreement shall be amended as set out in paragraph (b) below.

(b) Clause 23.17(b) (*Failure to Bring Satellites in Service*) of the Facility Agreement shall be deleted in its entirety and replaced by the following:

"*(b) Final In-Orbit Acceptance:*

(i) with respect to eighteen (18) Satellites by 1 August 2012; and

(ii) with respect to twenty-four (24) Satellites by 1 September 2012.".

4. AMENDMENT TO THE ORIGINAL ACCOUNTS AGREEMENT

With effect from the date of this Deed, the Original Accounts Agreement shall be amended and restated so that it reads as if it were restated in the form set out in Schedule 3 (*Amended and Restated Accounts Agreement*).

5. SUBORDINATED LIABILITIES

Each of the Parties agree that:

(a) the claims of Thermo against the Borrower in respect of a Permitted Thermo Subordinated Loan Agreement or its shares in the Borrower's Capital Stock shall be designated as "*Subordinated Liabilities*"; and

(b) subject to, and in accordance with, the Subordination Deed:

(i) the Senior Liabilities shall rank in priority to the Subordinated Liabilities pursuant to the terms of the Subordination Deed; and

(ii) the claims of Thermo in respect of the Subordinated Liabilities are subordinated to the Senior Liabilities and, accordingly, payment and receipt of any amount of the Subordinated Liabilities is not permitted until after the Final Discharge Date except as provided in the Subordination Deed.

6. INFORMATION UNDERTAKINGS

The Borrower shall deliver to the COFACE Agent:

(a) on the 15th of each calendar month and monthly on each anniversary thereof (or if such dates are not working days in the place of incorporation of the Borrower, on the immediately preceding working day) and for the first time on 15 October 2011, a written report (in form and substance satisfactory to the COFACE Agent) regarding the status of:

(i) the proposed purchase of the New Satellites; and

(ii) any litigation, arbitration or administrative proceedings on or before any court, arbitral body or agency between the Borrower and the Supplier; and

(b) promptly upon request, such further information regarding the status of:

(i) the New Satellites; and

(ii) any litigation, arbitration or administrative proceedings on or before any court, arbitral body or agency between the Borrower and the Supplier,

including, in each case, any requested amplification, or explanation with respect to the status of the foregoing as any Finance Party or COFACE (through the COFACE Agent) may request.

7. REPRESENTATIONS AND WARRANTIES

(a) The Borrower makes each of the Repeating Representations to each Finance Party on the date of this Deed.

(b) Subject to any disclosures made by Thermo to, and agreed by, the COFACE Agent prior to the date of this Deed, Thermo is deemed to make each of the representations and warranties set out in clause 5 (*Representations*) of the Subordination Deed to each Finance Party on the date of this Deed.

(c) Each Subsidiary Guarantor is deemed to make each of the Repeating Representations (as such term is defined in the Guarantee Agreement) to each Finance Party on the date of this Deed.

8. FURTHER ASSURANCES

(a) Thermo and the Borrower will, in the case of any Subordinated Liabilities which are not evidenced by any instrument, upon the Security Agent's request, ensure that such Subordinated Liabilities shall be evidenced by an appropriate instrument or instruments.

(b) The Borrower and/or Thermo shall promptly upon the request of the Security Agent, at its own cost, do all such acts or execute all such documents reasonably deemed necessary or desirable by the Security Agent to confirm or establish the validity and enforceability of the subordination effected by, and the obligations of the Borrower and Thermo under, the Subordination Deed.

9. DEFAULT

Any failure by any Obligor to comply with this Deed shall constitute an Event of Default pursuant to clause 23.3 (*Other Obligations*) of the Facility Agreement (other than those obligations and/or provisions which if not complied with would result in an Event of Default under another sub-clause of clause 23 (*Events of Default*) of the Facility Agreement).

10. RESERVATION OF RIGHTS

Nothing in this Deed shall constitute or be deemed to constitute a waiver of the rights of any Finance Party under any of the Finance Documents or any amendment of the Finance Documents except as expressly set out in Clauses 2 (*Waiver*), 3 (*Amendment to the Facility Agreement*) and 4 (*Amendment to the Original Accounts Agreement*) above.

11. FINANCE DOCUMENT

This Deed shall constitute a Finance Document.

12. CONFIRMATION

Each Obligor confirms in favour of the COFACE Agent that:

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

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

13. PARTIAL INVALIDITY

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

14. GOVERNING LAW

This Deed, and all non-contractual obligations arising from or connected with it, are governed by English law.

15. JURISDICTION

The terms of clause 40 (*Enforcement*) of the Facility Agreement are incorporated, *mutatis mutandis*, herein by reference.

THIS DEED has been executed as a deed by each Party on the date stated at the beginning of this Deed.

EXECUTION PAGES
DEED OF WAIVER AND AMENDMENT NO.7

Thermo

EXECUTED as a deed by)
THERMO FUNDING COMPANY LLC)
pursuant to the laws of Colorado and)
acting by)

____

Name: Richard S. Roberts

Title: Secretary

in the presence of:

Witness's Signature: ______________________________

Name: ______________________________

Address: ______________________________

____

The Borrower

EXECUTED as a deed by	)
GLOBALSTAR, INC.	)
pursuant to the laws of Delaware and	)
acting by	)

____

Name: Dirk J. Wild

Title: Chief Financial Officer

in the presence of:

Witness's Signature: ____________________________

Name: ____________________________

Address: ____________________________

____

The Security Agent

SIGNED as a **DEED** by)
____)
as attorney for
BNP PARIBAS
under a power of attorney dated ______________ 2011 in
the presence of ________________________

as attorney for **BNP PARIBAS**

Witness's Signature:

Name:

Address:

The COFACE Agent

SIGNED as a **DEED** by)
____)
as attorney for
BNP PARIBAS
under a power of attorney dated ______________ 2011 in
the presence of ________________________

as attorney for **BNP PARIBAS**

Witness's Signature:

Name:

Address:

The Offshore Account Bank

SIGNED as a **DEED** by)
____)
as attorney for
BNP PARIBAS
under a power of attorney dated ________________ 2011 in
the presence of ________________________

as attorney for **BNP PARIBAS**

Witness's Signature: ______________________________

Name: ______________________________

Address: ______________________________

Executed as a deed by **GSSI, LLC** in its capacity as **GUARANTOR** acting by Anthony J. Navarra, its President, in the presence of:

Anthony J. Navarra
President

Name of Witness:

Address of Witness:

Occupation of Witness:

Address of Guarantor:
Globalstar, Inc.
461 South Milpitas Boulevard
Building 5, Suite 1 and 2
Milpitas, CA 95035
Attention: Chief Financial Officer and
Vice President-Legal and Regulatory Affairs
Telephone No.: (408) 933-4403
Fax No.: (408) 933-4949

Executed as a deed by **GLOBALSTAR SECURITY SERVICES, LLC** in its capacity as **GUARANTOR** acting by Anthony J. Navarra, its President, in the presence of:

Anthony J. Navarra
President

Name of Witness:

Address of Witness:

Occupation of Witness:

Address of Guarantor:
Globalstar, Inc.
461 South Milpitas Boulevard
Building 5, Suite 1 and 2
Milpitas, CA 95035
Attention: Chief Financial Officer and
Vice President-Legal and Regulatory Affairs
Telephone No.: (408) 933-4403
Fax No.: (408) 933-4949

Executed as a deed by **GLOBALSTAR C, LLC** in its capacity as **GUARANTOR** acting by Anthony J. Navarra, its President, in the presence of:

____
Anthony J. Navarra
President

____

Name of Witness:

Address of Witness:

Occupation of Witness:

Address of Guarantor:
Globalstar, Inc.
461 South Milpitas Boulevard
Building 5, Suite 1 and 2
Milpitas, CA 95035
Attention: Chief Financial Officer and
Vice President-Legal and Regulatory Affairs
Telephone No.: (408) 933-4403
Fax No.: (408) 933-4949

Executed as a deed by **GLOBALSTAR USA, LLC** in its capacity as **GUARANTOR** acting by Anthony J. Navarra, its President, in the presence of:

Anthony J. Navarra
President

Name of Witness:

Address of Witness:

Occupation of Witness:

Address of Guarantor:
Globalstar, Inc.
461 South Milpitas Boulevard
Building 5, Suite 1 and 2
Milpitas, CA 95035
Attention: Chief Financial Officer and
Vice President-Legal and Regulatory Affairs
Telephone No.: (408) 933-4403
Fax No.: (408) 933-4949

Executed as a deed by **GLOBALSTAR LEASING LLC** in its capacity as **GUARANTOR** acting by Richard S. Roberts, its Vice President and Secretary, in the presence of:

____
Richard S. Roberts
Vice President and Secretary

____

Name of Witness:

Address of Witness:

Occupation of Witness:

Address of Guarantor:
Globalstar, Inc.
461 South Milpitas Boulevard
Building 5, Suite 1 and 2
Milpitas, CA 95035
Attention: Chief Financial Officer and
Vice President-Legal and Regulatory Affairs
Telephone No.: (408) 933-4403
Fax No.: (408) 933-4949

Executed as a deed by **SPOT LLC** in its capacity as **GUARANTOR** acting by Fuad Ahmad, its Treasurer, in the presence of:

Richard S. Roberts
Secretary

Name of Witness:

Address of Witness:

Occupation of Witness:

Address of Guarantor:
Globalstar, Inc.
461 South Milpitas Boulevard
Building 5, Suite 1 and 2
Milpitas, CA 95035
Attention: Chief Financial Officer and
Vice President-Legal and Regulatory Affairs
Telephone No.: (408) 933-4403
Fax No.: (408) 933-4949

Executed as a deed by **ATSS CANADA, INC.** in its capacity as **GUARANTOR** acting by Anthony J. Navarra, its President, in the presence of:

Anthony J. Navarra
President

Name of Witness:

Address of Witness:

Occupation of Witness:

Address of Guarantor:
Globalstar, Inc.
461 South Milpitas Boulevard
Building 5, Suite 1 and 2
Milpitas, CA 95035
Attention: Chief Financial Officer and
Vice President-Legal and Regulatory Affairs
Telephone No.: (408) 933-4403
Fax No.: (408) 933-4949

Executed as a deed by **GLOBALSTAR BRAZIL HOLDINGS, L.P.** in its capacity as **GUARANTOR** acting by Dirk Wild, its Treasurer, in the presence of:

Dirk J. Wild
Treasurer

Name of Witness:

Address of Witness:

Occupation of Witness:

Address of Guarantor:
Globalstar, Inc.
461 South Milpitas Boulevard
Building 5, Suite 1 and 2
Milpitas, CA 95035
Attention: Chief Financial Officer and
Vice President-Legal and Regulatory Affairs
Telephone No.: (408) 933-4403
Fax No.: (408) 933-4949

Executed as a deed by **GCL LICENSEE LLC** in its capacity as **GUARANTOR** acting by Anthony J. Navarra, its President, in the presence of:

____
Anthony J. Navarra
President

____

Name of Witness:

Address of Witness:

Occupation of Witness:

Address of Guarantor:
Globalstar, Inc.
461 South Milpitas Boulevard
Building 5, Suite 1 and 2
Milpitas, CA 95035
Attention: Chief Financial Officer and
Vice President-Legal and Regulatory Affairs
Telephone No.: (408) 933-4403
Fax No.: (408) 933-4949

Executed as a deed by **GUSA LICENSEE LLC** in its capacity as **GUARANTOR** acting by Anthony J. Navarra, its President, in the presence of:

Anthony J. Navarra
President

Name of Witness:

Address of Witness:

Occupation of Witness:

Address of Guarantor:
Globalstar, Inc.
461 South Milpitas Boulevard
Building 5, Suite 1 and 2
Milpitas, CA 95035
Attention: Chief Financial Officer and
Vice President-Legal and Regulatory Affairs
Telephone No.: (408) 933-4403
Fax No.: (408) 933-4949

Executed as a deed by **GLOBALSTAR LICENSEE LLC** in its capacity as **GUARANTOR** acting by Anthony J. Navarra, its President, in the presence of:

Anthony J. Navarra
President

Name of Witness:

Address of Witness:

Occupation of Witness:

Address of Guarantor:
Globalstar, Inc.
461 South Milpitas Boulevard
Building 5, Suite 1 and 2
Milpitas, CA 95035
Attention: Chief Financial Officer and
Vice President-Legal and Regulatory Affairs
Telephone No.: (408) 933-4403
Fax No.: (408) 933-4949

BNP Paribas
as Lender

BNP Paribas
as Lender

Société Générale
as Lender

Natixis
as Lender

Crédit Agricole Corporate and Investment Bank
as Lender

Crédit Industriel et Commercial
as Lender

SCHEDULE 1
COFACE LENDERS

1. BNP Paribas.

2. Société Générale.

3. Natixis.

4. Crédit Agricole Corporate and Investment Bank.

5. Crédit Industriel et Commercial.

SCHEDULE 2
SUBSIDIARY GUARANTORS

1. GSSI, LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 3732317 and whose chief executive office is at 461 S. Milpitas Blvd., Milpitas, CA 95035;

2. Globalstar Security Services, LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 3747502 and whose chief executive office is at 461 S. Milpitas Blvd., Milpitas, CA 95035;

3. Globalstar C, LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 3732313 and whose chief executive office is at 461 S. Milpitas Blvd., Milpitas, CA 95035;

4. Globalstar USA, LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 2663064 and whose chief executive office is at 461 S. Milpitas Blvd., Milpitas, CA 95035;

5. Globalstar Leasing LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 3731109 and whose chief executive office is at 461 S. Milpitas Blvd., Milpitas, CA 95035;

6. Spot LLC, a limited liability company organised in Colorado, United States of America, with organisational identification number 20071321209 and whose chief executive office is at 461 S. Milpitas Blvd., Milpitas, CA 95035;

7. ATSS Canada, Inc., a corporation incorporated in Delaware, United States of America, with organisational identification number 2706412 and whose chief executive office is at 461 S. Milpitas Blvd., Milpitas, CA 95035;

8. Globalstar Brazil Holdings, L.P., a limited partnership formed in Delaware, United States of America, with organisational identification number 2453576 and whose chief executive office is at 461 S. Milpitas Blvd., Milpitas, CA 95035;

9. GCL Licensee LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 4187922 and whose chief executive office is at 461 S. Milpitas Blvd., Milpitas, CA 95035;

10. GUSA Licensee LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 4187919 and whose chief executive office is at 461 S. Milpitas Blvd., Milpitas, CA 95035; and

11. Globalstar Licensee LLC, a limited liability company organised in Delaware, United States of America, with organisational identification number 4187920 and whose chief executive office is at 461 S. Milpitas Blvd., Milpitas, CA 95035.

Schedule 3

AMENDED AND RESTATED ACCOUNTS AGREEMENT

WHITE & CASE

Dated 5 June 2009 as amended and restated pursuant
to the Deed of Waiver and Amendment No.7 dated 30 September 2011

ACCOUNTS AGREEMENT

between

GLOBALSTAR, INC.
as the Borrower

THERMO FUNDING COMPANY LLC
as Thermo

and

BNP PARIBAS
as the Security Agent,
the COFACE Agent and
the Offshore Account Bank

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

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THIS ACCOUNTS AGREEMENT (the "**Agreement**") was originally dated 5 June 2009 (and was amended and restated on 30 September 2011 by the Deed of Waiver and Amendment No.7 (as such term is defined below)) and is made between:

(1) **GLOBALSTAR, INC.**, a corporation duly organised and validly existing under the laws of the State of Delaware, with its principal office located at 461 South Milpitas Blvd., Milpitas, CA 95035, United States of America (the "**Borrower**");

(2) **THERMO FUNDING COMPANY LLC**, a limited liability company duly organised and existing under the laws of the State of Colorado, with its principal office located at 1735 Nineteenth Street, Second Floor, Denver, Colorado, 80202, United States of America ("**Thermo**");

(3) **BNP PARIBAS**, a *société anonyme* with a share capital of €2,415,479,796 organised and existing under the laws of the Republic of France, whose registered office is at 16 boulevard des Italiens, 75009 Paris, France registered under number 662 042 449 at the Commercial Registry of Paris, acting in its capacity as facility agent and *Chef de File* for and on behalf of the Finance Parties (the "**COFACE Agent**");

(4) **BNP PARIBAS**, a *société anonyme* with a share capital of €2,415,479,796 organised and existing under the laws of the Republic of France, whose registered office is at 16 boulevard des Italiens, 75009 Paris, France registered under number 662 042 449 at the Commercial Registry of Paris, acting in its capacity as security agent for and on behalf of the Finance Parties (the "**Security Agent**"); and

(5) **BNP PARIBAS**, a *société anonyme* with a share capital of €2,415,479,796 organised and existing under the laws of the Republic of France, whose registered office is at 16 boulevard des Italiens, 75009 Paris, France registered under number 662 042 449 at the Commercial Registry of Paris, acting in its capacity as offshore account bank (the "**Offshore Account Bank**").

IT IS HEREBY AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 **Incorporation of Definitions**

Words and expressions defined in the Facility Agreement shall, unless the context otherwise requires, have the same meaning when used in this Agreement.

1.2 **Definitions**

In this Agreement the following terms have the meaning set out below:

"**Account Banks**" means:

(a) the Offshore Account Bank; and

(b) the Onshore Account Bank,

and, "**Account Bank**" mean either of the foregoing, as the context requires.

"**Accounts Assets**" has the meaning given to such term in Clause 3.4(a)(ii) (*Notice of Liens*).

"**Actual Deficiency**" has the meaning given to such term in Clause 6.3(a)(i) (*Contingent Equity Funding*).

"**Authorised Investments**" means investments which are Dollar denominated obligations or denominated in the currency of the relevant account from which such Authorised Investment is made maturing not more than one (1) year after the date of acquisition and which are:

(a) interest bearing time deposits or certificates of deposit issued, accepted or guaranteed by a commercial bank having a long-term unsecured credit rating (with a positive or stable outlook) of at least A3 from Moody's or A- from S&P;

(b) money market funds having a rating in the highest investment category granted therefore by Moody's or S&P at the time of acquisition; or

(c) otherwise approved by the COFACE Agent,

provided that in each case, no more than ten million Dollars (US$10,000,000) or equivalent of such Authorised Investments will be held in any one entity at any one time,

and "**Authorised Investment**" means any one of the foregoing, as the context requires.

"**Authorised Person**" has the meaning given to such term in Clause 3.6(d) (*Instructions*).

"**Beneficiary**" has the meaning given to such term in the Supplier Guarantee.

"**Blocking Notice**" means a notice in the form of Schedule 2 (*Form of Blocking Notice*).

"**Borrower Contingent Equity Account**" means the Dollar denominated account so titled, held in the name of the Borrower with the Offshore Account Bank with account number [*].

"**Callback Contact**" means each person identified by the Borrower or, as the case may be, Thermo to the Offshore Account Bank as being authorised to confirm to the Offshore Account Bank any instructions given by the Borrower or, as the case may be, Thermo to the Offshore Account Bank in the form of Schedule 6 (*Authorised Persons and Callback Contacts*).

"**Canadian Account**" means each bank account held in Canada:

(a) set out in Schedule 9 (*Canadian Accounts*); and

(b) opened after the date of this Agreement.

“**Capital Expenditure Account**” means the Dollar denominated account so titled, held in the name of the Borrower with the Offshore Account Bank with account number [*].

“**Cash Equivalent Amount**” means, as at any date with respect to the Supplier Guarantee, an amount in cash equal to the face (stated) amount of the Supplier Guarantee.

“**CN Release Date**” means 2 April 2013.

“**CNRA Required Balance**” means:

(a) by the CN Start Date, an amount equal to or greater than twenty *per cent.* (20%) of the notional Purchase Price, calculated as at the CN Start Date;

(b) by 1 March 2012, an amount equal to or greater than fifty *per cent.* (50%) of the notional Purchase Price, calculated as at 1 March 2012; and

(c) by 1 March 2013, an amount equal to one hundred *per cent.* (100%) of the notional Purchase Price, calculated as at 1 March 2013.

“**CN Start Date**” means the date that is five (5) days after the First Repayment Date.

“**Collection Account**” means the Dollar denominated account so titled, held in the name of the Borrower with the Onshore Account Bank with account number [*].

“**Contingent Equity Funding Notice**” has the meaning given to such term in Clause 6.3(a) (*Contingent Equity Funding*).

“**Contingent Equity Release Date**” means 31 December 2014.

“**Contingent Equity Required Balance**” means an amount in aggregate equal to:

(a) sixty million Dollars (US$60,000,000) in Cash; *less*

(b) the sum of any draw downs and payment to the Borrower from the Thermo Contingent Equity Account or the Borrower Contingent Equity Account at the request of the Borrower or the COFACE Agent (as the case may be) in accordance with the terms and conditions of this Agreement.

“**Convertible Note Reserve Account**” means the Dollar denominated account so titled, held in the name of the Borrower with the Offshore Account Bank with account number [*].

“**Debt Service Account**” means the Dollar denominated account so titled, held in the name of the Borrower with the Offshore Account Bank with account number [*].

“**Debt Service Period**” means:

(a) in respect of the first Utilisation, the period from the Utilisation Date of such Loan to the first Payment Date; and

(b) in respect of any other period, the period beginning the day following a Payment Date and ending on the next Payment Date.

"**Debt Service Reserve Account**" means the Dollar denominated account so titled, held in the name of the Borrower with the Offshore Account Bank with account number [*].

"**Deed of Waiver and Amendment No.7**" means the amendment agreement to this Agreement dated 30 September 2011 between, among others, the Borrower, the Offshore Account Bank and the COFACE Agent.

"**Deficiency**" means the Borrower does not have sufficient funds (for whatever reason and howsoever caused) to pay at any time any and all costs, liabilities and expenses incurred or to be incurred by the Borrower (including, insufficient funds (for whatever reason and howsoever caused) to pay Debt Service at any time (not taking into account monies held in the Debt Service Reserve Account)).

"**Deficiency Amount**" means, at any time, the amount of any Deficiency.

"**Deficiency Funding**" means the funds to be paid by Thermo or the Borrower (as the case may be) to the Collection Account in an amount of not less than the Deficiency Amount in the manner set out in Clause 6.3 (*Contingent Equity Funding*).

"**Demand**" has the meaning given to such term in the Supplier Guarantee.

"**Distribution Account**" means the Dollar denominated account so titled, held in the name of the Borrower with the Offshore Account Bank with account number [*].

"**Distribution Certificate**" means the certificate from the Borrower to the COFACE Agent and the Offshore Account Bank substantially in the form of Schedule 1 (*Form of Distribution Certificate*).

"**Domestic Account**" means each bank account held in the United States:

(a) set out in Schedule 7 (*Domestic Accounts*); and

(b) opened after the date of this Agreement.

"**DSA Required Balance**" means an amount equal to the product of:

(a) the quotient of the number of days from and including the last Payment Date to the date of determination divided by the number of days from and including the date of the last Payment Date to but excluding the next Payment Date;

multiplied by,

(b) the aggregate scheduled Debt Service (including principal, interest, fees, and other charges and expenses) due under the Facilities for the current Debt Service Period *provided that* if LIBOR exceeds the capped interest rate set out in an Interest Rate Cap Agreement, the amount of such capped interest rate shall be used for the purpose of calculating any interest under this paragraph (b).

"**DSRA Required Balance**" has the meaning given to such term in the Facility Agreement.

"**DSRA Required Cash Balance**" means:

(a) prior to but excluding the date that is six (6) Months prior to the First Repayment Date, an amount in Cash equal to at least the result of "*Z*" multiplied by "*Y*"; and

(b) from and including the date that is six (6) Months prior to the First Repayment Date, at least the DSRA Required Balance.

Where:

"**X**" is the number of Months from the date of this Agreement to 15 June 2011;

"**Y**" is the result of (i) the DSRA Required Balance, *divided by* (ii) "*X*"; and

"**Z**" is the number of Months since the date of this Agreement to the relevant date on which the DSRA Required Cash Balance is calculated.

"**Facility Agreement**" means the facility agreement dated on or about the date of this Agreement between, among others, the Borrower, the Security Agent, the COFACE Agent, the Mandated Lead Arrangers and the Lenders as amended by the Deed of Waiver and Amendment No.7 and the Amendment Letters (as such term is defined in the Deed of Waiver and Amendment No.7).

"**Final Discharge Date**" means the date on which all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full and none of the Finance Parties is under any obligation (whether actual or contingent) to make advances or provide other financial accommodation to the Borrower under the Finance Documents.

"**Financial Model**" means the financial model prepared by the Borrower and delivered to the COFACE Agent pursuant to Clause 4.1 (*Initial Conditions Precedent*) of the Facility Agreement.

"**First Supplemental Indenture**" means the first supplemental indenture by and among the Borrower as issuer and U.S. Bank, National Association as trustee dated 15 April 2008 in relation to the Convertible Notes.

"**Forecast Deficiency**" has the meaning given to such term in Clause 6.3(a)(ii) (*Contingent Equity Funding*).

"**Foreign Account**" means each bank account held in a jurisdiction other than the United States or Canada:

(a) set out in Schedule 8 (*Foreign Accounts*); and

(b) opened after the date of this Agreement.

“**Insurance Proceeds**” means all proceeds and amounts payable to or received by the Borrower or the Security Agent (as the case may be) under the Insurances.

“**Insurance Proceeds Account**” means the Dollar denominated account so titled, held in the name of the Borrower with the Offshore Account Bank with account number [*].

“**Investment Instruction**” means an instruction substantially in the form of Schedule 11 (*Form of Investment Instruction*).

“**Liability**” means any present or future liability (actual or contingent) (including without limitation, any payment obligation and/or fee obligation) whether or not matured or liquidated, together with any:

(a) refinancing, novation, deferral or extension of that liability;

(b) claim for misrepresentation or breach of warranty or undertaking or an event of default or under any indemnity;

(c) further advance which may be made under any agreement expressed to be supplemental to any document in respect of that liability, together with all related interest, fees and costs;

(d) claim for damages or restitution in the event of rescission of that liability or otherwise;

(e) claim flowing from any recovery by a payment or discharge in respect of that liability on the grounds of preference or otherwise; and

(f) amount (such as post-insolvency interest) which would be included in any of the above but for its discharge, non-provability or unenforceability in any insolvency or other proceedings.

“**Liquidation Instruction**” means an instruction substantially in the form of Schedule 12 (*Form of Liquidation Instruction*).

“**Noteholders**” means the “*Holders*”, as such term is defined in the First Supplemental Indenture, from time to time.

“**Noteholder Option**” means the option of a Noteholder to require the Borrower to purchase all or a portion of its Convertible Notes on 1 April 2013 pursuant to, and in accordance with, section 8.02 (*Purchase of Securities at the Option of the Holder*) of the First Supplemental Indenture.

“**Offshore Project Accounts**” means the Project Accounts other than the Collection Account.

“**Onshore Account Bank**” means the Union Bank of California with its registered office at 99 Almaden Blvd., Ste 200, San Jose, CA 95113.

"**Operating Expenditure**" means all operating and maintenance costs, expenses and liabilities (including inventory purchases) incurred by the Borrower and including any VAT in respect of any such amount (excluding any capital expenditure (other than maintenance capital expenditure)), Covenant Capital Expenditure and any other amounts referred to in paragraph (c) of Schedule 5 (*Order of Application*)) and any other costs and expenses agreed between the COFACE Agent and the Borrower.

"**Overnight LIBOR**" means, on any date, the London Inter Bank Offered Rate, that is the day to day rate at which Dollars are offered to prime banks on the London Inter Bank Market and published by the British Bankers Association (BBA) at 11:00 a.m. (London time) on the appropriate page of the Reuters screen. If the agreed page is replaced or service ceases to be available, the COFACE Agent may specify another page or service displaying the appropriate rate.

"**Party**" means a party to this Agreement.

"**Payment Date**" means:

(a) a Repayment Date; and

(b) the last day of an Interest Period.

"**Project Accounts**" means:

(a) the Borrower Contingent Equity Account;

(b) the Capital Expenditure Account;

(c) the Collection Account;

(d) the Convertible Note Reserve Account;

(e) the Debt Service Account;

(f) the Debt Service Reserve Account;

(g) the Distribution Account;

(h) the Insurance Proceeds Account; and

(i) the Thermo Contingent Equity Account,

and, "**Project Account**" means any of the foregoing, as the context requires.

"**Project Costs**" means all costs and expenses reasonably and necessarily incurred, or to be incurred, by the Borrower to complete the Project and achieve the successful Launch and bringing in to full service of twenty five (25) Satellites and acquiring the long lead items for six (6) subsequent Satellites delivered under the Satellite Construction Contract by 1 January 2012 in the manner contemplated in the Transaction Documents, including all reasonable and necessary costs and expenses incurred in connection with the negotiation and preparation of the Transaction Documents, all fees payable in respect of the Loans under the Finance Documents, and all other reasonable and necessary expenses required for the Project. "*Project Costs*" shall not include:

(a) payments of any Financial Indebtedness; or

(b) payments of any kind to the Group (or any other Affiliate) or the Thermo Group other than payments in respect of the reimbursement of Project Costs expressly permitted by the COFACE Agent.

"**Purchase Price**" has the meaning given to such term in the First Supplemental Indenture.

"**Relevant Phase 3 Costs**" means those Phase 3 Costs incurred, or to be incurred, in respect of the Relevant Satellites (as such term is defined at Clause 22.14 (*Excess Cash Flow / Purchase of Satellites*) of the Facility Agreement).

"**Secured Obligations**" means all the Liabilities and all other present and future obligations at any time due, owing or incurred by an Obligor to any Finance Party under the relevant Finance Documents, both actual and contingent and whether incurred solely or jointly and as principal or surety or in any other capacity.

"**Thermo Amount**" has the meaning given to such term at Clause 5.2(b)(iii) (*Permitted Withdrawals from the Collection Account*).

"**Thermo Contingent Equity Account**" means the Dollar denominated account so titled, held in the name of Thermo with the Offshore Account Bank with account number [*].

"**Unblocking Notice**" means a notice in the form of Schedule 3 (*Form of Unblocking Notice*).

1.3 **Interpretation**

(a) Clause 1.2 (*Construction*) of the Facility Agreement shall apply to this Agreement as if expressly set out herein, *mutatis mutandis*, with each reference therein to the Facility Agreement being deemed to be a reference to this Agreement.

(b) Unless a contrary indication appears, a reference in this Agreement to the "*date of this Agreement*" shall be the original date of this Agreement, being 5 June 2009.

1.4 **Third Party Rights**

Save as provided in Clause 21.3 (*Fees, Costs and Expenses*), a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

1.5 **Accounts**

Any reference in this Agreement to any bank account shall include any renewal, redenomination, re-designation or sub-account thereof.

2. APPOINTMENT

(a) The Borrower designates and appoints the Offshore Account Bank as accountholder in relation to the Offshore Project Accounts (other than in respect of the Thermo Contingent Equity Account). The Offshore Account Bank accepts such designation and appointment in accordance with and limited to the terms and conditions of this Agreement.

(b) Thermo designates and appoints the Offshore Account Bank as accountholder in relation to the Thermo Contingent Equity Account. The Offshore Account Bank accepts such designation and appointment in accordance with and limited to the terms and conditions of this Agreement.

(c) The Offshore Account Bank shall act in accordance with instructions received by it from the COFACE Agent, Thermo and/or the Borrower, as appropriate, in accordance with the terms of this Agreement.

(d) The Security Agent shall act at all times only in accordance with the instructions of the COFACE Agent. The COFACE Agent shall give instructions to the Security Agent in accordance with the terms of the Finance Documents.

3. ESTABLISHMENT OF THE ACCOUNTS

3.1 Project Accounts

(a) The Borrower shall establish, maintain and operate with the Offshore Account Bank in Paris the following bank accounts, denominated in Dollars, subject to and in accordance with the terms and conditions of this Agreement:

(i) the Borrower Contingent Equity Account;

(ii) the Capital Expenditure Account;

(iii) the Convertible Note Reserve Account;

(iv) the Debt Service Account;

(v) the Debt Service Reserve Account;

(vi) the Distribution Account; and

(vii) the Insurance Proceeds Account.

(b) Thermo shall establish, maintain and operate with the Offshore Account Bank in Paris the Thermo Contingent Equity Account, denominated in Dollars, subject to and in accordance with the terms and conditions of this Agreement.

(c) The Offshore Account Bank hereby confirms to the other Parties that the accounts referred to in Clauses 3.1(a) and 3.1(b) above have been opened with the Offshore Account Bank.

(d) The Offshore Account Bank hereby agrees to operate and maintain the Project Accounts (other than the Collection Account) in accordance with the provisions of this Agreement.

3.2 **Collection Account**

The Borrower shall continue to maintain and operate with the Onshore Account Bank in California the Collection Account, denominated in Dollars, subject to and in accordance with the terms and conditions of the relevant Account Control Agreement.

3.3 **No Prejudice**

Each of Thermo and the Borrower acknowledges for the benefit of the COFACE Agent and the Security Agent that each Project Account pledged, charged or assigned to the Security Agent (for and on behalf of itself and the other Finance Parties) under or pursuant to the Security Documents will be a separate account of an Account Bank and each of Thermo and the Borrower agrees:

(a) none of the restrictions or conditions contained in this Agreement on the withdrawal of funds from a Project Account shall be construed as a waiver of any Lien or affect the rights or the obligations of any of the Finance Parties under any Finance Document; and

(b) no withdrawal shall be made from any Project Account if it would cause such Project Account to become overdrawn.

3.4 **Notice of Liens**

(a) Each of Thermo and the Borrower hereby gives notice to the Offshore Account Bank of the Liens granted or to be granted by it to the Security Agent over:

(i) the balance from time to time standing to the credit of any relevant Project Account, including all interest credited to any such Project Account; and

(ii) all Thermo's and the Borrower's rights, title and interest in and to and the benefit of any relevant Project Account and the indebtedness represented by such credit balance (the "**Accounts Assets**") and the Offshore Account Bank hereby acknowledges the same.

(b) The Offshore Account Bank confirms to the Security Agent and the COFACE Agent that it has not received actual notice of any other Lien in, or any assignment of, the Accounts Assets granted by the Borrower or Thermo (as the case may be) to any third party.

3.5 **Availability**

The Offshore Account Bank shall not be obliged to make available to the Borrower, Thermo or any other person any sum which it is expecting to receive for the account of the Borrower or Thermo (as the case may be) until it has been able to establish that it has received that sum.

3.6 **Instructions**

(a) Each of Thermo and the Borrower may communicate any and all instructions (including approval, consents and notices) to the Offshore Account Bank in relation to the Project Accounts (as appropriate), including communication by any manual or electronic medium or other systems agreed between the Borrower or Thermo and the Offshore Account Bank (as the case may be).

(b) The Borrower or Thermo (as the case may be) may subject to the terms of this Agreement and the other Finance Documents, following notice to the Offshore Account Bank, give payment instructions in accordance with the payment and/or transfer instructions set out in Schedule 10 (*Form of Payment/Transfer Instruction*). Such instructions must be received by not later than 9:00 a.m. (Paris time) two (2) Business Days prior to the proposed payment date in order to ensure that any payment will be made for value on the proposed payment date, *provided that* each of the Borrower and Thermo shall use its reasonable endeavours to ensure that, to the extent reasonably practicable, instructions are given to the Offshore Account Bank by 9:00 a.m. (Paris time) not less than three (3) Business Days prior to the proposed payment date.

(c) Each of Thermo and the Borrower may only make a payment from a Project Account (other than the Collection Account) to the extent it had sufficient cleared funds at the close of business the Paris Business Day prior to the day of payment.

(d) Instructions may only be given by any person authorised by the Borrower or Thermo (as the case may be) to act on its behalf in the performance of any act, discretion or duty under this Agreement (including, for the avoidance of doubt, any officer or employee of such person) (each an "**Authorised Person**"). Each of Thermo and the Borrower has provided to the Offshore Account Bank the names of each:

(i) Authorised Person; and

(ii) Callback Contact,

in the form of Schedule 6 (*Authorised Persons and Callback Contacts*).

The Borrower or Thermo (as appropriate) may change the names of the Authorised Persons and/or Callback Contacts by giving not less than five (5) Business Days' prior written notice to the Offshore Account Bank of updating Schedule 6 (*Authorised Persons and Callback Contacts*).

(e) If a Blocking Notice has been delivered to the Offshore Account Bank in accordance with Clause 19.1 (*Blocking Notices*) and such Blocking Notice is continuing, the Offshore Account Bank shall only act on instructions communicated by the Borrower or Thermo (as the case may be) to the Offshore Account Bank if such instructions are countersigned by the COFACE Agent.

3.7 **Miscellaneous**

(a) Each Project Account (other than the Collection Account and except to the extent that any proceeds therein have been invested in Authorised Investments pursuant to Clause 16 (*Authorised Investments*)) will bear interest at a daily rate equal to Overnight LIBOR *less* point zero twenty five *per cent.* (0.25%) and such interest will be credited to the Project Accounts (other than the Collection Account) in accordance with the Offshore Account Bank's usual practices.

(b) The Offshore Account Bank shall not have any proprietary interest in amounts deposited hereunder but merely holds such amounts as banker subject to the terms of this Agreement.

(c) Any payment by the Offshore Account Bank under this Agreement will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by Applicable Law.

(d) If the Offshore Account Bank is required by Applicable Law to make a deduction or withholding, it will not pay an additional amount in respect of that deduction or withholding to the relevant party.

(e) The Offshore Account Bank shall, save as otherwise provided in this Agreement, maintain the Project Accounts (other than the Collection Account) in accordance with:

(i) the mandates (if any) entered into by the Offshore Account Bank with the Borrower and/or Thermo;

(ii) its normal practices; and

(iii) the provisions of this Agreement,

provided that if there is any conflict between this Agreement and either:

(A) the mandates (if any) entered into by the Offshore Account Bank with the Borrower and/or Thermo; or

(B) the Offshore Account Bank's normal practices referred to above,

the provisions of this Agreement shall prevail (but only to the extent that the Offshore Account Bank would not be in breach of any Applicable Law as a result).

3.8 **Information on Accounts**

The Offshore Account Bank agrees with the Borrower and Thermo that the Offshore Account Bank may disclose to the COFACE Agent and/or the Security Agent any information regarding the Project Accounts as may be requested by the COFACE Agent and/or the Security Agent.

4. CAPITAL EXPENDITURE ACCOUNT

4.1 Payments to the Capital Expenditure Account

The Borrower shall ensure that:

(a) the Retained Excess Amount; and

(b) (other than as contemplated by the Deed of Waiver and Amendment No.7), the Relevant Funds,

are deposited to the Capital Expenditure Account no later than:

(i) in the case of the Retained Excess Amount, the date on which the Borrower is obliged to make such payment pursuant to Clauses 7.3 (*Mandatory Prepayment – Initial Excess Cash Sweep*) and/or 7.4 (*Mandatory Prepayment – Ongoing Excess Cash Flow*) of the Facility Agreement; and

(ii) in the case of the Relevant Funds, on the date agreed with the COFACE Agent following delivery by the Borrower to the COFACE Agent of the business plan contemplated by Clause 22.14 (*Excess Cash Flow / Purchase of Satellites*) of the Facility Agreement.

4.2 Permitted Withdrawals from the Capital Expenditure Account

(a) Subject to paragraph (b) below, the Borrower may only withdraw funds in the Capital Expenditure Account to pay amounts:

(i) in the case of any Retained Excess Amount, representing Covenant Capital Expenditures including any Relevant Phase 3 Costs (subject to Clause 22.14(a) (*Excess Cash Flow / Purchase of Satellites*) of the Facility Agreement); and

(ii) in the case of any Relevant Funds, representing Relevant Phase 3 Costs.

(b) If the Borrower:

(i) has irrevocably terminated the Satellite Construction Contract and has no further obligations or Liabilities thereunder or in connection therewith;

(ii) amends a business plan which has been delivered to the COFACE Agent in accordance with Clause 22.14 (*Excess Cash Flow / Purchase of Satellites*) of the Facility Agreement and such amendment has received the prior written consent of the COFACE Agent; or

(iii) the Satellite Construction Contract has been terminated as contemplated by Article 26 (*Spacecraft for Phase 3*) of the Satellite Construction Contract,

the Borrower may transfer to the Collection Account any Relevant Funds which are no longer to be applied to pay amounts representing Relevant Phase 3 Costs.

5. COLLECTION ACCOUNT

5.1 Payments to the Collection Account

(a) The Borrower shall ensure that:

(i) all amounts standing to the credit of:

(A) the Escrow Account, are no later than the date that is one (1) Business Day after Financial Close;

(B) a Domestic Account;

(C) a Foreign Account which exceed five hundred thousand Dollars (US$500,000); and

(D) a Canadian Account which exceed two million Dollars (US$2,000,000);

(ii) all other revenues of, and payments to, the Borrower not included in paragraph (a) (i) above (including any amounts received by the Borrower of the kind required to be applied in mandatory prepayment pursuant to Clause 7.6 (*Mandatory Prepayments – Asset Dispositions*) of the Facility Agreement), but excluding any amounts payable to the Borrower under an Interest Rate Cap Agreement which shall be directly deposited in the Debt Service Account in accordance with Clause 8.1(b) (*Payments to the Debt Service Account*); and

(iii) any drawdown of any Loan (other than Loan disbursement amounts which a Lender has permitted to be paid directly to a third party to which payment is due from the Borrower), and any Net Cash Proceeds arising from any Equity Issuances and any Subordinated Indebtedness,

are, in each case, directly deposited into the Collection Account not later than the last Business Day of each Month.

(b) The Borrower may deposit funds into the Collection Account pursuant to Clause 4.2(b) (*Permitted Withdrawals from the Capital Expenditure Account*), Clause 5.2(b)(iv) (*Permitted Withdrawals from the Collection Account*), Clause 6.3 (*Contingent Equity Funding*), Clause 7.2 (*Permitted Withdrawals from the Convertible Note Reserve Account*), Clause 9.3 (*Excess Funding in the Debt Service Reserve Account*), Clause 11.3 (*Application of Insurance Proceeds: Less than US$500,000*), Clause 11.4(b) (*Application of Insurance Proceeds – Mandatory Prepayment*), Clause 12.3 (*Contingent Equity Release Date*) and Clause 13 (*General Rule Regarding Excess Balances*).

5.2 **Permitted Withdrawals from the Collection Account**

(a) Subject to paragraph (b) below, the Borrower may only withdraw amounts from the Collection Account at the times, for the purposes and in the order of priority, set out in Schedule 5 (*Order of Application*).

(b) Prior to the Contingent Equity Release Date, notwithstanding the order of priority set out in Schedule 5 (*Order of Application*) an amount equal to *fifty per cent.* (50%) of the aggregate Net Cash Proceeds arising from any Equity Issuance and/or Subordinated Indebtedness credited to the Collection Account (other than the Initial Equity) may be applied by the Borrower in the following order of priority:

(i) ***firstly***, *provided* no Default has occurred and is continuing, in or towards payment of a portion of the Borrower's obligations to Thermo under the Thermo Cash Contribution Agreement, through payment:

(A) directly to the DSRA Providers on behalf of Thermo in the proportions directed by Thermo to the Borrower in writing; and

(B) if Thermo's obligations to the DSRA Providers under the Relevant Agreements have been repaid in full, to Thermo in reimbursement of any amounts previously paid directly by Thermo to the DSRA Providers under the Relevant Agreements and not previously reimbursed by the Borrower to Thermo,

of an amount not to exceed:

(aa) thirty five million Dollars (US$35,000,000) plus the drawn amount paid to the Borrower by the Supplier under the Supplier Guarantee; *less*

(bb) any previous payments pursuant to this Clause 5.2(b)(i) and (ii) (*Permitted Withdrawals from the Collection Account*), Clause 9.3 (*Excess Funding in the Debt Service Account*), Clause 7.3(a) (*Mandatory Prepayment – Initial Excess Cash Flow*) of the Facility Agreement and/or Clause 7.4(a) (*Mandatory Prepayment – Ongoing Excess Cash Flow*) of the Facility Agreement.

Any amounts paid to the DSRA Providers or Thermo pursuant to this Clause 5.2(b)(i) shall reduce any amount owing by the Borrower to Thermo under the Thermo Cash Contribution Agreement. No payment shall be made under this Clause 5.2(b)(i) to the extent any payments would exceed the amount owing by the Borrower to Thermo under the Thermo Cash Contribution Agreement (but excluding any payments of interest or capitalised interest due and owing by the Borrower to Thermo under the Thermo Cash Contribution Agreement). Any such interest or capitalised interest shall only be payable by the Borrower to Thermo following satisfaction of each of the distribution conditions set out at Clause 22.6 (*Limitations on Dividends and Distributions*) of the Facility Agreement (other than Clause 22.6(b)(iv) (*Limitations on Dividends and Distributions*) of the Facility Agreement);

(ii) ***secondly***, provided no Default has occurred and is continuing, by way of transfer to the Debt Service Reserve Account in an amount not greater than that part of the DSRA Required Balance not then funded in Cash (such amount, the "**Cash Transfer**"). As soon as practicable following the credit of such Cash Transfer to the Debt Service Reserve Account, the COFACE Facility Agent shall notify the Supplier that the Maximum Amount (as such term is defined in the Supplier Guarantee) shall be reduced by an amount equal to such Cash Transfer;

(iii) ***thirdly***, by transfer to the Borrower Contingent Equity Account of an amount (the "**Thermo Amount**") not to exceed:

(A) the Contingent Equity Required Balance; *less*

(B) any prior transfers to the Borrower Contingent Equity Account pursuant to this Clause; and

(iv) ***finally***, after application as above by way of transfer to the Collection Account.

5.3 **Certificates**

The Borrower shall be deemed to have certified to the COFACE Agent that the amounts instructed by it to be transferred or paid in accordance with the provisions of Clause 5.2 (*Permitted Withdrawals from the Collection Account*) shall be the correct amount required to be so paid or transferred in accordance with the terms thereof.

6. THERMO CONTINGENT EQUITY ACCOUNT

6.1 **Payments to the Thermo Contingent Equity Account**

Thermo shall ensure that no later than Financial Close until the Contingent Equity Release Date, funds are deposited in the Thermo Contingent Equity Account to ensure that the cash balance standing to the credit of the Thermo Contingent Equity Account and the Borrower Contingent Equity Account (in aggregate) is not at any time less than the Contingent Equity Required Balance.

6.2 **Permitted Withdrawals from the Thermo Contingent Equity Account and the Borrower Contingent Equity Account**

(a) Amounts may only be withdrawn from the Thermo Contingent Equity Account in accordance with Clause 6.2(b) below, Clause 6.3 (*Contingent Equity Funding*), Clause 6.4 (*Contingent Equity Release Date*) and Clause 6.5 (*Equity Issuances / Subordinated Indebtedness – Thermo Amount*) and *provided that*, in each case, no Default has occurred and is continuing.

(b) To the extent that the balance of the Thermo Contingent Equity Account and the Borrower Contingent Equity Account (in aggregate) exceeds the Contingent Equity Required Balance, any amounts standing to the credit of the Thermo Contingent Equity Account which, when added to any amounts standing to the credit of the Borrower Contingent Equity Account, exceed the Contingent Equity Required Balance will be freely available to Thermo to transfer to such account and with such bank as Thermo may specify (or to such other person as required by Applicable Law) provided no Default has occurred and is continuing.

6.3 **Contingent Equity Funding**

(a) If, at any time prior to the Contingent Equity Release Date, the Borrower determines, acting in good faith, that it:

(i) has a Deficiency (an "**Actual Deficiency**"); or

(ii) is likely to have within the next ninety (90) day period a Deficiency (a "**Forecast Deficiency**"),

the Borrower shall:

(A) in the case of an Actual Deficiency, immediately upon its determination of such Actual Deficiency; and

(B) in the case of a Forecast Deficiency, within five (5) Business Days of its determination of such Forecast Deficiency,

in each case, notify the COFACE Agent of such Deficiency and setting out in reasonable detail the reasons therefor. Following such notice, the Borrower shall deliver to Thermo and the Offshore Account Bank a notice (with a copy to the COFACE Agent) (a "**Contingent Equity Funding Notice**"), requiring a transfer to the Collection Account from the Borrower Contingent Equity Account or, to the extent that no funds are available in the Borrower Contingent Equity Account, the Thermo Contingent Equity Account (as the case may be), an amount equal to the Deficiency Amount set forth in the Contingent Equity Funding Notice.

(b) Each Contingent Equity Funding Notice shall specify:

(i) the Deficiency Amount;

(ii) reasonable detail regarding the nature of the Deficiency;

(iii) the due date for payment of the Deficiency; and

(iv) the date by which the Deficiency Funding must be transferred from the Borrower Contingent Equity Account or the Thermo Contingent Equity Account, as the case may be.

(c) If at any time following the occurrence of an Event of Default which is continuing the COFACE Agent believes that the Borrower has an Actual Deficiency or a Forecast Deficiency, it shall be entitled (but not obliged) to:

(i) request such information as it considers necessary to determine whether the Borrower has any such Deficiency; and/or

(ii) to the extent that no funds are available in the Borrower Contingent Equity Account, serve a notice on the Borrower requiring it to serve a Contingent Equity Funding Notice on Thermo and the Offshore Account Bank.

(d) Subject to paragraph (f) below, if the Borrower fails to serve a Contingent Equity Funding Notice on Thermo within five (5) Business Days of receipt of a notice from the COFACE Agent, the COFACE Agent shall be entitled (but not obliged) to instruct the Offshore Account Bank to transfer to the Collection Account from the Borrower Contingent Equity Account and/or, to the extent that no funds are available, the Thermo Contingent Equity Account (as the case may be), an amount equal to the Deficiency Amount set forth in the Contingent Equity Funding Notice or the notice from the COFACE Agent (as the case may be).

(e) The proceeds of any Deficiency Funding transferred to the Collection Account shall be applied at any time, to pay amounts due in accordance with paragraphs (a) to (f) of Schedule 5 (*Order of Application*) only *provided that*, amounts may only be applied to make payments to the extent that such amounts are contained in the Financial Model.

(f) Thermo and the Borrower shall ensure that the proceeds of any Deficiency Funding are met:

(i) ***firstly***, from funds (if any) standing to the credit of the Borrower Contingent Equity Account; and

(ii) ***secondly***, to the extent that no funds are available in the Borrower Contingent Equity Account, from the Thermo Contingent Equity Account.

6.4 **Contingent Equity Release Date**

On the Contingent Equity Release Date, *provided* no Default has occurred and is continuing all amounts in the Thermo Contingent Equity Account will be freely available to Thermo to transfer to such account and with such bank as Thermo may specify (or to such other person as required by Applicable Law).

6.5 **Equity Issuances / Subordinated Indebtedness – Thermo Amount**

Thermo may withdraw from the Thermo Contingent Equity Account an amount in aggregate up to a Thermo Amount upon or after each occasion on which the Borrower Contingent Equity Account has been credited with a Thermo Amount *provided* no Default has occurred and is continuing.

7. CONVERTIBLE NOTE RESERVE ACCOUNT

7.1 Payments to the Convertible Note Reserve Account

(a) Subject to available Excess Cash Flow, the Borrower shall ensure that:

(i) no later than the CN Start Date, an amount not less than the CNRA Required Balance for the relevant period is credited to the Convertible Note Reserve Account; and

(ii) thereafter on the date following each Payment Date until the CN Release Date, funds are deposited in the Convertible Note Reserve Account to ensure that the balance standing to the credit of the Convertible Note Reserve Account is not at any time less than the CNRA Required Balance for that period,

in each case, pursuant to Clause 5.2 (*Permitted Withdrawals from the Collection Account*) and Clause 13 (*General Rule Regarding Excess Balances*).

(b) No Event of Default shall occur if the Borrower does not comply with this Clause 7.1 as a result of no Excess Cash Flow being available.

7.2 Permitted Withdrawals from the Convertible Note Reserve Account

Subject to Clause 13 (*General Rule Regarding Excess Balances*):

(a) prior to the CN Release Date, the Borrower may only withdraw amounts from the Convertible Note Reserve Account to pay amounts due to a Noteholder following the election by a Noteholder to exercise the Noteholder Option *provided* no Default has occurred and is continuing; and

(b) on the CN Release Date, all amounts in the Convertible Note Reserve Account shall be transferred to the Collection Account.

8. DEBT SERVICE ACCOUNT

8.1 Payments to the Debt Service Account

(a) Amounts shall be transferred to or deposited in the Debt Service Account in accordance with Clause 5.2 (*Permitted Withdrawals from the Collection Account*), Clause 8.1(b) (*Payments to the Debt Service Account*), Clause 9.3 (*Excess Funding in the Debt Service Reserve Account*), Clause 10.3 (*Optional Withdrawals from the Distribution Account*) and Clause 13 (*General Rule Regarding Excess Balances*), only.

(b) The Borrower shall ensure that any amounts payable to it under an Interest Rate Cap Agreement are directly deposited into the Debt Service Account.

8.2 **Permitted Withdrawals from the Debt Service Account**

Subject to Clause 13 (*General Rule Regarding Excess Balances*), on each Payment Date, and on each other date on which any payments in respect of Debt Service are required to be made, the Borrower shall withdraw funds from the Debt Service Account to pay such amounts then due and payable to the Finance Parties, but not otherwise.

9. DEBT SERVICE RESERVE ACCOUNT

9.1 **Payments to the Debt Service Reserve Account**

(a) The Borrower shall ensure that at all times an amount not less than the DSRA Required Balance shall be credited to the Debt Service Reserve Account.

(b) Prior to the First Repayment Date, the Borrower shall ensure an amount not less than the DSRA Required Cash Balance is credited to the Debt Service Reserve Account.

(c) Following the First Repayment Date, the Borrower shall ensure that the Debt Service Reserve Account shall be funded in Cash in an amount equal to the DSRA Required Balance.

(d) Amounts shall be deposited in or transferred to the Debt Service Reserve Account in accordance with Clause 5.2 (*Permitted Withdrawals from the Collection Account*), Clause 10.3 (*Optional Withdrawals from the Distribution Account*) and Clause 13 (*General Rule Regarding Excess Balances*), only.

9.2 **Withdrawals from the Debt Service Reserve Account**

Subject to Clause 9.3 (*Excess Funding in the Debt Service Reserve Account*), if, on any date, the aggregate balance of the Debt Service Account is insufficient to pay Debt Service then due and, only if no funds are available in the Thermo Contingent Equity Account and/or the Borrower Contingent Equity Account, the Borrower shall withdraw cash up to the amount of such shortfall from the Debt Service Reserve Account to pay such Debt Service then due, but not otherwise.

9.3 **Excess Funding in the Debt Service Reserve Account**

To the extent the balance of the Debt Service Reserve Account exceeds the DSRA Required Balance, the Borrower shall be entitled to withdraw such excess amount and pay to the Debt Service Account to fund such account to its then required level as set out in this Agreement, and to the extent that the Debt Service Account is funded to the DSA Required Balance any such excess shall be paid:

(a) to the Collection Account; or

(b) *provided* no Default has occurred and is continuing, in or towards payment of a portion of the Borrower's obligations to Thermo under the Thermo Cash Contribution Agreement, through payment:

(i) directly to the DSRA Providers on behalf of Thermo in the proportions directed by Thermo to the Borrower in writing; and

(ii) if Thermo's obligations to the DSRA Providers under the Relevant Agreements have been repaid in full, to Thermo in reimbursement of any amounts previously paid directly by Thermo to the DSRA Providers under the Relevant Agreements and not previously reimbursed by the Borrower to Thermo,

of an amount not to exceed:

(A) thirty five million Dollars (US$35,000,000) plus the drawn amount paid to the Borrower by the Supplier under the Supplier Guarantee; *less*

(B) any previous payments pursuant to Clause 5.2(b)(i) and (ii) (*Permitted Withdrawals from the Collection Account*), this Clause 9.3 (*Excess Funding in the Debt Service Account*), Clause 7.3(a) (*Mandatory Prepayment – Initial Excess Cash Flow*) of the Facility Agreement and/or Clause 7.4(a) (*Mandatory Prepayment – Ongoing Excess Cash Flow*) of the Facility Agreement.

Any amounts paid to the DSRA Providers or Thermo pursuant to this Clause 9.3(b) shall reduce any amount owing by the Borrower to Thermo under the Thermo Cash Contribution Agreement. No payment shall be made under this Clause 9.3(b) to the extent any payments would exceed the amount owing by the Borrower to Thermo under the Thermo Cash Contribution Agreement (but excluding any payments of interest or capitalised interest due and owing by the Borrower to Thermo under the Thermo Cash Contribution Agreement). Any such interest or capitalised interest shall only be payable by the Borrower to Thermo following satisfaction of each of the distribution conditions set out at Clause 22.6 (*Limitations on Dividends and Distributions*) of the Facility Agreement (other than Clause 22.6(b)(iv) (*Limitations on Dividends and Distributions*) of the Facility Agreement).

10. DISTRIBUTION ACCOUNT

10.1 Payments to the Distribution Account

Amounts may be deposited in or transferred to the Distribution Account from the Collection Account by the Borrower in accordance with Clause 5.2 (*Permitted Withdrawals from the Collection Account*) only.

10.2 Permitted Withdrawals from the Distribution Account

Subject to the terms of this Clause 10.2, the Borrower is entitled to withdraw amounts standing to the credit of the Distribution Account for its own use (including, the payment of dividends and the payment of interest and principal on shareholder loans) *provided that*, the Borrower at the time of such withdrawal has satisfied each of the distribution conditions set out in Clause 22.6 (*Limitations on Dividends and Distributions*) of the Facility Agreement. The Borrower shall deliver a Distribution Certificate to the COFACE Agent not later than five (5) Business Days after the date of the relevant Shareholder Distribution.

10.3 **Optional Withdrawals from the Distribution Account**

If any funds remain on deposit in the Distribution Account the Borrower may:

(a) apply such funds in accordance with the order of priority set out in Schedule 5 (*Order of Application*);

(b) transfer funds to the Debt Service Account such that the balance on the Debt Service Account is equal to the DSA Required Balance; and

(c) withdraw from the Distribution Account amounts on deposit therein and apply all such amounts to the *pro rata* prepayment of the Facilities pursuant to Clause 7 (*Prepayment and Cancellation*) of the Facility Agreement,

including in circumstances where funds are not otherwise distributable from the Distribution Account because each of the distribution conditions set out in Clause 22.6 (*Limitations on Dividends and Distributions*) of the Facility Agreement are not satisfied on the date of the proposed Shareholder Distribution.

11. INSURANCE PROCEEDS ACCOUNT

11.1 **General Rule Regarding Application of Insurance Proceeds**

The Security Agent (following the occurrence and the continuance of an Event of Default) and the Borrower shall apply all Insurance Proceeds in accordance with the provisions of this Clause 11.

11.2 **Payments to the Insurance Proceeds Account**

All Insurance Proceeds shall be paid by the relevant insurer directly to the Insurance Proceeds Account and, if paid to the Borrower (other than into the Insurance Proceeds Account), such Insurance Proceeds shall be forthwith paid over to the Insurance Proceeds Account.

11.3 **Application of Insurance Proceeds: Less than US$500,000**

In connection with an Insurance and Condemnation Event yielding less than five hundred thousand Dollars (US$500,000) in Net Cash Proceeds, the Borrower may transfer such amounts to the Collection Account to be applied in accordance with Clause 5.2 (*Permitted Withdrawals from the Collection Account*).

11.4 **Application of Insurance Proceeds – Mandatory Prepayment**

(a) Subject to Clause 11.3 above and paragraph (b) below, the COFACE Agent shall direct the Offshore Account Bank to apply the funds in the Insurance Proceeds Account in mandatory prepayment of the Facilities in accordance with Clause 7.5 (*Mandatory Prepayment – Insurance and Condemnation Events*) of the Facility Agreement.

(b) If Clause 7.5(b)(ii) (*Mandatory Prepayment – Insurance and Condemnation Events*) of the Facility Agreement applies, the Borrower may request the Offshore Account Bank to make payment to a supplier of a replacement asset or replacement Satellite, any long lead items, Launch services, insurances or other costs directly arising in relation to the purchase or Launch of a Satellite described in Clause 7.5(b)(ii) (*Mandatory Prepayment – Insurance and Condemnation Events*) of the Facility Agreement, in accordance with the terms and conditions agreed between the Borrower and the Supplier. Any excess Net Cash Proceeds after taking into account such payments and costs shall be transferred as soon as practicable to the Collection Account.

12. BORROWER CONTINGENT EQUITY ACCOUNT

12.1 Payments to the Borrower Contingent Equity Account

Amounts shall be transferred to or deposited in the Borrower Contingent Equity Account in accordance with Clause 5.2(b) (*Permitted Withdrawals from the Collection Account*) only.

12.2 Permitted Withdrawals from the Borrower Contingent Equity Account

Amounts may only be withdrawn from the Borrower Contingent Equity Account:

(a) in accordance with Clause 6.3 (*Contingent Equity Funding*); and

(b) to pay Project Costs *provided that*:

(i) Net Cash Proceeds arising from an Equity Issuance and/or any Subordinated Indebtedness (*but excluding*, for the avoidance of doubt, the Total Thermo Amount (as such term is defined in the Deed of Waiver and Amendment No.7)), in an amount no less than the amount proposed by the Borrower to be withdrawn from the Borrower Contingent Equity Account for the purpose of paying Project Costs, has been raised by, or lent to, the Borrower (as the case may be) prior to any such withdrawal by the Borrower pursuant to this Clause 12.2(b); and

(ii) the Borrower has provided to the Offshore Account Bank and the COFACE Agent:

(A) details (in form and substance satisfactory to the COFACE Agent) of the Project Costs to be paid by the Borrower from any withdrawal from the Borrower Contingent Equity Account pursuant to this paragraph (b);

(B) evidence (in form and substance satisfactory to the COFACE Agent) of such Equity Issuance or Subordinated Indebtedness referred to in paragraph (b)(i) and details of the Net Cash Proceeds arising therefrom; and

(C) such other documents, information or evidence requested by the COFACE Agent in connection with such withdrawal.

12.3 **Contingent Equity Release Date**

On the Contingent Equity Release Date, all amounts in the Borrower Contingent Equity Account will be transferred to the Collection Account.

13. GENERAL RULE REGARDING EXCESS BALANCES

Subject to Clause 18 (*Event of Default*), but notwithstanding any other provision of this Agreement, to the extent that at any time the balance on the Convertible Note Reserve Account and/or the Debt Service Account is greater than the then required balance on such Offshore Project Account, the Borrower shall be entitled to withdraw such excess amounts and pay such amount to the Convertible Note Reserve Account and/or the Debt Service Account (as the case may be) to fund such accounts to their then required levels as set out in this Agreement, and to the extent that all such accounts are funded to their then required levels, to the Collection Account.

14. SUPPLIER GUARANTEE

14.1 **Posting of the Supplier Guarantee**

(a) The Borrower may, subject to the maintenance of the DSRA Required Cash Balance, elect to utilise the Supplier Guarantee in *lieu* of the cash that would otherwise be required to be deposited in, or to substitute for all or a portion of the cash deposited in or credited to or Authorised Investments made from the Debt Service Reserve Account.

(b) The Borrower at any time may, by five (5) days' written notice to the COFACE Agent and the Offshore Account Bank, replace (in whole or in part) the Supplier Guarantee identified therein with cash for deposit and/or Authorised Investments to credit into the Debt Service Reserve Account from which the Supplier Guarantee is to be withdrawn. Upon delivery to the Offshore Account Bank of immediately available funds and/or Authorised Investments in an amount equal to the Cash Equivalent Amount of the Supplier Guarantee and the credit thereof to the Debt Service Reserve Account, the Offshore Account Bank shall notify and confirm to the COFACE Agent receipt of such funds and/or Authorised Investments.

(c) On receipt of such confirmation, the COFACE Agent shall return to the Borrower the instruments and other documents constituting the Supplier Guarantee. The Borrower will instruct the Offshore Account Bank to deposit such funds and/or Authorised Investments into the Debt Service Reserve Account.

14.2 **Drawdown on Supplier Guarantee**

(a) Subject to paragraph (c) below:

(i) if the amount of Cash contained in the Debt Service Reserve Account is projected within the next thirty (30) days to be below the DSRA Required Cash Balance, either Beneficiary (but not both) may deliver a Demand to the Supplier pursuant to the Supplier Guarantee for an amount such that after payment under the Supplier Guarantee the amount credited to the Debt Service Reserve Account shall be equal to the DSRA Required Balance; and

(ii) prior to delivering such Demand, the Beneficiary issuing the Demand shall notify the other Beneficiary of its intention to make the Demand.

(b) Following a draw upon the Supplier Guarantee, the relevant Beneficiary shall deposit the amount drawn into the Debt Service Reserve Account.

(c) If a Blocking Notice has been issued, only the COFACE Agent may issue a Demand pursuant to the Supplier Guarantee.

(d) Other than as provided in this Clause 14.2, neither Beneficiary shall be entitled to draw any amount under the Supplier Guarantee.

15. FINAL DISBURSEMENT UPON TERMINATION

Upon receipt of notification from the COFACE Agent of the occurrence of the Final Discharge Date, the Offshore Account Bank shall:

(a) in the case of the Borrower, disburse any amounts on deposit in the Offshore Project Accounts (other than the Thermo Contingent Equity Account) to or at the direction of, and at the expense of, the Borrower in accordance with Clause 3.6 (*Instructions*); and

(b) in the case of Thermo, disburse any amounts on deposit in the Thermo Contingent Equity Account to or at the direction of, and at the expense of, Thermo in accordance with Clause 3.6 (*Instructions*) and Clause 6.4 (*Contingent Equity Release Date*).

16. AUTHORISED INVESTMENTS

(a) All amounts held by the Offshore Account Bank in the Project Accounts may (*provided* no Default has occurred and is continuing) be invested in Authorised Investments at the expense and risk of the Borrower or, as the case may be, Thermo (with respect to the Thermo Contingent Equity Account), as directed in writing by the Borrower or, as the case may be, Thermo (with respect to the Thermo Contingent Equity Account) to the Offshore Account Bank pursuant to the terms of this Agreement and as set out in the relevant Investment Instruction.

(b) Each of Thermo and the Borrower confirms that it is not relying on the Offshore Account Bank to provide any advice as to the merits of or the suitability of any investment, or any action taken in connection with any Authorised Investments and that the Offshore Account Bank acts solely as agent for the Borrower or, as the case may be, Thermo (with respect to the Thermo Contingent Equity Account) in respect of any Authorised Investments.

(c) The Offshore Account Bank shall not be required to invest in any Authorised Investments if that investment would result in it exceeding its powers or any other relevant authorisations.

(d) The right of the Borrower or, as the case may be, Thermo (with respect to the Thermo Contingent Equity Account) to direct the manner of investment includes, but is not limited to, the right:

(i) to direct the Offshore Account Bank to sell any Authorised Investment or hold it until maturity; and

(ii) upon any sale at maturity of any Authorised Investment, to direct the Offshore Account Bank to reinvest the proceeds thereof, plus any interest received by the Offshore Account Bank thereon, in Authorised Investments or to hold such proceeds and interest for application pursuant to the terms of this Agreement.

(e) Authorised Investments purchased upon the direction of the Borrower or, as the case may be, Thermo (or, after a Blocking Notice has been issued (which notice has not been cancelled or superseded by an Unblocking Notice), upon the direction of the COFACE Agent), under the provisions of this Agreement shall be deemed at all times to be a part of the Project Account from which funds were withdrawn in order to make the Authorised Investment and the income or interest earned, and gains realised in excess of losses suffered by an Project Account due to the investment of funds deposited therein, shall be, subject to the terms of this Agreement, credited and retained in the particular Project Account in respect of which the Authorised Investment was purchased.

(f) The Offshore Account Bank shall liquidate or procure the liquidation, so far as it is able pursuant to the terms of the relevant Authorised Investment, of any Authorised Investment or any portion thereof and transfer the proceeds to the relevant Project Account in accordance with:

(i) the terms of this Agreement (acting on a Liquidation Instruction); or

(ii) in accordance with the terms of any order, judgment or decree ordering the liquidation of the Authorised Investment or any portion thereof,

accompanied by (in the case of paragraph (ii) only) a legal opinion satisfactory to the Offshore Account Bank given by counsel for the party requesting such liquidation to the effect that such order, judgment or decree represents a final adjudication of the rights of the parties by a court of competent jurisdiction, and that the time for appeal from such order, judgment or decree has expired without an appeal having been made.

(g) Deposits constituting Authorised Investments with persons other than the Offshore Account Bank may only be made with a bank or financial institution which has agreed, in a form reasonably acceptable to the COFACE Agent, that:

(i) the Authorised Investment is held to the order of the Offshore Account Bank;

(ii) any payment in respect of the Authorised Investment will be remitted to the Offshore Account Bank in full and without any deduction or withholding, except to the extent required by Applicable Law;

(iii) the Authorised Investment is subject to a Lien in favour of the Security Agent; and

(iv) it will not exercise, and will hold the Authorised Investment free of, any Lien, right of set-off, counterclaim or other interest which it may have.

(h) Each of Thermo (with respect to the Thermo Contingent Equity Account only) and the Borrower shall:

(i) maintain a prudent spread of Authorised Investments; and

(ii) ensure that the maturities of the Authorised Investments made out of moneys standing to the credit of each Project Account (other than the Collection Account) permit the Borrower or, as the case may be, Thermo to withdraw monies when needed from such Project Account and that it shall liquidate or procure that there are liquidated Authorised Investments to the extent and in sufficient time necessary for payment of any amount due under this Agreement.

(i) All evidence of ownership of any Authorised Investment shall be:

(i) delivered to the COFACE Agent; and

(ii) held by the COFACE Agent subject to a Lien created in favour of the Security Agent.

(j) If any investment ceases to be an Authorised Investment, the Borrower or, as the case may be, Thermo shall:

(i) as soon as reasonably practicable after becoming aware of that fact (and in any event no more than five (5) Business Days after that time) notify the COFACE Agent; and

(ii) if required by the COFACE Agent, promptly instruct the Offshore Account Bank to replace the investment with an Authorised Investment approved by the Borrower or, as the case may be, Thermo or with cash as soon as it is reasonably practicable to do so.

(k) The Offshore Account Bank agrees that it will deal with the Authorised Investments only in accordance with the terms of this Agreement.

(l) Each of Thermo and the Borrower shall be solely responsible for all its own filings, tax returns and reports on any transactions in respect of any Authorised Investments or relating to any Authorised Investment as may be required by any relevant authority, governmental or otherwise.

(m) The Offshore Account Bank shall exercise any judgement or discretion in relation to any Authorised Investment.

17. BALANCES

In determining the balance of proceeds on a Project Account (other than the Collection Account) the following shall be taken into account:

(a) the cash on deposit on such Project Account;

(b) the value of any Authorised Investments made from such Project Account *provided that* the issuer of the Authorised Investments continues to satisfy the criteria for an issuer of Authorised Investments as set forth in the definition thereof; and

(c) the Cash Equivalent Amount of the Supplier Guarantee to the extent that the Supplier has not failed to honour any Demand under the Supplier Guarantee.

18. EVENT OF DEFAULT

(a) If an Event of Default has occurred and is continuing and a Blocking Notice has been served pursuant to Clause 19.1 (*Blocking Notices*), then any provisions of this Agreement or any other Finance Document to the contrary notwithstanding, all amounts on deposit in the Offshore Project Accounts and any revenues shall be applied by the Offshore Account Bank, acting on the instructions of the COFACE Agent. Such instructions of the COFACE Agent may include, without limitation:

(i) if so decided under and in accordance with the Facility Agreement, instruction toward payment of the outstanding payment obligations under the Facilities;

(ii) if so decided by the Lenders under the Facility Agreement, instruction toward the payment of any other amount (including, without limitation, Taxes, amounts due under the Transaction Documents and other payments of Project Costs) as contemplated by this Agreement or as otherwise decided pursuant to the Facility Agreement; and

(iii) in making withdrawals from the Project Accounts and payments between the Project Accounts and the drawdown of the Supplier Guarantee or issuing Investment Instructions or Liquidation Instructions in respect of any Authorised Investments (including exercising any of the powers of the Borrower or, as the case may be, Thermo in respect of such Authorised Investments), save that prior to any such direction, the Borrower, Thermo, the Offshore Account Bank, the COFACE Agent and the Security Agent shall administer the Project Accounts (other than the Collection Account) in accordance with the other provisions of this Agreement.

(b) Following the occurrence and continuance of an Event of Default and service of a Blocking Notice pursuant to Clause 19.1 (*Blocking Notices*), each of Thermo and the Borrower shall not, without the consent of the COFACE Agent, be entitled to withdraw any funds on any of the Project Accounts or deal with such funds in any manner whatsoever or require the Offshore Account Bank to deal with, or itself deal with, the Supplier Guarantee or Authorised Investments.

19. BLOCKING AND UNBLOCKING NOTICES

19.1 **Blocking Notices**

Following an Event of Default which has occurred and is continuing, the COFACE Agent shall (if so instructed by the Majority Lenders) deliver to the Offshore Account Bank, the Security Agent, Thermo and the Borrower, a Blocking Notice and the Offshore Account Bank will comply with the terms thereof.

19.2 **Unblocking Notices**

At such time as any Event of Default subject to a Blocking Notice is no longer continuing, the COFACE Agent shall deliver to the Offshore Account Bank, the Security Agent, Thermo and the Borrower an Unblocking Notice and the Offshore Account Bank shall comply with the terms thereof.

20. FOREIGN CURRENCY CONVERSIONS

(a) In respect of any currency conversions for determining the balances on any accounts, such conversions shall be done at the Offshore Account Bank's commercial spot mid-rate for conversion of the relevant currency on the relevant date.

(b) The Offshore Account Bank shall have no liability to the Borrower or Thermo in connection therewith other than in respect of its gross negligence or wilful misconduct.

21. ANCILLARY PROVISIONS

21.1 **Time of Day**

All references in this Agreement to any time of day in relation to any Project Account (other than the Collection Account) shall be deemed to be references to Paris, France time.

21.2 **Documents of Title**

All documents of title or other documentary evidence of ownership with respect to Authorised Investments and the Supplier Guarantee made out of the Project Accounts will be held by the Security Agent and, if any such document or other evidence comes into the possession or control of the Borrower or, as the case may be, Thermo, the Borrower or, as the case may be, Thermo shall immediately deliver the same to the Offshore Account Bank and/or the Security Agent as appropriate.

21.3 **Fees, Costs and Expenses**

(a) The Borrower and/or Thermo shall pay the fees and reasonably incurred and documented out-of-pocket expenses of the Offshore Account Bank.

(b) The Borrower and/or Thermo shall pay all legal and professional fees and costs of the advisers to the Offshore Account Bank with respect to the preservation or enforcement of any of its respective rights during the continuance of an Event of Default.

(c) Subject to paragraph (d) below the Borrower and/or Thermo shall indemnify and hold harmless the Offshore Account Bank and its respective officers, directors, employees, representatives and agents (collectively, the "**Indemnitees**", and each an "**Indemnitee**") from and against and reimburse the Indemnitees for any and all losses, liabilities, claims and expenses arising by reason of their participation in the transactions contemplated by this Agreement. Any officer, director, employee, representative or agent of the Offshore Account Bank may rely on this paragraph (c) and enforce its terms under the Contracts (Rights of Third Parties) Act 1999.

(d) The indemnity obligation of the Borrower and/or Thermo pursuant to this Clause 21.3 (*Fees, Costs and Expenses*) shall not apply with respect to an Indemnitee to the extent arising as a result of the gross negligence or wilful misconduct of such Indemnitee.

(e) The provisions of this Clause 21.3 (*Fees, Costs and Expenses*) shall survive termination of this Agreement and the resignation or removal of the Offshore Account Bank and shall be in addition to any other rights and remedies of any Indemnitee.

22. THE OFFSHORE ACCOUNT BANK

22.1 **Rights of the Offshore Account Bank**

The Offshore Account Bank may:

(a) rely upon any communication or document believed by it to be genuine and may assume that any person purporting to make any statement or execute any document in connection with the provisions hereof has been duly authorised to do so; and

(b) assume that no Default has occurred and that the Borrower or, as the case may be, Thermo is not in breach of or default under its obligations under this Agreement, unless it has actual knowledge or actual notice to the contrary.

22.2 **Excluded Obligations**

Notwithstanding anything to the contrary expressed or implied herein, the Offshore Account Bank shall not be:

(a) bound to enquire as to the occurrence or otherwise of a Default or the performance by any other party to any of the Finance Documents of its obligations thereunder;

(b) bound to exercise any right, power or discretion vested in it under any of the Finance Documents to which it is a party;

(c) bound to account to any other party hereto for any sum or the profit element of any sum received by it for its own account;

(d) bound to disclose to any other person any information relating to any other person; or

(e) under any fiduciary duty towards any other Party or under any obligations other than those for which express provision is made in this Agreement.

22.3 **Exclusion of Liability**

The Offshore Account Bank shall not be responsible for the accuracy and/or completeness of any information supplied in connection with any Finance Document or for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document nor shall it be under any liability as a result of taking or omitting to take any action in relation to the Project Accounts (other than the Collection Account) save in the case of its gross negligence or wilful misconduct.

22.4 **Resignation and Removal**

(a) The Offshore Account Bank may resign and appoint one of its Affiliates as successor of the Offshore Account Bank by giving not less than sixty (60) days' notice to the Finance Parties, the Borrower and Thermo, *provided that* the successor accounts bank shall act through an office in Paris.

(b) Provided no Default has occurred and is continuing:

(i) the Borrower or Thermo may request that the Offshore Account Bank resigns by giving not less than sixty (60) days' notice to the COFACE Agent; and

(ii) the Borrower or Thermo shall designate a successor accounts bank with the consent of the Majority Lenders.

(c) Alternatively, the Offshore Account Bank may resign without having designated a successor by giving notice to the COFACE Agent, Thermo and the Borrower, in which case the Majority Lenders with the prior written approval of the Borrower and Thermo (which approval shall not however be required if a Default has occurred and is continuing) may appoint a successor accounts bank.

(d) If the Majority Lenders have not appointed a successor accounts bank in accordance with Clause 22.4(c) (*Resignation and Removal*) within sixty (60) days after notice of resignation was given, the Offshore Account Bank (with the prior approval of the Borrower and Thermo (acting reasonably) (which approval shall not however be required if an Event of Default has occurred and is continuing)) may appoint a successor offshore account bank (acting through an office in Paris).

(e) If thirty (30) days after the expiry of the sixty (60) day period referred to above, a successor accounts bank has not been appointed, the Borrower and Thermo may petition a court of competent jurisdiction to appoint a successor accounts bank, and in any case, from that date until the appointment of a successor accounts bank, the Offshore Account Bank's sole responsibility shall be to receive and safekeep amounts in the relevant Project Accounts.

(f) The retiring Offshore Account Bank shall make available to its successor such documents and records and provide such assistance as its successor may reasonably request for the purposes of performing its functions as the Offshore Account Bank under the Finance Document. Each successor offshore account bank shall accede to this Agreement by executing an accession memorandum in the form of Schedule 4 (*Form of Accession Memorandum*).

(g) The resignation notice of the Offshore Account Bank shall take effect only upon the appointment of a successor accounts bank.

(h) Upon the appointment of a successor, the retiring Offshore Account Bank shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 22.4 (*Resignation and Removal*) and each of the indemnities in respect of its actions as the Offshore Account Bank under the terms of the Finance Documents. Each Offshore Account Bank's successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor offshore account bank had been an original party to this Agreement.

22.5 **Offshore Account Bank**

The Offshore Account Bank shall at all times be an Acceptable Bank.

22.6 **Conduct of Business by the Offshore Account Bank**

No provision of this Agreement will:

(a) interfere with the rights of the Offshore Account Bank to arrange its affairs (Tax or otherwise) in whatever manner it thinks fit;

(b) oblige the Offshore Account Bank to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

(c) oblige the Offshore Account Bank to disclose any information relating to its affairs (Tax or otherwise) or any computations in respect of Tax.

22.7 **Protections to the Offshore Account Bank**

The Offshore Account Bank undertakes to use all reasonable endeavours to comply with the Borrower's and/or Thermo's instructions in relation to Authorised Investments or any other instructions given under the terms of this Agreement but will not be responsible for any losses incurred by the Borrower and/or Thermo's (other than resulting from the Offshore Account Bank's gross negligence or wilful misconduct) in so doing and will have no obligation to investigate or monitor either the terms of Clause 16 (*Authorised Investments*) or the performance, quality or terms and conditions of any Authorised Investment.

22.8 **No Set-Off**

The Offshore Account Bank hereby agrees and acknowledges that it waives any right it has or may hereafter acquire to combine, consolidate or merge any of the Project Accounts with any other account of the Borrower, Thermo, the Security Agent or any liabilities of the Borrower, Thermo, the Security Agent or any other person and agrees that it may not exercise any Lien, set-off, transfer, combine or withhold payment of any sum standing to the credit of any of the Project Accounts (or the Authorised Investments in or towards or conditionally upon satisfaction of any liabilities to it of the Borrower, Thermo, the Security Agent or any other person and, if the Offshore Account Bank breaches the foregoing obligations (unless such exercise of Lien, set-off, transfer, combination or withholding occurs by operation of Applicable Law), then it shall immediately re-credit the relevant Project Account with the amount required to restore such Project Account to the position immediately prior to such breach.

22.9 **Exoneration**

(a) The Offshore Account Bank shall not, save in the case of its own gross negligence or wilful misconduct (or that of its officers, directors employees, representatives and agents) be liable to the Borrower, Thermo or any other person for any action it may take in reliance upon any written notice or request given to it by the COFACE Agent or the Security Agent.

(b) The Offshore Account Bank shall not be under any duty to give the amounts held by it hereunder any greater degree of care than it gives to its own similar property.

(c) This Agreement sets forth all the duties of the Offshore Account Bank.

(d) The Offshore Account Bank shall not be obliged to make any payment or otherwise to act on any request or instruction notified to it under this Agreement if it is unable:

(i) to verify any signature on the notice of request or instruction against the specimen signature provided for the relevant Authorised Person hereunder; and

(ii) to validate the authenticity of the request by contacting the Callback Contact.

(e) The Offshore Account Bank may:

(i) consult lawyers or professional advisers over any question as to the provisions of this Agreement or its duties as Offshore Account Bank; and

(ii) act pursuant to the advice of lawyers or other professional advisers with respect to any matter relating to this Agreement and shall not, save in the case of its own gross negligence or wilful misconduct or that of its officers, directors, employees or agents, be liable for any action taken or omitted in accordance with such advice.

(f) The Offshore Account Bank may use (and its performance will be subject to the rules of) any communications, clearing or payment system, intermediary bank or other system in accordance with its usual operating procedures.

(g) The Offshore Account Bank shall not be responsible for failure to perform any of its obligations under this Agreement on the occurrence of any event or circumstance beyond the reasonable control of the Offshore Account Bank, to the extent that the Offshore Account Bank has used reasonable endeavours to mitigate the consequences of any such event or circumstances in accordance with its usual operating procedures or if performance would result in the Offshore Account Bank being in breach of any Applicable Law.

(h) Notwithstanding any other provision to the contrary in this Agreement, under no circumstance will the Offshore Account Bank be liable to any party for any consequential loss.

(i) Each of Thermo and the Borrower acknowledges that the Offshore Account Bank may use any form of telephonic or electronic monitoring or recording as it deems appropriate for security and service purposes in accordance with its usual operating procedures.

(j) The obligations and duties of the Offshore Account Bank will be performed only by it and are not obligations or duties of any other BNP Paribas company (including any branch or office of the Offshore Account Bank) and the rights of the Borrower and Thermo with respect to the Offshore Account Bank extend only to the Offshore Account Bank and do not extend to any other BNP Paribas company.

(k) No printed or other matter in any language (including without limitation prospectuses, notices, reports and promotional material) which mentions the name of the Offshore Account Bank or the rights, powers, or duties of the Offshore Account Bank shall be issued by the Borrower or Thermo or on their behalf unless the Offshore Account Bank shall first have given its written consent thereto.

23. NOTICES

23.1 **Writing**

Each communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, shall be made by fax or letter.

23.2 **Addresses for Notices**

(a) The address and fax number of the Borrower is:

Address: Globalstar, Inc.
461 South Milpitas Boulevard
Building 5, Suite 1 and 2
Milpitas, CA 95035
United States of America

Attention: Chief Financial Officer and Vice-President
Legal and Regulatory Affairs

Facsimile: +1 408 933 4403

or such other address or number as the relevant party may notify to the other parties by not less than fifteen (15) days' prior written notice.

(b) The address and fax number of Thermo is:

Address: Thermo Funding Company LLC
1735 Nineteenth Street
Denver
Colorado 80202
United States of America

Attention: Mr. James Monroe III

Facsimile: +1 303 294 0691

or such other address or number as the relevant party may notify to the other parties by not less than fifteen (15) days' prior written notice.

(c) The address and fax number of the Security Agent is:

Address: BNP PARIBAS
Asset Finance - Export Finance
Commercial Support and Loan Implementation
ACI: CHDESA1
37, Place du Marché Saint Honoré
75031 Paris Cedex 01
France

Attention: Mrs Dominique Laplasse and Mrs Sylvie Caset-Carricaburru

Telephone: + 33 (0)1 43 16 81 79 / + 33(0)1 43 16 81 69

Facsimile: + 33 (0)1 43 16 81 84

or such other address or number as the Security Agent may notify to the other parties by not less than fifteen (15) days' prior written notice.

(d) The address and fax number of the Offshore Account Bank is:

Address: BNP PARIBAS
Asset Finance - Export Finance
Commercial Support and Loan Implementation
ACI: CHDESA1
37, Place du Marché Saint Honoré
75031 Paris Cedex 01
France

Attention: Mrs Dominique Laplasse and Mrs Sylvie Caset-Carricaburru

Telephone: + 33 (0)1 43 16 81 79 / + 33(0)1 43 16 81 69

Facsimile: + 33 (0)1 43 16 81 84

or such other address or number as the Offshore Account Bank may notify to the other parties by not less than fifteen (15) days' prior written notice.

(e) The address and fax number of the COFACE Agent is:

Address: BNP PARIBAS
Asset Finance - Export Finance
Commercial Support and Loan Implementation
ACI: CHDESA1
37, Place du Marché Saint Honoré
75031 Paris Cedex 01
France

Attention: Mrs Dominique Laplasse and Mrs Sylvie Caset-Carricaburru

Telephone: + 33 (0)1 43 16 81 79 / + 33(0)1 43 16 81 69

Facsimile: + 33 (0)1 43 16 81 84

or such other address or number as the COFACE Agent may notify to the other parties by not less than fifteen (15) days' prior written notice.

(f) The COFACE Agent shall, promptly upon receipt of notice from any party of any change in the address, facsimile number or Facility Office of such party notify the other agents thereof and at the request of any party, give to that party the address or facsimile number of any other party applicable at the time for the purposes of this Clause 23.2(f) (*Addresses for Notices*).

24. REMEDIES, WAIVERS AND AMENDMENTS

24.1 Rights and Waivers

No failure to exercise, nor any delay in exercising, on the part of the Security Agent or the COFACE Agent, any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by Applicable Law.

24.2 Amendments

No amendment or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed or approved in writing by the Borrower, Thermo, the Security Agent, the COFACE Agent and the Offshore Account Bank.

25. ADDITIONAL PROVISIONS

25.1 Partial Invalidity

If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the Applicable Law of any jurisdiction, such illegality, invalidity or unenforceability shall not affect:

(a) the legality, validity or enforceability of the remaining provisions of this Agreement; or

(b) the legality, validity or enforceability of such provision under Applicable Law of any other jurisdiction.

25.2 Counterparts

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

25.3 Benefit of Agreement

(a) This Agreement binds and benefits the respective successors and permitted assigns and transferees of the COFACE Agent and the Security Agent as permitted under the Facility Agreement.

(b) Subject to Clause 22.4 (*Resignation and Removal*), none of the Offshore Account Bank, Thermo nor the Borrower may assign any of their respective rights or transfer any of their respective rights and obligations under this Agreement, unless otherwise provided in the Finance Documents or unless the COFACE Agent has approved of such transfer or assignment in writing.

26. GOVERNING LAW

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

27. ENFORCEMENT

The terms of Clause 40 (*Enforcement*) of the Facility Agreement are incorporated, *mutatis mutandis*, herein by reference.

IN WITNESS WHEREOF this Agreement has been duly executed and delivered as a deed by the parties hereto on the day and year first above written.

SCHEDULE 1

FORM OF DISTRIBUTION CERTIFICATE

[*Letterhead of the Borrower*]

DISTRIBUTION CERTIFICATE

Date of Delivery:
within five (5) Business
Days of the date of a
Shareholder Distribution

BNP Paribas,
as the COFACE Agent

Ladies and Gentlemen:

1. This Distribution Certificate is delivered to you pursuant to the accounts agreement, dated [●] by and among Globalstar, Inc. (the "**Borrower**"), Thermo Funding Company LLC, BNP Paribas, in its capacity as the Security Agent, BNP Paribas as the Offshore Account Bank, and BNP Paribas in its capacity as the COFACE Agent (the "**Accounts Agreement**"). All capitalised terms used herein shall have the respective meanings specified in the Accounts Agreement.

2. We hereby certify that we withdrew an amount equal to US$ [●] from the Distribution Account on [●].

3. We hereby confirm that as of the date of the Shareholder Distribution, each of the conditions to the making of a Shareholder Distribution set out in Clause 22.6 (*Limitations on Dividends and Distributions*) of the Facility Agreement were satisfied.

IN WITNESS WHEREOF, the undersigned has executed this Distribution Certificate as of the date hereof.

GLOBALSTAR, INC.

By: ______________________________
Name:
Title:

SCHEDULE 2

FORM OF BLOCKING NOTICE

To: BNP Paribas,
as Offshore Account Bank

Union Bank of California,
as Onshore Account Bank

BNP Paribas,
as Security Agent

Globalstar, Inc.,
as the Borrower

Thermo Funding Company LLC,
as Thermo

Ladies and Gentlemen:

1. This Blocking Notice is delivered to you pursuant to the accounts agreement, dated [●] by and among Globalstar, Inc. (the "**Borrower**"), Thermo Funding Company LLC, BNP Paribas, in its capacity as the Security Agent, BNP Paribas as the Offshore Account Bank and BNP Paribas in its capacity as the COFACE Agent (the "**Accounts Agreement**"). Unless otherwise defined herein, all capitalised terms used herein shall have the respective meanings specified in the Accounts Agreement.

2. We hereby give you notice pursuant to Clause 19.1 (*Blocking Notices*) of the Accounts Agreement that:

   (a) an Event of Default has occurred and is continuing and has not been waived;

   (b) [reference to enforcement action being taken in accordance with the Accounts Agreement and the Facility Agreement]; and

   (c) pursuant to paragraph (b) of Clause 18 (*Event of Default*) of the Accounts Agreement, until such time as you receive an Unblocking Notice, each of the Borrower and Thermo may not withdraw any monies from the Project Accounts without the consent of the COFACE Agent.

   This notice constitutes a Blocking Notice for the purposes of 19.1 (*Blocking Notices*) of the Accounts Agreement.

3. Please note that during the continuance of the Blocking Notice, instructions may only be given by any person authorised by the COFACE Agent to act on its behalf in the performance of any act, discretion or duty under the Accounts Agreement (including, for the avoidance of doubt, any officer or employee of such person) (each an "**Authorised Person**"). The names of each (a) Authorised Person; and (b) Callback Contact are set out in Appendix A of this Blocking Notice. The COFACE Agent may change the names of the Authorised Persons and/or Callback Contacts by giving not less than five (5) Business Days' prior written notice to each Account Bank of updating Appendix A.

Authorised to sign for and on behalf of
BNP Paribas
(in its capacity as COFACE Agent)

Appendix A

AUTHORISED PERSONS

COFACE Agent

Name	Position	Specimen signature	Telephone number

CALLBACK CONTACTS

COFACE Agent

Name	Position	Telephone number

SCHEDULE 3

FORM OF UNBLOCKING NOTICE

To: BNP Paribas,
as Offshore Account Bank

Union Bank of California,
as Onshore Account Bank

BNP Paribas,
as Security Agent

Globalstar, Inc.,
as the Borrower

Thermo Funding Company LLC,
as Thermo

Ladies and Gentlemen:

1. This Unblocking Notice is delivered to you pursuant to the accounts agreement, dated [●] by and among Globalstar, Inc. (the "**Borrower**"), Thermo Funding Company LLC, BNP Paribas, in its capacity as the Security Agent, BNP Paribas as the Offshore Account Bank and BNP Paribas in its capacity as the COFACE Agent (the "**Accounts Agreement**"). All capitalised terms used herein shall have the respective meanings specified in the Accounts Agreement.

2. We refer to the notice from us to you dated [●] advising you that an Event of Default had occurred and was then continuing and that we were issuing a Blocking Notice in accordance with the Accounts Agreement and the Facility Agreement (the "**Blocking Notice**").

3. We hereby give you notice pursuant to Clause 19.2 (*Unblocking Notices*) of the Accounts Agreement that the Blocking Notice is revoked and that you are hereby instructed and authorised to make all payments and transfers from the Project Accounts in accordance with the instructions and directions given by the Borrower or, as the case may be, Thermo from time to time in accordance with the Accounts Agreement.

This notice constitutes an Unblocking Notice for the purposes of Clause 19.2 (*Unblocking Notices*) of the Accounts Agreement.

____

Authorised to sign for and on behalf of
[●]
(in its capacity as COFACE Agent)

SCHEDULE 4

FORM OF ACCESSION MEMORANDUM

To: BNP Paribas,
as COFACE Agent

Ladies and Gentlemen:

1. This accession deed is delivered to you pursuant to the accounts agreement, dated [●] by and among Globalstar, Inc. (the "**Borrower**"), Thermo Funding Company LLC, BNP Paribas, in its capacity as the Security Agent, BNP Paribas as the Offshore Account Bank and BNP Paribas in its capacity as the COFACE Agent (the "**Accounts Agreement**"). All capitalised terms used herein shall have the respective meanings specified in the Accounts Agreement.

2. [●] hereby agrees with each other person who is or who becomes a party to the Accounts Agreement that with effect on and from the date hereof it will be bound by the Accounts Agreement as if it had been party originally to the Accounts Agreement as the Offshore Account Bank.

3. The address for notices of the new Offshore Account Bank is [●].

This deed is governed by English law.

[*EXECUTED UNDER SEAL by*] Offshore Account Bank.

SCHEDULE 5

ORDER OF APPLICATION

The Borrower shall only apply balances standing to the credit of the Collection Account for the following purposes and in the following order of priority:

(a) to pay Taxes due in relation to the Borrower's operations;

(b) after giving effect to the withdrawals made pursuant to paragraph (a) above, to make any Operating Expenditure (but excluding any bonus payments (howsoever described) by the Borrower to the Supplier pursuant to the Satellite Construction Contract) payments due and owing by the Borrower;

(c) after giving effect to the withdrawals made pursuant to paragraphs (a) to (b) inclusive above, fees due and payable as of such date by the Borrower to the COFACE Agent, the Security Agent, the Offshore Account Bank and/or the Onshore Account Bank;

(d) after giving effect to the withdrawals made pursuant to paragraphs (a) to (c) inclusive above, funding of the Debt Service Account up to the DSA Required Balance;

(e) after giving effect to the withdrawals made pursuant to paragraphs (a) to (d) inclusive above, funding of the Debt Service Reserve Account up to the DSRA Required Balance *provided that*, prior to the First Repayment Date the DSRA Required Balance may be funded by both the Supplier Guarantee and Cash *provided* an amount in Cash not less than the DSRA Required Cash Balance is credited to the Debt Service Reserve Account;

(f) after giving effect to the withdrawals made pursuant to paragraphs (a) to (e) inclusive above, in or towards payment or reimbursement on a *pro rata* basis of all other sums then due and payable by the Borrower to any Finance Party under any of the Finance Documents;

(g) after giving effect to the withdrawals made pursuant to paragraphs (a) to (f) inclusive above, funding of the Convertible Note Reserve Account up to the CNRA Required Balance;

(h) after giving effect to the withdrawals made pursuant to paragraphs (a) to (g) inclusive above, mandatory prepayments then due and payable pursuant to Clauses 7.1 (*Illegality*), 7.3 (*Mandatory Prepayment – Initial Excess Cash Flow*), 7.4 (*Mandatory Prepayment – Ongoing Excess Cash Flow*) and 7.6 (*Mandatory Prepayment – Asset Dispositions*) of the Facility Agreement;

(i) after giving effect to the withdrawals made pursuant to paragraph (a) to (h) above, subject in respect of Phase 3 Costs to Clause 22.14 (*Excess Cash Flow / Purchase of Satellites*) of the Facility Agreement, to make any capital expenditure (including Covenant Capital Expenditure) payments due and owing by the Borrower;

(j) after giving effect to the withdrawals made pursuant to paragraphs (a) to (i) inclusive above, if the Borrower elects, voluntary prepayments pursuant to Clause 7.9 (*Voluntary Prepayment of the Loans*) of the Facility Agreement;

(k) after giving effect to the withdrawals made pursuant to paragraphs (a) to (j) inclusive above, in or towards payment of any bonus payments (howsoever described) then due and payable by the Borrower to the Supplier under the Satellite Construction Contract; and

(l) after giving effect to the withdrawals made pursuant to paragraphs (a) to (k) inclusive above, to the Distribution Account all or part of the funds remaining in the Collection Account but excluding any amount of Liquidity included in the most recent calculation of any of the financial covenants referred to in Clause 20 (*Financial Covenants*) of the Facility Agreement.

SCHEDULE 6

AUTHORISED PERSONS AND CALLBACK CONTACTS

AUTHORISED PERSONS

The Borrower

Name	Position	Specimen signature	Telephone number
[●]	[●]		[●]
[●]	[●]		[●]
[●]	[●]		[●]

Thermo

Name	Position	Specimen signature	Telephone number
[●]	[●]		[●]
[●]	[●]		[●]
[●]	[●]		[●]

CALLBACK CONTACTS

The Borrower

Name	Position	Telephone number
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

Thermo

Name	Position	Telephone number
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

DOMESTIC ACCOUNTS

Account No.	Entity	Financial Institution	Address
[*]	Globalstar Inc Special Deposit Account	Union Bank of California	Specialized Deposits 218 PO Box 513840 Los Angeles, CA 90051-3840
[*]	Globalstar Inc Special Deposit Account	Union Bank of California	Santa Clara Valley Corp Deposits 645 PO Box 513840 Los Angeles, CA 90051-3840
[*]	Globalstar LLC (Payroll)	Union Bank of California	Santa Clara Valley Corp Deposits 645 PO Box 513840 Los Angeles, CA 90051-3840
[*]	Globalstar Inc	Union Bank of California	IS&AM, Domestic Custody 350 California Street, 6th Floor, San Francisco, CA 94104
[*]	Globalstar Leasing LLC Special Deposit Account	Union Bank of California	Santa Clara Valley Corp Deposits 645 PO Box 513840 Los Angeles, CA 90051-3840
[*]	Spot LLC Revenue Account Special Deposit Account	Union Bank of California	Santa Clara Valley Corp Deposits 645 PO Box 513840 Los Angeles, CA 90051-3840
[*]	Spot LLC Disbursement Account Special Deposit Account	Union Bank of California	Santa Clara Valley Corp Deposits 645 PO Box 513840 Los Angeles, CA 90051-3840
[*]	Spot LLC Payroll	Union Bank of California	Santa Clara Valley Corp Deposits 645 PO Box 513840 Los Angeles, CA 90051-3840
[*]	Spot LLC	Union Bank of California	Santa Clara Valley Corp Deposits 645 PO Box 513840 Los Angeles, CA 90051-3840
[*]	Globalstar USA LLC Special Deposit Account	Union Bank of California	Santa Clara Valley Corp Deposits 645 PO Box 513840 Los Angeles, CA 90051-3840
[*]	Globalstar USA LLC Special Deposit Account	Union Bank of California	Santa Clara Valley Corp Deposits 645 PO Box 513840 Los Angeles, CA 90051-3840
[*]	Globalstar USA LLC.	The Bank of New York Mellon	One Wall Street, New York, NY 10286
[*]	Globalstar Caribbean Ltd	Union Bank of California	Santa Clara Valley Corp Deposits 645 PO Box 513840 Los Angeles, CA 90051-3840
[*]	Globalstar Caribbean Ltd	Union Bank of California	Santa Clara Valley Corp Deposits 645 PO Box 513840 Los Angeles, CA 90051-3840
[*]	GSSI LLC	Union Bank of California	Santa Clara Valley Corp Deposits 645 PO Box 513840 Los Angeles, CA 90051-3840
[*]	Globalstar C LLC Special Deposit Account	Union Bank of California	Santa Clara Valley Corp Deposits 645 PO Box 513840 Los Angeles, CA 90051-3840

FOREIGN ACCOUNTS

Account No.	Entity	Financial Institution	Address
[*]	Globalstar do Brasil S.A.	Banco Bradesco S.A.	Av. Rio Branco, 116 - Centro - RJ
[*]	Globalstar do Brasil S.A.	Banco Bradesco S.A.	Av. Rio Branco, 116 - Centro - RJ
[*]	Globalstar do Brasil S.A.	Banco Bradesco S.A.	Av. Rio Branco, 116 - Centro - RJ
[*]	Globalstar do Brasil S.A.	Banco Bradesco S.A.	Av. Rio Branco, 116 - Centro - RJ
[*]	Globalstar do Brasil S.A.	Banco Bradesco S.A.	Av. Rio Branco, 116 - Centro - RJ
[*]	Globalstar do Brasil S.A.	Banco Real ABN Amro	Av. Rio Branco, 257 - Centro - RJ
[*]	Globalstar do Brasil S.A.	Banco do Brasil S.A.	Av.das Americas, 4430 - Barra da Tijuca - RJ
[*]	Globalstar do Brasil S.A.	Citibank	Rua da Assembleia, 100 - Centro - RJ
[*]	Globalstar do Brasil S.A.	Banco Basa	Av. Alvaro Botelho Maia, 416 - Manaus - AM
[*]	Globalstar do Brasil S.A.	Banco Itau	Rua Senador Dantas, 74 A Centro - RJ
[*]	Globalstar do Brasil S.A.	Citibank	Av. Paulista, 1.111 - Sao Paulo
[*]	Globalstar do Brasil S.A.	Banco Itau	Rua Senador Dantas, 74 A Centro - RJ
[*]	Globalstar Panama, Corp.	Banistmo	Panama, Obarrio entre la Ave. Samuel Lewis y calle 58. Edificio ADR.
[*]	Globalstar Panama, Corp.	Bac International Bank	Panamá, Marbella, Calle 43 y Aquilino de la Guardia.
[*]	Globalstar Panama, Corp.	Banco Nacional de Panamá	Panamá, Vía España, edificio Banco Nacional.
[*]	Globalstar Honduras	Bac International Bank	Honduras, Tegucigalpa, Boulevard Suyapa, Fte. a Emisoras Unidas
[*]	Globalstar Honduras	Bac International Bank	Honduras, Tegucigalpa, Boulevard Suyapa, Fte. a Emisoras Unidas
[*]	Globalstar Honduras	Banco Atlantida	Honduras, Blvd. Centroamérica, Plaza Bancatlan, Frente Edificio Imprema.
[*]	Globalstar Honduras	HSBC	Honduras, Bo. El centro, 2da. Avenida 14 de Julio, 9na. Calle, La Ceiba, Atlántida.
[*]	Globalstar Guatemala	Bac International Bank	Guatemala, 11 Calle 5-16, Edificio Torre de Estacionamiento, Locales 1-02 /1-03.
[*]	Globalstar Guatemala	Bac International Bank	Guatemala, 11 Calle 5-16, Edificio Torre de Estacionamiento, Locales 1-02 /1-03.
[*]	Globalstar Guatemala	Banrural	Guatemala, Avenida La Reforma 9-30, zona 9. 01009.
[*]	Globlastar Nicaragua	Bac International Bank	Nicaragua, Managua, Carretera Masaya Km 4 ½.
[*]	Globlastar Nicaragua	Bancentro	Nicaragua, Managua, km 4 1/2 carretera a Masaya.
[*]	Globlastar Nicaragua	Bancentro	Nicaragua, Managua, km 4 1/2 carretera a Masaya.
[*]	Globalstar de Venezuela	BANESCO - RECAUDADORA	Av. Ppal. de La Castellana, Edif. Multinvest
[*]	Globalstar de Venezuela	BANESCO - NOMINA	Av. Ppal. de La Castellana, Edif. Multinvest
[*]	Globalstar de Venezuela	BANCO VENEZUELA	Av. Ppal. de La Castellana, Edif. Multinvest
[*]	Globalstar de Venezuela	BANCO GUAYANA	Av. Venezuela de el Rosal. Torre Lamaletto. Caracas-Dtto. Capital
[*]	Globalstar de Venezuela	BANCO CITIBANK	Av. Casanova, Centro Comercial El Recreo, Torre Norte, Piso 18, Citigold. Sabana Grande.

[*]	Globalstar de Venezuela	BANCO CITIBANK	
[*]	Globalstar de Venezuela	BANCO VENEZOLANO DE CREDITO	Av. Ppal. de La Castellana, Edif. Multinvest
[*]	Globalstar de Colombia	Bancolombia	Colombia, Cali
[*]	Globalstar Europe Satellite Services Ltd.	Bank of Ireland (Main)	Ballsbridge, Dublin 4, Ireland.
[*]	Globalstar Europe Satellite Services Ltd.	Bank of Ireland (Deposit)	Ballsbridge, Dublin 4, Ireland.
[*]	Globalstar Europe Satellite Services Ltd.	Standard Chartered Bank (Payable)	Standard Chartered Bank, 1st Floor, 1 Aldermanbury Square, London EC2V 7SB
[*]	Globalstar Europe Satellite Services Ltd.	Standard Chartered Bank (Receivable)	Standard Chartered Bank, 1st Floor, 1 Aldermanbury Square, London EC2V 7SB
[*]	Globalstar Europe Satellite Services Ltd.	Banco Santander Central Hispano	c/ Almagro 24, Madrid, Spain.
[*]	Globalstar Europe Satellite Services Ltd.	Unicredit Banca	Via Della Moscova, 58 Ang La Foppa, 20121 Milan, Italy
[*]	Globalstar Europe S.A.R.L.	CIC Paris Beauvau Entreprises	11 Rue D'Aguesseau, 75008 Paris, France
[*]	Globalstar Satellite Services PTE LTD	Citibank Singapore	Robinson Road P.O. Box 330, Singapore 900630

CANADIAN ACCOUNTS

Account No.	Entity	Financial Institution	Address
[*]	Globalstar Canada Satellite Co.	TD Canada Trust	55 King Street West, Toronto, Ontario M5K 1A2
[*]	Globalstar Canada Satellite Co.	TD Canada Trust	55 King Street West, Toronto, Ontario M5K 1A2
[*]	Globalstar Canada Satellite Co.	TD Canada Trust	55 King Street West, Toronto, Ontario M5K 1A2
[*]	Globalstar Canada Satellite Co.	TD Canada Trust	55 King Street West, Toronto, Ontario M5K 1A2

SCHEDULE 7

FORM OF PAYMENT/TRANSFER INSTRUCTION

[*Name of Offshore Account Bank:* [●]]
[*Address of Offshore Account Bank:* [●]]

For the attention of:

[*DATE*]

Accounts Agreement

We refer to the accounts agreement, dated [●] by and among Globalstar, Inc. (the "**Borrower**"), Thermo Funding Company LLC, BNP Paribas, in its capacity as the Security Agent, BNP Paribas as the Offshore Account Bank and BNP Paribas in its capacity as the COFACE Agent (the "**Accounts Agreement**"). Words and expressions used in this Payment Instruction shall have the same meanings as in the Accounts Agreement.

You are hereby instructed to pay the following amount[s]:

Payment Account [●]/[Account Transfer Details]

[Correspondent Bank]
[Swift Code]/[ABA number (if dollars)]:
[Beneficiary Bank]

[SWIFT Code/[Sort Code/(if sterling)]]
[Account Name]
[Account Number]

[Ref.]

Amount: [*in words*]

Currency: [●]

This Payment Instruction shall be governed by English law.

Yours sincerely,

[GLOBALSTAR, INC.

By: ________________________________
(Authorised Representative)]

[THERMO FUNDING COMPANY LLC

By: ________________________________
(Authorised Representative)]

SCHEDULE 8

FORM OF INVESTMENT INSTRUCTION

[*Name of Offshore Account Bank:* [●]]
[*Address of Offshore Account Bank:* [●]]

For the attention of:

[*DATE*]

Account Bank Agreement

We refer to the accounts agreement, dated [●] by and among Globalstar, Inc. (the "**Borrower**"), Thermo Funding Company LLC, BNP Paribas, in its capacity as the Security Agent, BNP Paribas as the Offshore Account Bank and BNP Paribas in its capacity as the COFACE Agent (the "**Accounts Agreement**"). Words and expressions used in this Investment Instruction shall have the same meanings as in the Accounts Agreement.

This Investment Instruction is being provided to you in accordance with Clause 16 (*Authorised Investments*) of the Accounts Agreement. You are instructed to invest the following amount[s] from the Project Account[s] specified below on [*insert date*] in the Authorised Investment specified below:

[●] Account

Amount: [●]

Date of Payment: [●]

Currency: [●]

Authorised Investment† [●]

N.B. Instructions to be received by the Offshore Account Bank by close of business (Paris time) 3 clear Business Days prior to the value date of the intended payment.

This Investment Instruction shall be governed by English law.

Yours sincerely,

[GLOBALSTAR, INC.

By: ______________________________
(Authorised Representative)]

[THERMO FUNDING COMPANY LLC

By: ______________________________
(Authorised Representative)]

SCHEDULE 9

FORM OF LIQUIDATION INSTRUCTION

[*Name of Offshore Account Bank:* [●]]
[*Address of Offshore Account Bank:* [●]]

For the attention of:

[*DATE*]

Account Bank Agreement

We refer to the accounts agreement, dated [●] by and among Globalstar, Inc. (the "**Borrower**"), Thermo Funding Company LLC, BNP Paribas, in its capacity as the Security Agent, BNP Paribas as the Offshore Account Bank and BNP Paribas in its capacity as the COFACE Agent (the "**Accounts Agreement**"). Words and expressions used in this Liquidation Instruction shall have the same meanings as in the Accounts Agreement.

This Liquidation Instruction is being provided to you in accordance with Clause 16 (*Authorised Investments*) of the Accounts Agreement. You are instructed to liquidate or procure the liquidation of the following portions of the indicated Authorised Investment(s) and pay the proceeds to the Project Account.

1.	[*insert currency*] [*insert amount*] / [total balance]	From	[*insert Authorised Investment*]
2.	[*insert currency*] [*insert amount*] / [total balance]	From	[*insert Authorised Investment*]

Etc

Total	[*insert currency*] [*insert total*]

N.B. Instructions to be received by the Offshore Account Bank by close of business (Paris time) 1 clear Business Day prior to the value date of the intended payment.

This Liquidation Instruction shall be governed by English law.

Yours sincerely,

[GLOBALSTAR, INC./COFACE AGENT/THERMO FUNDING COMPANY LLC]

By: ______________________________
(Authorised Representative)

Certification of Chief Executive Officer

I, James Monroe III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Globalstar, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. 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: November 8, 2011

By: /s/ James Monroe III

James Monroe III

Chief Executive Officer

Certification of Chief Financial Officer

I, Dirk Wild, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Globalstar, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2011

By: /s/ Dirk Wild

Dirk Wild

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 quarterly report on Form 10-Q for the quarter ended September 30, 2011 of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 8, 2011

By: /s/ James Monroe III
James Monroe III
Chief Executive Officer

Dated: November 8, 2011

By: /s/ Dirk Wild
Dirk Wild
Chief Financial Officer