Globalstar, Inc.
Form 10-Q
May 07, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 March 31, 2010

OR

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

For the Transition Period from to

Commission File Number 001-33117

GLOBALSTAR, INC.

(Exact Name of Registrant as Specified in Its Charter)

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

461 South Milpitas Blvd.
Milpitas, California 95035

(Address of Principal Executive Offices)

Registrant s Telephone Number, Including Area Code: **(408) 933-4000**

Indicate by check mark if the Registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes o 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 o 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 o

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

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

As of April 30, 2010, 280,173,803 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.

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

	Three Months Ended	
	March 31, 2010	March 31, 2009 As Revised (Note 1)
Revenue:		
Service revenue	$12,454	$11,131
Subscriber equipment sales	3,117	4,032
Total revenue	15,571	15,163
Operating expenses:		
Cost of services (exclusive of depreciation and amortization shown separately below)	7,618	10,408
Cost of subscriber equipment sales	2,512	2,995
Marketing, general, and administrative	8,212	13,977
Depreciation and amortization	5,890	5,424
Total operating expenses	24,232	32,804
Operating loss	(8,661)	(17,641)
Other income (expense):		
Interest income	182	128
Interest expense	(1,410)	(240)
Derivative loss	(24,962)	
Other expense	(727)	(3,975)
Total other income (expense)	(26,917)	(4,087)
Loss before income taxes	(35,578)	(21,728)
Income tax expense	64	30
Net loss	$(35,642)	$(21,758)
Loss per common share:		
Basic	$(0.13)	$(0.20)
Diluted	(0.13)	(0.20)
Weighted-average shares outstanding:		
Basic	275,370	111,308
Diluted	275,370	111,308

See accompanying notes to unaudited interim consolidated financial statements.

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

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GLOBALSTAR, INC.

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

	March 31, 2010	December 31, 2009 As Revised (Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	$96,856	$67,881
Accounts receivable, net of allowance of $5,628 (2010), and $5,735 (2009)	8,788	9,392
Inventory	62,375	61,719
Advances for inventory	9,332	9,332
Prepaid expenses and other current assets	5,564	5,404
Total current assets	182,915	153,728
Property and equipment, net	982,013	964,921
Other assets:		
Restricted cash	40,473	40,473
Deferred financing costs	64,996	69,647
Other assets, net	49,189	37,871
Total assets	$1,319,586	$1,266,640
LIABILITIES AND OWNERSHIP EQUITY		
Current liabilities:		
Accounts payable	$6,879	$76,661
Accrued expenses	38,527	30,520
Payables to affiliates	622	541
Deferred revenue	15,739	19,911
Current portion of long term debt		2,259
Total current liabilities	61,767	129,892
Long term debt	591,483	463,551
Employee benefit obligations	4,488	4,499
Derivative liabilities	70,387	49,755
Other non-current liabilities	27,628	23,151
Total non-current liabilities	693,986	540,956
Ownership equity:		
Preferred Stock, $0.0001 par value: 100,000,000 shares authorized; issued and outstanding none at March 31, 2010 and December 31, 2009:		
Series A Preferred Convertible Stock, $0.0001 par value: one share authorized and none issued and outstanding at March 31, 2010 and December 31, 2009		

Voting Common Stock, $0.0001 par value; 865,000,000 shares authorized at March 31, 2010 and December 31, 2009, 279,495,000 shares issued and outstanding at March 31, 2010; 274,384,000 shares issued and outstanding at December 31, 2009	28	27
Nonvoting Common Stock, $0.0001 par value; 135,000,000 shares authorized, 19,276,000 shares issued and outstanding at March 31, 2010; 16,750,000 shares issued and outstanding at December 31, 2009	2	2
Additional paid-in capital	703,429	700,814
Accumulated other comprehensive loss	(651)	(1,718)
Retained deficit	(138,975)	(103,333)
Total ownership equity	563,833	595,792
Total liabilities and ownership equity	$1,319,586	$1,266,640

See accompanying notes to unaudited interim consolidated financial statements.

GLOBALSTAR, INC. CONSOLIDATED BALANCE SHEETS(In thousands, except par value and share data) 7

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GLOBALSTAR, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (In thousands)

	Three Months Ended	
	March 31, 2010	March 31, 2009 As Revised (Note 1)
Cash flows from operating activities:		
Net loss	$(35,642)	$(21,758)
Adjustments to reconcile loss to net cash from operating activities:		
Depreciation and amortization	5,890	5,424
Stock-based compensation expense	(1,781)	3,006
Change in fair value of derivative instruments and derivative liabilities	24,962	
Provision for bad debts	(19)	444
Equity losses in investee	416	218
Amortization of deferred financing costs	793	83
Contribution of services	42	126
Other	7	1,014
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	401	3,294
Inventory	1,355	694
Advances for inventory	270	(68)
Prepaid expenses and other current assets	(574)	174
Other assets	(15,875)	276
Accounts payable	(1,680)	2,081
Payables to affiliates	72	14
Accrued expenses and employee benefit obligations	715	454
Other non-current liabilities	903	(192)
Deferred revenue	(481)	2,591
Net cash used in operating activities	(20,226)	(2,125)
Cash flows from investing activities:		
Spare and second-generation satellites, ground and launch costs	(75,734)	(57,570)
Property and equipment additions	(888)	(778)
Investment in businesses	(177)	(145)
Restricted cash		39,099
Net cash used in investing activities	(76,799)	(19,394)
Cash flows from financing activities:		
Proceeds from revolving credit loan, net		7,750
Borrowings from Facility Agreement	126,075	

Deferred financing cost payments		(49)
Net cash from financing activities	126,075	7,701
Effect of exchange rate changes on cash	(75)	4,504
Net increase (decrease) in cash and cash equivalents	28,975	(9,314)
Cash and cash equivalents, beginning of period	67,881	12,357
Cash and cash equivalents, end of period	$96,856	$3,043
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	$5,927	$4,140
Income taxes	$24	$31
Supplemental disclosure of non-cash financing and investing activities:		
Capitalization of accrued interest for spare and second-generation satellites and launch costs	$5,890	1,047
Accrued launch costs and second-generation satellites costs	$13,846	$31,122
Conversion of note receivable to equity in investee company	$	3,032
Vendor financing of second-generation Globalstar System		7,875
Accretion of debt discount	$4,152	
Accrued deferred financing costs	$	1,287

See accompanying notes to unaudited interim consolidated financial statements.

GLOBALSTAR, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS(In thousands) 9

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GLOBALSTAR, INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

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

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

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) for interim financial information. These unaudited interim consolidated financial statements include the accounts of Globalstar and its majority owned or otherwise controlled subsidiaries. All significant intercompany transactions and balances have been eliminated in the consolidation. In the opinion of management, such information includes all adjustments, consisting of normal recurring adjustments, that are necessary for a fair presentation of the Company s consolidated financial position, results of operations, and cash flows for the periods presented. The results of operations for the three months ended March 31, 2010 are not necessarily indicative of the results that may be expected for the full year or any future period.

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

These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in the Company s Annual Report on Form 10-K for the year ended December 31, 2009. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted. Certain reclassifications have been made to prior year consolidated financial statements to conform to current year presentation.

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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Globalstar operates in one segment, providing voice and data communication services via satellite.

Issued Accounting Pronouncements Recently Adopted

Accounting for Own-Share Lending Arrangements in Contemplation of Convertible Debt Issuance

Effective January 1, 2010, the Company adopted the Financial Accounting Standards Board s (FASB s) updated guidance on accounting for share loan facilities. This guidance requires that share-lending arrangements be measured at fair value at the date of issuance and recognized as debt issuance cost with an offset to paid-in-capital. The issuance cost is required to be amortized as interest expense over the life of the financing arrangement. Per Company policy, this amortized debt issuance cost was capitalized as construction in process related to our second generation satellite constellation and, therefore, included in property and equipment, net on our Consolidated Balance Sheet. The standard also requires additional disclosures including a description of the terms of the arrangement and the reason for entering into the arrangement. As described more fully in Note 13, we were obligated to lend up to 36.1 million shares of our common stock in conjunction with our 2008 $150.0 million convertible debt issuance that is subject to the provisions of this updated guidance.

The Company has retrospectively revised the Consolidated Statement of Operations for the three months ended March 31, 2009 and the Consolidated Balance Sheet as of December 31, 2009 to reflect the adoption of this updated guidance. In addition, the Company revised Notes 2, 4, and 13 to reflect the retrospective adoption.

The following table illustrates the impact of this adoption on the Company s Consolidated Balance Sheet as of December 31, 2009 and the Consolidated Statement of Operations for the three months ended March 31, 2009:

	As of December 31, 2009		
	As Originally Reported	Effect of Change	As Revised
	(In thousands)		
Property and equipment, net	$ 961,768	$ 3,153	$ 964,921
Deferred financing costs	$ 64,156	$ 5,491	$ 69,647
Additional paid-in capital	$ 684,539	$ 16,275	$ 700,814
Retained deficit	$ (95,702)	$ (7,631)	$ (103,333)

		Three Months Ended March 31, 2009		
		As Originally Reported	Effect of Change	As Revised
		(In thousands)		
Weighted average shares outstanding	basic	128,608	(17,300)	111,308
Weighted average shares outstanding	diluted	128,608	(17,300)	111,308
Basic loss per share		$ (0.17)	$ (0.03)	$ (0.20)
Diluted loss per share		$ (0.17)	$ (0.03)	$ (0.20)

At March 31, 2010 and 2009, 17.3 million Borrowed Shares related to our Share Lending Agreement (See Note 13) remained outstanding. The Company does not consider the Borrowed Shares outstanding for the purposes of computing and reporting its earnings per share.

Subsequent Events

Effective April 1, 2009, the Company adopted the FASB s updated guidance related to subsequent events, which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The updated guidance

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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

initially required the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date that is, whether that date represents the date the financial statements were issued or were available to be issued. However, in February 2010, the FASB amended the guidance to remove the requirement to disclose the date through which subsequent events were evaluated. Adoption of the updated guidance did not have a material impact on the Company s consolidated results of operations or financial condition.

Fair Value Measurements and Disclosures

Effective January 1, 2010, the Company adopted the FASB s updated guidance related to fair value measurements and disclosures, which 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 should 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 is 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. Therefore, the Company has not yet adopted the guidance with respect to the roll forward activity in Level 3 fair value measurements. Adoption of the updated guidance did not have an impact on the Company s consolidated results of operations or financial condition.

Issued Accounting Pronouncements Not Yet Adopted

In October 2009, the FASB issued new guidance for the accounting for certain revenue arrangements that include software elements. These new standards amend the scope of pre-existing software revenue guidance by removing from the guidance non-software components of tangible products and certain software components of tangible products. These new standards are effective for Globalstar beginning in the first quarter of fiscal year 2011, however early adoption is permitted. The Company does not expect these new standards to significantly impact its Consolidated Financial Statements.

In October 2009, the FASB issued updated guidance which eliminates the use of the residual method and incorporates the use of an estimated selling price to allocate arrangement consideration. In addition, the revenue recognition guidance amends the scope to exclude tangible products that contain software and non-software components that function together to deliver the product s essential functionality. The amendments to the accounting standards related to revenue recognition are effective for fiscal years beginning after June 15, 2010. Upon adoption, the Company may apply the guidance retrospectively or prospectively for new or materially modified arrangements. The Company is currently evaluating the financial impact that this accounting standard will have on its Consolidated Financial Statements.

2. BASIC AND DILUTED LOSS PER SHARE

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

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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2. BASIC AND DILUTED LOSS PER SHARE (continued)

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

	Three Months Ended March 31, 2010		
	Income (Numerator)	Weighted-Average Shares Outstanding (Denominator)	Per-Share Amount
Basic and dilutive loss per common share			
Net loss	$ (35,642)	275,370	$ (0.13)

	Three Months Ended March 31, 2009		
	Income (Numerator)	Weighted-Average Shares Outstanding (Denominator)	Per-Share Amount
Basic and dilutive loss per common share			
Net loss	$ (21,758)	111,308	$ (0.20)

For the three month periods ended March 31, 2010 and 2009, diluted net loss per share of common stock is the same as basic net loss per share of common stock because the effects of potentially dilutive securities are anti-dilutive. See Note 13 for information on potentially dilutive shares.

3. ACQUISITION

On December 18, 2009, Globalstar entered into an agreement with Axonn L.L.C. (Axonn) pursuant to which one of the Company s wholly-owned subsidiaries acquired certain assets and assumed certain liabilities of Axonn in exchange for payment at closing of $1.5 million in cash, subject to a working capital adjustment, and $5.5 million in shares of its voting common stock. Of these amounts, $500,000 in cash was held in an escrow account to cover expenses related to the voluntary replacement of first production models of our second-generation SPOT satellite GPS messenger devices. Additionally, 2,750,000 shares of stock are held in escrow for any pre-acquisition contingencies not disclosed during the transaction. Globalstar is also obligated to pay up to an additional $10.8 million for earnout payments based on sales of existing and new products over a five-year earnout period. As of December 31, 2009, the Company s best estimate of the total earnout was 100% or $10.8 million; consequently, the Company accrued the fair value of that expected earnout or approximately $6.0 million. This estimate has not changed as of March 31, 2010. Earnout payments will be made principally in stock (not to exceed 10% of the Company s pre-transaction outstanding common stock), but may be paid in cash after 13 million shares have been issued at Globalstar s option. Axonn was the principal supplier of the SPOT satellite GPS messenger products.

In connection with the transaction described above, the Company issued 6,298,058 shares of voting common stock to Axonn and certain of its lenders under Section 4(2) of the Securities Act of 1933 as a transaction not involving a public offering. The recipients may not sell any of these shares until the first anniversary of the closing.

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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

3. ACQUISITION (continued)

The following table summarizes the Company s initial allocation of the purchase price to the assets acquired and liabilities assumed in the acquisition (in thousands):

	December 18, 2009
Accounts receivable	$ 1,176
Inventory	2,897
Property and equipment	931
Intangible assets and goodwill	10,303
Total assets acquired	$ 15,307
Accounts payable and other accrued liabilities	2,311
Total liabilities assumed	$ 2,311
Net assets acquired	$ 12,996

The Company is accounting for the acquisition using the purchase method of accounting. The Company allocated the total estimated purchase prices to net tangible assets and identifiable intangible assets based on their fair values as of the date of the acquisition, recording the excess of the purchase price over those fair values as goodwill. The Company estimates that a portion of the final purchase price will be allocated to goodwill because of the synergies within the marketing organizations and the manufacturing expertise of Axonn. This allocation is preliminary due to the acquisition being completed late in the Company s fiscal year and the Company being unable to complete the valuation prior to this report s filing date. This allocation will be finalized within one year from the acquisition date.

The Company has included the results of operations of Axonn in its consolidated financial statements from the date of acquisition. The results of Axonn prior to the acquisition are not material.

4. PROPERTY AND EQUIPMENT

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

	March 31, 2010	December 31, 2009
Globalstar System:		
Space component	$ 132,982	$ 132,982

Ground component	31,059	31,623
Construction in progress:		
Second-generation satellites, ground and related launch costs	873,924	852,466
Other	1,357	1,223
Furniture and office equipment	21,102	20,316
Land and buildings	4,216	4,308
Leasehold improvements	831	823
	1,065,471	1,043,741
Accumulated depreciation	(83,458)	(78,820)
	$982,013	$964,921

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

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GLOBALSTAR, INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. PROPERTY AND EQUIPMENT (continued)

In June 2009, Globalstar and Thales Alenia Space entered into an amended and restated contract for the construction of second-generation low-earth orbit satellites to incorporate prior amendments and acceleration requests and to make other non-material changes to the contract entered into in November 2006. The total contract price, including subsequent additions, is approximately €678.9 million. Upon closing of the Facility Agreement (See Note 13 Borrowings), amounts in the escrow account became unrestricted and were reclassified to cash and cash equivalents.

In March 2007, the Company and Thales Alenia Space entered into an agreement for the construction of the Satellite Operations Control Centers, Telemetry Command Units and In Orbit Test Equipment (collectively, the Control Network Facility) for the Company s second-generation satellite constellation. The total contract price for the construction and associated services is €9.8 million, consisting primarily of €4.1 million for the Satellite Operations Control Centers, €3.6 million for the Telemetry Command Units and €2.1 million for the In Orbit Test Equipment, with payments to be made on a quarterly basis through completion of the Control Network Facility. The completion of the facility is now scheduled to occur during the second quarter of 2010.

In September 2007, the Company and Arianespace (the Launch Provider) entered into an agreement for the launch of the Company s second-generation satellites and certain pre and post-launch services. Pursuant to the agreement, the Launch Provider agreed to make four launches of six satellites each, and the Company had the option to require the Launch Provider to make four additional launches of six satellites each. The total contract price for the first four launches is approximately $216.1 million. In July 2008, the Company amended its agreement with the Launch Provider for the launch of the Company s second-generation satellites and certain pre and post-launch services. Under the amended terms, the Company could defer payment on up to 75% of certain amounts due to the Launch Provider. The deferred payments incurred annual interest at 8.5% to 12% and became payable one month from the corresponding launch date. As of March 31, 2010 and December 31, 2009, the Company had no deferred payments outstanding to the Launch Provider. In June 2009, the Company and the Launch Provider again amended their agreement reducing the number of optional launches from four to one and modifying the agreement in certain other respects including terminating the deferred payment provisions. Notwithstanding the one optional launch, the Company is free to contract separately with the Launch Provider or another provider of launch services after the Launch Provider s firm launch commitments are fulfilled.

In May 2008, the Company and Hughes Network Systems, LLC (Hughes) entered into an agreement under which Hughes will design, supply and implement (a) the Radio Access Network (RAN) ground network equipment and software upgrades for installation at a number of the Company s satellite gateway ground stations and (b) satellite interface chips to be a part of the User Terminal Subsystem (UTS) in various next-generation Globalstar devices. In January 2010, the Company issued an authorization to proceed on $2.7 million of new features which will result in a revised total contract purchase price of approximately $103.5 million, payable in various increments over a period of 57 months. The Company has the option to purchase additional RANs and other software and hardware improvements at pre-negotiated prices. In August 2009, the Company and Hughes amended their agreement extending the performance schedule by 15 months and revising certain payment milestones. Capitalization of costs has begun based upon reaching technological feasibility of the project. As of March 31, 2010, the Company had made payments of $38.8 million under this contract and expensed $5.5 million of these payments, capitalized $25.8 million under second-generation satellites, ground and related launch costs and $7.5 million is classified as a prepayment in other assets, net.

In October 2008, the Company signed an agreement with Ericsson Federal Inc., a leading global provider of technology and services to telecom operators. In December 2009, the Company amended this contract to increase its obligations by $5.1 million for additional deliverables and features. According to the $27.8 million contract, Ericsson will work with the Company to develop, implement and maintain a ground interface, or core network, system that will be installed at the Company s satellite gateway ground stations.

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GLOBALSTAR, INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. PROPERTY AND EQUIPMENT (continued)

As of March 31, 2010 and December 31, 2009, capitalized interest recorded was $85.3 million and $75.1 million, respectively. Interest capitalized during the three months ended March 31, 2010 and 2009 was $10.2 million and $6.6 million, respectively. Depreciation and amortization expense for the three months ended March 31, 2010 and 2009 was $5.9 million and $5.4 million, respectively.

5. PAYABLES TO AFFILIATES

Payables to affiliates relate to normal purchase transactions, excluding interest, and were $0.6 million and $0.5 million at March 31, 2010 and December 31, 2009, respectively.

Thermo incurs certain general and administrative expenses on behalf of the Company, which are charged to the Company. For the three months ended March 31, 2010 and 2009, total expenses were approximately $51,000 and $44,000, respectively. For the three months ended March 31, 2010, the Company also recorded $42,000 of non-cash expenses related to services provided by an executive officer of Thermo (who is also a Director of the Company) who received no cash compensation from the Company which was accounted for as a contribution to capital. For the three months ended 2009, the Company also recorded $127,000 of non-cash expenses 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. Management believes the allocations are reasonable.

6. TAXES

On January 1, 2009, the Company adopted FASB ASC 470-20, which was effective retrospectively. Prior to this adoption, the Company had recorded the net tax effect of the conversions and exchanges of the Company s 5.75% Notes (See Note 13) during the fourth quarter of 2008 against additional-paid-in-capital and reduced its deferred tax assets at December 31, 2008. This adoption resulted in the Company recording a gain from the exchanges and conversions of the Notes and reversing the charge taken to additional-paid-in-capital and deferred tax assets.

Accordingly, for the period ending December 31, 2009, the net deferred tax assets were $0. For the period ended March 31, 2010, the deferred tax assets continue to be fully reserved.

The Internal Revenue Service (IRS) previously notified the Company that the Company (formerly known as Globalstar LLC), one of its subsidiaries, and its predecessor, Globalstar L.P., were under audit for the taxable years ending December 31, 2005, December 31, 2004, and June 29, 2004, respectively. During the taxable years at issue, the Company, its predecessor, and its subsidiary were treated as partnerships for U.S. income tax purposes. In December 2009, the IRS issued Notices of Final Partnership Administrative Adjustments related to each of the taxable years at issue. The Company disagrees with the proposed adjustments and is pursuing the matter through applicable IRS and judicial procedures as appropriate.

During April 2010, the Company received notification from the IRS that the Company s 2007 and 2008 returns were selected for examination. At this time, the audit has not yet commenced.

Except for the IRS audits noted above, neither the Company nor any of its subsidiaries is currently under audit by the IRS or by any state jurisdiction in the United States. The Company s corporate U.S. tax returns for 2006 and subsequent years and its U.S. partnership tax returns filed for years prior to 2006 remain open and 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.

In the Company s international tax jurisdictions, numerous tax years remain subject to examination by tax authorities, including tax returns for 2001 and subsequent years.

Except for the matters noted above, the Company is not aware of any audits or other pending tax matters.

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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

7. GEOGRAPHIC INFORMATION

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

	Three Months Ended March 31,	
	2010	2009
Service:		
United States	$ 7,677	$ 6,482
Canada	2,896	2,837
Central and South America	1,077	1,147
Europe	712	590
Others	92	75
Total service revenue	12,454	11,131
Subscriber equipment:		
United States	2,162	1,523
Canada	524	1,377
Central and South America	252	324
Europe	177	221
Others	2	587
Total subscriber equipment revenue	3,117	4,032
Total revenue	$ 15,571	$ 15,163

8. RELATED PARTY TRANSACTIONS

Since 2005, Globalstar has issued separate purchase orders for additional phone equipment and accessories under the terms of previously executed commercial agreements with Qualcomm. Within the terms of the commercial agreements, the Company paid Qualcomm approximately 7.5% to 25% of the total order as advances for inventory. As of March 31, 2010 and December 31, 2009, total advances to Qualcomm for inventory were $9.2 million. As of each of March 31, 2010 and December 31, 2009, the Company had outstanding commitment balances of approximately $49.4 million. On February 12, 2010, the Company amended its agreement with Qualcomm to extend the term and defer delivery of mobile phones and related equipment until June 2011 through February 2013.

On August 16, 2006, the Company entered into an amended and restated credit agreement with Wachovia Investment Holdings, LLC, as administrative agent and swingline lender, and Wachovia Bank, National Association, as issuing lender, which was subsequently amended on September 29 and October 26, 2006. On December 17, 2007, Thermo was assigned all the rights (except indemnification rights) and assumed all the obligations of the administrative agent and the lenders under the amended and restated credit agreement, and the credit agreement was again amended and restated. In connection with fulfilling the conditions precedent to funding under the Company s Facility Agreement, in June 2009, Thermo converted the loans outstanding under the credit agreement into equity and terminated the credit agreement. In addition, Thermo and its affiliates deposited $60.0 million in a contingent equity account to fulfill a condition precedent for borrowing under the Facility Agreement, purchased $11.4 million of the Company s 8% Notes, provided a $2.3 million short-term loan to the Company (which was subsequently converted to nonvoting common stock), and loaned $25.0 million to the Company to fund its debt service reserve account (See Note 13 Borrowings).

During the three months ended March 31, 2010 and 2009, the Company purchased approximately $0.7 million and $1.4 million, respectively, of services and equipment from a company whose non-executive chairman serves as a member of the Company s board of directors.

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GLOBALSTAR, INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

8. RELATED PARTY TRANSACTIONS (continued)

Purchases and other transactions with affiliates

Total purchases and other transactions from affiliates, excluding interest and capital transactions, were $0.7 million and $1.5 million for the three months ended March 31, 2010 and 2009, respectively.

9. LITIGATION AND OTHER CONTINGENCIES

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

IPO Securities Litigation. On February 9, 2007, the first of three purported class action lawsuits was filed against the Company, its then-current CEO and CFO in the Southern District of New York alleging that the Company s registration statement related to its initial public offering in November 2006 contained material misstatements and omissions. The Court consolidated the three cases as Ladmen Partners, Inc. v. Globalstar, Inc., et al., Case No. 1:07-CV-0976 (LAP), and appointed Connecticut Laborers Pension Fund as lead plaintiff. The parties and the Company s insurer have agreed to a settlement of the litigation for $1.5 million to be paid by the insurer, which received the presiding judge s preliminary approval on September 18, 2009. On February 22 2010, the judge entered an Order and Final Judgment approving the settlement. Because no appeal from that Order was filed within the 30-days allowed for an appeal, the settlement became final March 23, 2010.

Walsh and Kesler v. Globalstar, Inc. (formerly Stickrath v. Globalstar, Inc.). On April 7, 2007, Kenneth Stickrath and Sharan Stickrath filed a purported class action complaint against the Company in the U.S. District Court for the Northern District of California, Case No. 07-cv-01941. The complaint is based on alleged violations of California Business & Professions Code § 17200 and California Civil Code § 1750, et seq., the Consumers Legal Remedies Act. In July 2008, the Company filed a motion to deny class certification and a motion for summary judgment. The court deferred action on the class certification issue but granted the motion for summary judgment on December 22, 2008. The court did not, however, dismiss the case with prejudice but rather allowed counsel for plaintiffs to amend the complaint and substitute one or more new class representatives. On January 16, 2009, counsel for the plaintiffs filed a Third Amended Class Action Complaint substituting Messrs. Walsh and Kesler as the named plaintiffs. A joint notice of settlement was filed with the court on March 9, 2010. The court heard the motion for settlement on March 29, 2010 and the parties subsequently submitted a first amendment to the stipulated class settlement agreement on April 2, 2010. The court has the motion under advisement. The Company has recorded a liability for this settlement; however, the amount is not material.

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

Appeal of FCC L-Band Decision. On November 9, 2007, the FCC released a Second Order on Reconsideration, Second Report and Order and Notice of Proposed Rulemaking. In the Report and Order (R&O) portion of the decision, the FCC effectively decreased the L-band spectrum available to the Company while increasing the L-band spectrum available to Iridium Communications by 2.625 MHz. On February 5, 2008, the Company filed a notice of appeal of the FCC s decision in the U.S. Court of Appeals for the D.C. Circuit.

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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

9. LITIGATION AND OTHER CONTINGENCIES (continued)

Briefs were filed and oral argument was held on February 17, 2009. On May 1, 2009, the court issued a decision denying the Company s appeal and affirming the FCC s decision. Globalstar has not undertaken any further appeals.

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

Sorensen Research & Development Trust v. Axonn LLC, et al. On July 2, 2008, the Company s subsidiary, Spot LLC, received a notice of patent infringement from Sorensen Research and Development. Sorensen asserts that the process used to manufacture the SPOT satellite GPS messenger violates a U.S. patent held by Sorensen. The manufacturer, Axonn LLC, assumed responsibility for managing the case under an indemnity agreement with the Company and Spot LLC. Axonn was unable to negotiate a mutually acceptable settlement with Sorensen, and on January 14, 2009, Sorensen filed a complaint against Axonn, Spot LLC and the Company in the U.S. District Court for the Southern District of California. The Company and Axonn filed an answer and counterclaim and a motion to stay the proceeding pending completion of the re-examination of the subject patent. The court granted the motion for stay on July 29, 2009. In connection with the Company s acquisition of Axonn s assets in December 2009, Axonn agreed to continue to be responsible for this case, subject to certain limitations. If Axonn fails to perform this obligation, however, the Company s recourse is generally limited to seeking recovery from its stock held in escrow or reducing the earnout payments that may otherwise be owed to Axonn under the acquisition agreement.

YMax Communications Corp. v. Globalstar, Inc. and Spot LLC. On May 6, 2009, YMax Communications Corp. filed a patent infringement complaint against the Company and its subsidiary, Spot LLC, in the Delaware U.S. District Court (Civ. Action No. 09-329) alleging that the SPOT satellite GPS messenger service infringes a patent for which YMax is the exclusive licensee. The complaint followed an exchange of correspondence between the Company and YMax in which the Company endeavored to explain why the SPOT service does not infringe the YMax patent. Globalstar filed its answer to the complaint on June 26, 2009. On February 11, 2010, the Company and Ymax agreed to settle the dispute on mutually acceptable terms, and on February 17, 2010 the court approved the settlement. The Company has recorded a liability for this settlement; however, the amount is not material.

10. EQUITY INCENTIVE PLAN

The Company s 2006 Equity Incentive Plan (the Equity Plan) is a broad based, long-term retention program intended to attract and retain talented employees and align stockholder and employee interests. Including grants to both employees and executives, 0.7 million and less than 0.1 million restricted stock awards and restricted stock units were granted during the three month periods ended March 31, 2010 and 2009, respectively. The Company also granted options to purchase approximately 0.5 million shares of common stock during the three months ended March 31, 2010 compared to no options granted in the three months March 31, 2009. In March 2010, 2.5 million shares of the Company s Common Stock were added to the shares available for issuance under the Equity Plan.

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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

11. DERIVATIVE INSTRUMENTS

In June 2009, in connection with entering into the Facility Agreement (See Note 13 Borrowings), 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 $586.3 million to $14.8 million at interest rates that provide coverage to the Company for exposure resulting from escalating interest rates over the term of the Facility Agreement. The interest rate cap provides limits on the six-month Libor rate (Base Rate) used to calculate the coupon interest on outstanding amounts on the Facility Agreement of 4.00% from the date of issuance through December 2012. Thereafter, the Base Rate is capped at 5.50% should the Base Rate not exceed 6.5%. Should the Base Rate exceed 6.5%, the Company s Base Rate will be 1% less than the then six-month Libor rate. The Company paid an approximately $12.4 million upfront fee for the interest rate cap agreements. The interest rate cap did not qualify for hedge accounting treatment, and changes in the fair value of the agreements are included in Derivative loss, net in the accompanying Consolidated Statement of Operations.

The Company recorded the conversion rights and features embedded within the 8.00% Convertible Senior Unsecured Notes (8.00% Notes) as a compound embedded derivative liability within Other Non-Current Liabilities on its Consolidated Balance Sheet with a corresponding debt discount which is netted against the face value of the 8.00% Notes (See Note 13 Borrowings). 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 will be marked-to-market at the end of each reporting period, with any changes in value reported as Derivative loss, net in the Consolidated Statements of Operations. The Company determined the fair value of the compound embedded derivative using a Monte Carlo simulation model based upon a risk-neutral stock price model.

Due to the cash settlement provisions and reset features in the warrants issued with the 8.00% Notes (See Note 13 Borrowings), the Company recorded the warrants as Other Non-Current Liabilities on its Consolidated Balance Sheet with a corresponding debt discount which is netted against the face value of the 8.00% Notes. The Company is accreting the debt discount associated with the warrant liability to interest expense over the term of the warrants using the effective interest rate method. The fair value of the warrant liability will be marked-to-market at the end of each reporting period, with any changes in value reported as Derivative loss, net in the Consolidated Statements of Operations. The Company determined the fair value of the Warrant derivative using a Monte Carlo simulation model based upon a risk-neutral stock price model.

The Company determined that the warrants issued in conjunction with the availability fee for the Contingent Equity Agreement (See Note 13 Borrowings), were a liability and recorded it as a component of Other Non-Current Liabilities, at issuance. The corresponding benefit is recorded in prepaid and other non-current assets and is being amortized over the one-year availability period. The fair value of the warrant liability will be marked-to-market at the end of each reporting period, with any changes in value reported as Derivative loss, net in the Consolidated Statements of Operations. The Company determined the fair value of the Warrant derivative using a risk-neutral binomial model.

GLOBALSTAR, INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

11. DERIVATIVE INSTRUMENTS (continued)

None of the derivative instruments described above was designated as a hedge. The following tables disclose the fair value of the derivative instruments and their impact on the Company s Consolidated Statements of Operations (in thousands):

	March 31, 2010		December 31, 2009	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate cap derivative	Other assets, net	$3,633	Other assets, net	$6,801
Compound embedded conversion option	Derivative liabilities	(20,593)	Derivative liabilities	(14,235)
Warrants issued with 8.00% Notes	Derivative liabilities	(40,042)	Derivative liabilities	(27,711)
Warrants issued in conjunction with contingent equity agreement	Derivative liabilities	(9,752)	Derivative liabilities	(7,809)
Total		$(66,754)		$(42,954)

	Three Months Ended March 31,			
	2010		2009	
	Location of Gain (loss) recognized in Statement of Operations	Amount of Gain (loss) recognized on Statement of Operations	Location of Gain (loss) recognized in Statement of Operations	Amount of Gain (loss) recognized on Statement of Operations
Interest rate cap derivative	Derivative loss, net	(3,168)	N/A	N/A
Compound embedded conversion option	Derivative loss, net	(7,520)	N/A	N/A
Warrants issued with 8.00% Notes	Derivative loss, net	(12,331)	N/A	N/A
		(1,943)	N/A	N/A

Warrants issued in conjunction with contingent equity agreement	Derivative loss, net		
Total		$ (24,962)	$

12. COMPREHENSIVE LOSS

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 comprehensive loss were as follows (in thousands):

	Three Months Ended March 31,	
	2010	2009
Net Loss	$ (35,642)	$ (21,758)
Other comprehensive loss		
Foreign currency translation adjustments	1,067	94
Total other comprehensive loss	$ (34,575)	$ (21,664)

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GLOBALSTAR, INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. BORROWINGS

Current portion of long term debt:

The current portion of long term debt at December 31, 2009 consisted of a loan of approximately $2.3 million from Thermo. In January 2010, Thermo converted its short term debt of approximately $2.3 million (plus accrued interest) into 2,525,750 shares of nonvoting common stock.

Long Term Debt:

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

	March 31, 2010	December 31, 2009
5.75% Convertible Senior Notes due 2028	$ 54,575	$ 53,359
8.00% Convertible Senior Unsecured Notes	17,127	17,396
Facility Agreement	497,294	371,219
Subordinated loan	22,487	21,577
Total long term debt	$ 591,483	$ 463,551

Borrowings under Facility Agreement

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

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

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

The facility will mature 96 months after the first repayment date. Scheduled semi-annual principal repayments will begin the earlier of eight months after the launch of the first 24 satellites from the second generation constellation or December 15, 2011. The facility will bear interest at a floating LIBOR rate, plus a margin of 2.07% through December 2012, increasing to 2.25% through December 2017 and 2.40% thereafter. Interest payments will be due on a semi-annual basis beginning January 2010.

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

The Company may prepay the borrowings without penalty on the last day of each interest period after the full facility has been borrowed or the earlier of seven months after the launch of the second generation constellation or November 15, 2011, but amounts repaid may not be reborrowed. The Company must repay the loans (a) in full upon a change in control or (b) partially (i) if there are excess cash flows on certain dates, (ii) upon certain insurance and condemnation events and (iii) upon certain asset dispositions. The Facility

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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. BORROWINGS (continued)

Agreement includes covenants that (a) require the Company to maintain a minimum liquidity amount after the second repayment date, a minimum adjusted consolidated EBITDA, a minimum debt service coverage ratio and a maximum net debt to adjusted consolidated EBITDA ratio, (b) place limitations on the ability of the Company and its subsidiaries to incur debt, create liens, dispose of assets, carry out mergers and acquisitions, make loans, investments, distributions or other transfers and capital expenditures or enter into certain transactions with affiliates and (c) limit capital expenditures, as defined in the Agreement, incurred by the Company to no more than $391.0 million in 2009 and $234.0 million in 2010. The Company is permitted to make cash payments under the terms of its 5.75% Notes. At March 31, 2010, the Company was in compliance with the covenants of the Facility Agreement.

Subordinated Loan Agreement

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

Thermo borrowed $20 million of the $25 million loaned to the Company under the Loan Agreement from two Company vendors and also agreed to reimburse another Company vendor if its guarantee of a portion of the debt service reserve account were called. The debt service reserve account is included in restricted cash. 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 (if any) by the Company for funds under the Contingent Equity Agreement (described below).

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

Contingent Equity Agreement

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

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13. BORROWINGS (continued)

The Contingent Equity Agreement also provides that the Company will pay Thermo an availability fee of 10% per year for maintaining funds in the contingent equity account. This fee is payable solely in warrants to purchase common stock at $0.01 per share with a five-year exercise period from issuance. 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 Company s common stock price on valuation dates. The common stock price is subject to a reset provision on certain valuation dates subsequent to issuance whereby the common stock price used in the calculation will be the lower of the Company s common stock price on the issuance date and the valuation dates. On each of June 19, 2010 and June 19, 2011, additional warrants covering a number of shares equal to 10% of the outstanding balance in the contingent equity account divided by the Company s common stock price on that date will be issued and subject to the reset provision one year after initial issuance of the warrants. On December 31, 2009, the common stock price used to calculate the first tranche of warrants issued on June 19, 2009 was reset to $0.87 and will be subject to another reset on June 19, 2010 should the common stock price be lower than $0.87 per common share. The Company issued Thermo a warrant to purchase 4,379,562 shares of Common Stock for this fee at origination of the agreement and on December 31, 2009 issued an additional warrant to purchase an additional 2,516,990 shares of common stock due to the reset provisions in the agreement. 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.

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

8.00% Convertible Senior Notes

On June 19, 2009, the Company sold $55 million in aggregate principal amount of 8.00% Notes and warrants (Warrants) to purchase 15,277,771 shares of the Company s common stock at an initial exercise price of $1.80 per share to selected institutional investors (including an affiliate of Thermo) in a direct offering registered under the Securities Act of 1933.

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

In December 2009, the Company issued stock at $0.87 per share, which is below the initial set price of $1.80 per share, in connection with its acquisition of the assets of Axonn. Given this transaction and the related provisions in the warrant agreements, the holders of the Warrants received additional warrants to purchase 16.2 million shares of common stock. Additionally, the conversion price of the 8.00% Notes, which are convertible into shares of common stock, was reset to $1.78 per share of common stock.

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

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13. BORROWINGS (continued)

Holders may convert their 8.00% Notes at any time. The current base conversion price for the 8.00% Notes is $1.78 per share or 562.2 shares of the Company s common stock per $1,000 principal amount of the 8.00% Notes, subject to certain adjustments and limitations. In addition, if the volume-weighted average closing price for one share of the Company s common stock for the 15 trading days immediately preceding September 19, 2010 (reset day price) is less than the base conversion price then in effect, the base conversion rate shall be adjusted to equal the reset day price. If the Company issues or sells shares of its common stock at a price per share less than the base conversion price on the trading day immediately preceding such issuance or sale subject to certain limitations, the base conversion rate will be adjusted lower based on a formula described in the supplemental indenture governing the 8.00% Notes. However, no adjustment to the base conversion rate shall be made if it would cause the Base Conversion Price to be less than $1.00. If at any time the closing price of the common stock exceeds 200% of the conversion price of the 8.00% Notes then in effect for 30 consecutive trading days, all of the outstanding 8.00% Notes will be automatically converted into common stock. Upon certain automatic and optional conversions of the 8.00% Notes, the Company will pay holders of the 8.00% Notes a make-whole premium by increasing the number of shares of common stock delivered upon such conversion. The number of additional shares per $1,000 principal amount of 8.00% Notes constituting the make-whole premium shall be equal to the quotient of (i) the aggregate principal amount of the 8.00% Notes so converted multiplied by 32.00%, *less* the aggregate interest paid on such Securities prior to the applicable Conversion Date *divided by* (ii) 95% of the volume-weighted average Closing Price of the common stock for the 10 trading days immediately preceding the Conversion Date. As of March 31, 2010, approximately $12.5 million of the 8.00% Notes had been converted resulting in the issuance of approximately 11.7 million shares of common stock. At March 31, 2010 and December 31, 2009, $44.0 million and $44.3 million in 8.00% Notes remained outstanding, respectively.

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

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

The Company evaluated the various embedded derivatives resulting from the conversion rights and features within the Indenture for bifurcation from the 8.00% Notes. Based upon its detailed assessment, the Company concluded that the conversion rights and features could not be either excluded from bifurcation as a result of being clearly and closely related to the 8.00% Notes or were not indexed to the Company s common stock and could not be classified in stockholders equity if freestanding. The Company recorded this compound embedded derivative liability as a component of Other Non-Current Liabilities on its Consolidated Balance Sheet with a corresponding debt discount which is netted with the face value of the 8.00% Notes.

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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. BORROWINGS (continued)

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 an effective interest rate method. The fair value of the compound embedded derivative liability is being marked-to-market at the end of each reporting period, with any changes in value reported as Derivative loss, net in the Consolidated Statements of Operations. The Company determined the fair value of the compound embedded derivative using a Monte Carlo simulation model based upon a risk-neutral stock price model.

Due to the cash settlement provisions and reset features in the Warrants, the Company recorded the Warrants as a component of Other Non-Current Liabilities on its Consolidated Balance Sheet with a corresponding debt discount which is netted with the face value of the 8.00% Notes. The Company is accreting the debt discount associated with the Warrants liability to interest expense over the term of the 8.00% Notes using an effective interest rate method. The fair value of the Warrants liability will be marked-to-market at the end of each reporting period, with any changes in value reported as Derivative loss, net in the Consolidated Statements of Operations. The Company determined the fair value of the Warrants derivative using a Monte Carlo simulation model based upon a risk-neutral stock price model.

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

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

Amended and restated credit agreement

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

December 31, 2008, the Company had drawn $66.1 million of the revolving credit facility and the entire $100.0 million delayed draw term loan facility was outstanding.

On June 19, 2009, Thermo exchanged all of the outstanding secured debt (including accrued interest) owed to it by the Company under the credit agreement, which totaled approximately $180.2 million, for one share of Series A Convertible Preferred Stock (the Series A Preferred), and the credit agreement was terminated. In December 2009, the one share of Series A Preferred was converted into 109,424,034 shares of voting common stock and 16,750,000 shares of non-voting common stock.

GLOBALSTAR, INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. BORROWINGS (continued)

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

The delayed draw term loan under the Wachovia facility bore an annual commitment fee of 2.0% until drawn or terminated. Commitment fees related to the loans, incurred during 2009 and 2008 were not material. To hedge a portion of the interest rate risk with respect to the delayed draw term loan, the Company entered into a five-year interest rate swap agreement. The Company terminated this interest rate swap agreement on December 10, 2008 (see Note 11 Derivatives).

5.75% Convertible Senior Notes due 2028

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

The Company placed approximately $25.5 million of the proceeds of the offering of the 5.75% Notes in an escrow account that is being used to make the first six scheduled semi-annual interest payments on the 5.75% Notes. The Company pledged its interest in this escrow account to the Trustee as security for these interest payments. At March 31, 2010 and December 31, 2009, the balance in the escrow account was $6.2 million. Except for the pledge of the escrow account, the 5.75% Notes are senior unsecured debt obligations of the Company. The 5.75% Notes mature on April 1, 2028 and bear interest at a rate of 5.75% per annum. Interest on the 5.75% Notes is payable semi-annually in arrears on April 1 and October 1 of each year.

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

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

Holders who convert their 5.75% Notes in connection with certain events occurring on or prior to April 1, 2013 constituting a make whole fundamental change (as defined below) will be entitled to an increase in the conversion rate as specified in the indenture governing the 5.75% Notes. The number of additional shares by which the applicable base conversion rate will be increased will be determined by reference to the applicable table below and is based on the date on which the make whole fundamental change becomes effective (the effective date) and the price (the stock price) paid, or deemed paid, per share of the Company s common stock in the make whole fundamental change, subject to adjustment as described below. If the holders of common stock receive only cash in a make whole fundamental change, the stock price will be the cash amount paid per share of the Company s common stock. Otherwise, the stock price will be the average of the closing sale prices of the Company s common stock for each of the 10 consecutive trading days prior to, but excluding, the relevant effective date.

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GLOBALSTAR, INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. BORROWINGS (continued)

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

Any person or group (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have beneficial ownership of all shares that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of voting stock representing 50% of more (or if such person is Thermo Capital Partners LLC, 70% or more) of the total voting power of all outstanding voting stock of the Company;

The Company consolidates with, or merges with or into, another person or the Company sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any person;

The adoption of a plan of liquidation or dissolution of the Company; or

The Company s common stock (or other common stock into which the Notes are then convertible) is not listed on a United States national securities exchange or approved for quotation and trading on a national automated dealer quotation system or established automated over-the-counter trading market in the United States.

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

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

$100.00	0.4174	0.2992	0.1899	0.0985	0.0663	0.0000

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

If the actual stock price on the effective date is between two stock prices in the table or the actual effective date is between two effective dates in the table, the amount of the base conversion rate adjustment will be determined by straight-line interpolation between the adjustment amounts set forth for the higher and lower stock prices and the earlier and later effective dates, as applicable, based on a 365-day year;

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13. BORROWINGS (continued)

If the actual stock price on the effective date exceeds $100.00 per share of the Company s common stock (subject to adjustment), no adjustment to the base conversion rate will be made; and
If the actual stock price on the effective date is less than $4.15 per share of the Company s common stock (subject to adjustment), no adjustment to the base conversion rate will be made.
Notwithstanding the foregoing, the base conversion rate will not exceed 240.9638 shares of common stock per $1,000 principal amount of 5.75% Notes, subject to adjustment in the same manner as the base conversion rate.

Except as described above with respect to holders of 5.75% Notes who convert their 5.75% Notes prior to April 1, 2013, there is no circumstance in which holders could receive cash in addition to the maximum number of shares of common stock issuable upon conversion of the 5.75% Notes.

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

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

Conversion of 5.75% Notes

In 2008, $36.0 million aggregate principal amount of 5.75% Notes, or 24% of the 5.75% Notes originally issued, were converted into common stock. The Company also exchanged an additional $42.2 million aggregate principal amount of 5.75% Notes, or 28% of the 5.75% Notes originally issued for a combination of common stock and cash. The Company has issued approximately 23.6 million shares of its common stock and paid a nominal amount of cash for fractional shares in connection with the conversions and exchanges. In addition, the holders whose 5.75% Notes were converted or exchanged received an early conversion make whole amount of approximately $9.3 million representing the next five semi-annual interest payments that would have become due on the converted 5.75% Notes, which was paid from funds in an escrow account maintained for the benefit of the holders of 5.75% Notes. In the exchanges, 5.75% Note holders received additional consideration in the form of cash payments or additional shares of the Company s common stock in the amount of approximately $1.1 million to induce exchanges. After these transactions, approximately $71.8 million aggregate principal amount of 5.75% Notes remained outstanding at March 31, 2010 and

December 31, 2009.

Common Stock Offering and 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

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GLOBALSTAR, INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. BORROWINGS (continued)

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 issued and lent the Borrowed Shares to the Borrower as a share loan. The Borrowing Agent acted 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. Upon adoption of the FASB s updated guidance on accounting for own-share lending arrangements (Note 1), the share loan agreement was valued at $16.3 million and was classified as deferred financing costs to be amortized utilizing the effective interest rate method over a period of five years. The fair value of the Share Loan was estimated using significant unobservable inputs as the difference between the fair value of the shares loaned to the Borrower and the present value of the shares to be returned and other consideration provided to the Company, pursuant to the Share Lending Agreement. A Black-Scholes Option Pricing model was used to estimate the value of the note holders right to convert the 5.75% Notes into shares of common stock under certain scenarios. A risk neutral binomial model was also used to simulate possible stock price outcomes and the probabilities thereof. In the fourth quarter of 2008, in accordance with the conversion of a portion of the 5.75% Notes as described above, $7.6 million of the unamortized deferred financing costs were written off reducing the gain from extinguishment of debt in the Consolidated Statement of Operations for that period. For the three months ended March 31, 2010 and 2009, approximately $0.4 million and $0.3 million of deferred financing costs were amortized and included in the capitalized interest. At March 31, 2010, $5.1 million of the deferred financing costs remain unamortized and approximately 17.3 million Borrowed Shares valued at approximately $23.7 million remained outstanding.

On the date on which Borrower is required to return Borrowed Shares, the purchase of Common Stock by Borrower in an amount equal to all or any portion of the number of Borrowed Shares to be delivered to the Company shall (i) be prohibited by any law, rules or regulation of any governmental authority to which it is or would be subject, (ii) violate, or would upon such purchase likely violate, any order or prohibition of any court, tribunal or other governmental authority, (iii) require the prior consent of any court, tribunal or governmental authority prior to any such repurchase or (iv) subject Borrower, in the commercially reasonable judgment of Borrower, to any liability or potential liability under any applicable federal securities laws (other than share transfers pursuant to the Share Lending Agreement and Section 16(b) of the Exchange Act or illiquidity in the market for Common Stock, each of (i), (ii), (iii) and (iv), a Legal Obstacle), then, in each case, Borrower shall immediately notify the Company of the Legal Obstacle and the basis therefore, whereupon Borrower s obligation to deliver Loaned Shares to the Company shall be suspended until such time as no Legal Obstacle with respect to such obligations shall exist (a Repayment Suspension). Following the occurrence of and during the continuation of any Repayment Suspension, Borrower shall use its reasonable best efforts to remove or cure the Legal Obstacle as soon as practicable; *provided* that, the Company shall promptly reimburse all costs and expenses (including legal counsel to Borrower) incurred or, at Borrower s election, provide reasonably adequate surety or guarantee for any such costs and expenses that may be incurred by Borrower, in each case in removing or curing such Legal Obstacle. If Borrower is unable to remove or cure the Legal Obstacle within a reasonable period of time under the circumstances, Borrower shall pay the Company, in lieu of the delivery of Borrowed Shares otherwise required to be delivered, an amount in

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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. BORROWINGS (continued)

immediately available funds equal to the product of the Closing Price as of the Business Day immediately preceding the date Borrower makes such payment and the number of Borrowed Shares otherwise required to be delivered.

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

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

To pay, within one business day after the relevant payment date, to the Company an amount equal to any cash dividends that the Company pays on the Borrowed Shares; and
To pay or deliver to the Company, upon termination of the loan of Borrowed Shares, any other distribution, in liquidation or otherwise, that the Company makes on the Borrowed Shares.
To the extent the Borrowed Shares the Company initially lent under the share lending agreement and offered in the common stock offering have not been sold or returned to it, the Borrower has agreed that it will not vote any such Borrowed Shares. The Borrower has also agreed under the Share Lending Agreement that it will not transfer or dispose of any Borrowed Shares, other than to its affiliates, unless the transfer or disposition is pursuant to a registration statement that is effective under the Securities Act. However, investors that purchase the shares from the Borrower (and any subsequent transferees of such purchasers) will be entitled to the same voting rights with respect to those shares as any other holder of the Company s common stock.

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

The Company evaluated the various embedded derivatives within the Indenture for bifurcation from the 5.75% Notes. Based upon its detailed assessment, the Company concluded that these embedded derivatives were either (i) excluded from bifurcation as a result of being clearly and closely related to the 5.75% Notes or are indexed to the Company s common stock and would be classified in stockholders equity if freestanding or (ii) the fair value of the embedded derivatives was estimated to be immaterial.

In May 2008, the FASB issued guidance regarding accounting for convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement). The guidance requires the liability and equity components of convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) to be separately accounted for in a manner that reflects the issuer s nonconvertible debt borrowing rate. As such, the initial debt proceeds from the sale of the Company s 5.75% Notes are

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GLOBALSTAR, INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. BORROWINGS (continued)

required to be allocated between a liability component and an equity component as of the debt issuance date. The resulting debt discount is amortized over the instrument s expected life as additional non-cash interest expense.

Upon adoption of the accounting guidance the Company recorded a decrease in long-term debt of approximately $23.1 million; an increase in its stockholders equity of approximately $28.3 million; and an increase in its net property, plant and equipment of approximately $5.9 million as of December 31, 2008. This adoption changed the Company s full year 2008 Consolidated Statement of Operations, because the gains associated with conversions and exchanges of 5.75% Notes in 2008 were recorded in stockholders equity prior to adoption of this standard. This adoption impacted the Company s Consolidated Statement of Operations for 2008 by reducing the net loss by approximately $52.9 million. At March 31, 2010 and 2009, the remaining term for amortization associated with debt discount was approximately 36 and 48 months, respectively. The annual effective interest rate utilized for the amortization of debt discount during the three months ended March 31, 2010 and 2009 was 9.14%. The interest cost associated with the coupon rate on the 5.75% Notes plus the corresponding debt discount amortized during the three months ended March 31, 2010 and 2009, was $2.2 million and $2.1 million, respectively, all of which was capitalized. The carrying amount of the equity and liability component, as of March 31, 2010 and December 31, 2009, is presented below (in thousands)

	March 31, 2010	December 31, 2009
Equity	$ 54,675	$ 54,675
Liability:		
Principal	71,804	71,804
Unamortized debt discount	(17,229)	(18,445)
Net carrying amount of liability	$ 54,575	$ 53,359

Vendor Financing

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

In September 2008 the Company amended its agreement with Hughes for the construction of its RAN ground network equipment and software upgrades for installation at a number of the Company s satellite gateway ground stations and satellite interface chips to be a part of the UTS in various next-generation Globalstar devices. Under the amended terms, the Company deferred certain payments due under the contract in 2008 and 2009 to December 2009. The deferred payments incurred annual interest at 10%. In June 2009, the Company and Hughes further amended their agreement modifying the agreement in certain respects including cancelling the deferred payment provisions. The Company paid all deferred amounts to the vendor in July 2009.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company measures its financial assets and liabilities on a recurring basis and reports on a fair value basis. The Company classifies its fair value measurements in one of the following three categories:

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

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GLOBALSTAR, INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

14. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

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

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

The derivative liabilities in Level 3 include the compound embedded conversion option in the 8.00% Notes and warrants issued with the 8.00% Notes and contingent equity agreement. The Company marks-to-market these liabilities at each reporting date with the changes in fair value recognized in the Company s results of operations. The Company utilizes 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. (see Note 13); (ii) stock price volatility ranges from 34% 117%; (iii) risk-free interest rates ranges from 0.47% 3.85%; (iv) dividend yield of 0%; (v) conversion prices of $1.78; and (vi) market price at the valuation date of $1.37.

The following table presents the financial instruments that are carried at fair value as of March 31, 2010 and December 31, 2009 (In Thousands):

	Fair Value Measurements at March 31, 2010 using			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance
Other assets:				
Interest rate cap derivative	$	$ 3,633	$	$ 3,633
Total other assets measured at fair value		$ 3,633		3,633
Other non-current liabilities:				

Compound embedded conversion option			(20,593)	(20,593)
Warrants issued with 8.00% Notes			(40,042)	(40,042)
Warrants issued with contingent equity agreements			(9,752)	(9,752)
Total non-current liabilities measured at fair value	$	$	$ (70,387)	$ (70,387)

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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

14. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	Fair Value Measurements at December 31, 2009 using			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance
Other assets:				
Interest rate cap derivative	$	$ 6,801	$	$ 6,801
Total other assets measured at fair value		$ 6,801		6,801
Other non-current liabilities:				
Compound embedded conversion option			(14,235)	(14,235)
Warrants issued with 8.00% Notes			(27,711)	(27,711)
Warrants issued with contingent equity agreements			(7,809)	(7,809)
Total non-current liabilities measured at fair value	$	$	$ (49,755)	$ (49,755)

The following tables present 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 months ended March 31, 2010 as follows (in thousands):

Balance at December 31, 2009	$ (49,755)
Issuance of compound embedded conversion option and warrant liabilities	
Derivative adjustment related to conversions	1,162
Unrealized loss, included in derivative loss, net on the income statement	(21,794)
Balance at March 31, 2010	$ (70,387)

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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, s 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 our new Simplex products, including our SPOT satellite GPS messenger™ 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, 2009.

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, 2009.

Overview

Globalstar, Inc. (we, us or the Company) is a leading provider of mobile voice and data communications services via satellite. By providing wireless services in areas not served or underserved by terrestrial wireless and wireline networks, we seek to address our customers increasing desire for connectivity. Currently, using 44 in-orbit satellites and 26 ground stations, which we refer to as gateways, we offer voice and data communications services in over 120 countries. We also sell communication services on a wholesale basis to independent companies which operate 14 of these gateways which we refer to as independent gateway operators or IGOs.

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

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

Nonetheless, as further described under Risk Factors in our Annual Report on Form 10-K filed on March 12, 2010, we face a number of challenges and uncertainties, including:

Constellation life and health. Our current satellite constellation is aging. We successfully launched our eight spare satellites in 2007. All of our satellites launched prior to 2007 have experienced various anomalies over time, one of which is a degradation in the performance of the solid-state power amplifiers of the S-band communications antenna subsystem (our two-way communication issues). The S-band antenna provides the downlink from the satellite to a subscriber s phone or data terminal. Degraded performance of the S-band antenna amplifiers reduces the availability of two-way voice and data communication between the affected satellites and the subscriber and may reduce the duration of a call. When the S-band antenna on a satellite ceases to be functional, two-way communication is impossible over that satellite, but not necessarily over the constellation as a whole. We continue to provide two-way subscriber service because some of our satellites are fully functional but at certain times in any given location it may take longer to establish calls and the average duration of calls may be reduced. There are periods of time each day during which no two-way voice and data service is available at any particular location. The root cause of our two-way communication issues is unknown, although we believe it may result from irradiation of the satellites in orbit caused by the space environment at the altitude that our satellites operate.

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

We continue to work on plans, including new products and services and pricing programs to mitigate the effects of reduced service availability upon our customers and operations until our second-generation satellites are deployed. See Part II, Item 1A. Risk Factors Our satellites have a limited life and most have degraded, which causes our network to be compromised and which materially and adversely affects our business, prospects and profitability in our Annual Report on Form 10-K filed March 12, 2010.

Launch delays. A major earthquake in Italy in April 2009 damaged Thales satellite component fabrication facility in L Aquila, Italy. Although none of our satellites or components were damaged, the delivery of some of our satellites has been delayed. We believe that this delay will not have a material adverse effect on our operations and business plan because we are able to defer a significant portion of our capital expense unrelated to the launch and construction of our satellites. We currently expect the first of four launches of six second-generation satellites each to take place in late September or early October 2010 and the fourth launch to be completed in the late spring or early summer of 2011.

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

Competition and pricing pressures. We face increased competition from both the expansion of terrestrial-based cellular phone systems and from other mobile satellite service providers. For example, Inmarsat plans to commence offering satellite services to handheld devices in the United States in 2010, and several competitors, such as ICO Global (currently reorganizing under Chapter 11 of the U.S. Bankruptcy Code and now called DBSD North America) and TerreStar, are constructing or have launched geostationary satellites that provide mobile satellite service. Increased numbers of competitors, and the introduction of new services and products by competitors, increases competition for subscribers and pressures all providers, including us, to reduce prices. Increased competition may result in loss of subscribers, decreased revenue, decreased gross margins, higher churn rates, and, ultimately, decreased profitability and cash.

Technological changes. It is difficult for us to respond promptly to major technological innovations by our competitors because substantially modifying or replacing our basic technology, satellites or gateways is time-consuming and very expensive. Approximately 75% of our total assets at March 31, 2010 represented fixed assets. Although we plan to procure and deploy our second-generation satellite constellation and upgrade our gateways and other ground facilities, we may nevertheless become vulnerable to the successful introduction of superior technology by our competitors.

Capital Expenditures. We have incurred significant capital expenditures from 2007 through March 31, 2010, and we expect to incur additional significant expenditures through 2013 to complete and launch our second-generation constellation and related upgrades.

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

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

SPOT Satellite GPS Messenger Addressable Market

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

SPOT Satellite GPS Messenger Pricing

We intend the pricing for SPOT satellite GPS messenger products and services and equipment to be very attractive in the consumer marketplace. Annual service fees, depending whether they are for domestic or international service, currently range from $99.99 to approximately $150.00 for our

basic level plan, and $149.98 to approximately $168.00 with additional tracking capability. The equipment is sold to end users at $149.99 to approximately $225.00 per unit (subject to foreign currency rates). Our distributors set their own retail prices for SPOT satellite GPS messenger equipment.

SPOT Satellite GPS Messenger Distribution

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

SPOT satellite GPS messenger products and services have been on the market for twenty-eight months in North America and substantially less time in foreign markets. The long-term commercial success of the products and services globally cannot be assured.

Fluctuations in currency rates. A substantial portion of our revenue (32% and 37% for the three month periods ended March 31, 2010 and 2009, respectively) is denominated in foreign currencies. In addition, certain obligations under the contracts for our second-generation constellation and related control network facility are denominated in Euros. Any decline in the relative value of the U.S. dollar may adversely affect our revenues and increase our capital expenditures. See Item 3. Quantitative and Qualitative Disclosures about Market Risk for additional information.

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

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

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broadband loan from the Department of Agriculture Rural Utilities Program and equity financing of $100 million. Open Range has remitted to us its initial down payment of $2 million. Open Range s annual payments in the first six years of the agreement will range from approximately $0.6 million to up to $10.3 million, assuming it elects to use all of the licensed spectrum covered by the agreement. The amount of the payments that we will receive from Open Range will depend on a number of factors, including the eventual geographic coverage of and the number of customers on the Open Range system.

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

Service and Equipment Sales Revenues. The table below sets forth amounts and percentages of our revenue by type of service and equipment sales for the three month periods ended March 31, 2010 and 2009 (dollars in thousands).

	Three Months Ended March 31, 2010		Three Months Ended March 31, 2009	
	Revenue	% of Total Revenue	Revenue	% of Total Revenue
Service Revenue:				
Mobile	$ 5,401	35 %	$ 6,506	43 %
Fixed	464	3	614	4
Data	146	1	146	1
Simplex	4,303	28	2,564	17
IGO	216	1	367	2
Other(1)	1,924	12	934	6
Total Service Revenue	12,454	80	11,131	73
Equipment Sales:				
Mobile	331	2	1,013	7
Fixed	37		77	1
Data and Simplex	2,887	19	1,851	12
Accessories/Misc.	(138)	(1)	1,091	7
Total Equipment Sales	3,117	20	4,032	27
Total Revenue	$ 15,571	100 %	$ 15,163	100 %

(1) Includes engineering services and activation fees

Subscribers and ARPU for the three months ended March 31, 2010 and 2009. The following table set forth our average number of subscribers and ARPU for retail, IGO and Simplex customers for the three months ended March 31, 2010 and 2009. The following numbers are subject to immaterial rounding inherent in calculating averages.

	Three Months Ended March 31,		
	2010	2009	% Net Change
Average number of subscribers for the period:			
Retail	105,976	114,551	(7)

IGO	64,262	73,514	(13)
Simplex	222,078	162,536	37
ARPU (monthly):			
Retail	$ 23.34	$ 23.08	1
IGO	$ 1.12	$ 1.66	(33)
Simplex	$ 6.44	$ 5.26	22

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	March 31, 2010	March 31, 2009	% Net Change
Ending number of subscribers:			
Retail	104,978	113,731	(8)
IGO	63,800	73,264	(13)
Simplex	225,258	169,875	33
Total	394,036	356,870	10

The total number of net subscribers increased from 356,870 at March 31, 2009 to 394,036 at March 31, 2010. Due to the increases in our Simplex customer base and our ARPU for Simplex, of 33% and 22%, respectively, from March 31, 2009 to March 31, 2010, our total service revenue increased for the same period. These gains were partially offset by reductions in our Retail and IGO customer base totals and decreases in the related ARPUs resulting from our two-way communication issues in addition to the change in our product mix.

Independent Gateway Acquisition Strategy

Currently, 14 of the 27 gateways in our network are owned and operated by unaffiliated companies, which we call independent gateway operators, some of whom operate more than one gateway. Except for the new gateway in Nigeria, in which we will hold a 30% equity interest, we have no financial interest in these independent gateway operators other than arms length contracts for wholesale minutes of service. Some of these independent gateway operators have been unable to grow their businesses adequately due in part to limited resources. Old Globalstar initially developed the independent gateway operator acquisition strategy to establish operations in multiple territories with reduced demands on its capital. In addition, there are territories in which for political or other reasons, it is impractical for us to operate directly. We sell services to the independent gateway operators on a wholesale basis and they resell them to their customers on a retail basis.

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

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

In June 2009, we entered into a business transfer agreement (BTA Agreement) with LG Dacom, the independent gateway operator in Korea, to acquire its gateway and other Globalstar assets for approximately $1 million in cash. In January 2010, we entered into a joint venture agreement with Arion Communications Co. This joint venture assumed the BTA Agreement and is expected to complete the Korean acquisition in the second quarter of 2010. We are unable to predict the timing or cost of further acquisitions because independent gateway operations vary in size and value.

Performance Indicators

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

- total revenue, which is an indicator of our overall business growth;

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

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates described in Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2009, except as described in Note 13 to the Unaudited Interim Consolidated Financial Statements in Part I Item I of this report, which describes our accounting policy for measuring the fair value of our Share Lending Agreement in accordance with ASU 2009-15.

Recently Issued Accounting Pronouncements

See Note 1 to the Unaudited Interim Consolidated Financial Statements in Part I Item I of this report for information on the new accounting standards relevant to us.

Results of Operations

Comparison of Results of Operations for the Three Months Ended March 31, 2010 and 2009 (in thousands):

	Three Months Ended March 31,		
	2010	2009[1]	% Change
Revenue:			
Service revenue	$12,454	$11,131	12 %
Equipment sales	3,117	4,032	(23)
Total revenue	15,571	15,163	3
Operating Expenses:			
Cost of services (exclusive of depreciation and amortization shown separately below)	7,618	10,408	27
Cost of equipment sales	2,512	2,995	16
Marketing, general and administrative	8,212	13,977	41
Depreciation and amortization	5,890	5,424	(9)
Total operating expenses	24,232	32,804	26
Operating loss	(8,661)	(17,641)	(51)
Other income (expense):			
Interest income	182	128	42
Interest expense	(1,410)	(240)	(488)
Derivative loss	(24,962)		N/A
Other expense	(727)	(3,975)	82
Total other income (expense)	(26,917)	(4,087)	(558)

Income loss before income taxes	(35,578)	(21,728)	(64)
Income tax expense	64	30	N/A
Net loss	$(35,642)	$(21,758)	(64)%

(1) As revised, see Note 1 to the Interim Consolidated Financial Statements

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Revenue. Total revenue increased by approximately $0.4 million, or 3%, to $15.6 million for the three months ended March 31, 2010, from $15.2 million for the three months ended March 31, 2009. We attribute this increase to higher service revenues as a result of gains in our Simplex subscriber base and increases in our ARPU for Simplex products. The increases in our Simplex business were partially offset by decreases in service revenue and equipment sales in our duplex business. Our duplex business is being affected by our two-way communication issues and despite our efforts to maintain our duplex subscriber base by lowering prices for our duplex products, our duplex subscriber base decreased 8% and 2% during the first quarter of 2010 compared to the first quarter and fourth quarter in 2009, respectively.

Our ARPU for Simplex during the three months ended March 31, 2010, increased by 22% to $6.44 from $5.26 for the same period in 2009. During the twelve-month period from March 31, 2009 to March 31, 2010 our net subscribers increased by approximately 37,000.

Service Revenue. Service revenue increased $1.3 million, or approximately 12%, to $12.4 million for the three months ended March 31, 2010, from $11.1 million for the same period in 2009. This increase is attributed to our Simplex subscriber base and our Simplex ARPU increasing at 37% and 22%, respectively. In particular, increased service revenue was generated from our SPOT Satellite services as a result of additional SPOT service subscribers and prior year SPOT service subscribers renewing their annual subscriptions. These gains in Simplex were partially offset by a decrease in our Duplex business resulting from our two-way communication issues and, in response, reductions of our prices for Duplex services.

Equipment Sales. Equipment sales decreased by approximately $0.9 million, or 23%, to $3.1 million for the three months ended March 31, 2010, from $4.0 million for the same period in 2009. The decrease was due primarily to lower sales of our duplex products during the three months ended March 31, 2010 when compared to the same period in the prior year.

Operating Expenses. Total operating expenses decreased $8.6 million, or approximately 26%, to $24.2 million for the three months ended March 31, 2010, from $32.8 million for the same period in 2009. This decrease was due primarily to an adjustment to stock-based compensation expense related to restricted stock unit grants that were forfeited when two executives left the Company in January 2010, reductions in our contract labor costs, reduced marketing and advertising expenses, lower employee related expenses due to reductions in our headcount and lower cost of goods sold related to lower sales of subscriber equipment of our duplex products.

Cost of Services. Our cost of services for the three months ended March 31, 2010 and 2009, were $7.6 million and $10.4 million, respectively. This decrease was due primarily to an adjustment to stock-based compensation expense related to restricted stock unit grants that were forfeited when an executive left the Company in January 2010.

Cost of Equipment Sales. Cost of equipment sales decreased approximately $0.5 million, or 16%, to $2.5 million for the three months ended March 31, 2010, from $3.0 million for the three months ended March 31, 2009. This decrease was due primarily to lower sales of our duplex products.

Marketing, General and Administrative. Marketing, general and administrative expenses decreased approximately $5.8 million, or 41%, to $8.2 million for the three months ended March 31, 2010, from $14.0 million for the same period in 2009. This decrease was due primarily to an adjustment to stock-based compensation expense related to restricted stock unit grants that were forfeited when an executive left the Company in January 2010, to reductions in our contract labor, lower marketing and advertising costs and decreases in payroll and related expenses as our average headcount decreased in the three months ended March 31, 2010, when compared to the same period in 2009.

Depreciation and Amortization. Depreciation and amortization expense increased approximately $0.5 million for the three months ended March 31, 2010 from the same period in 2009. The increase relates to the amortization of the intangible assets acquired from Axxon in December 2009.

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Operating Loss. Operating loss decreased approximately $9.0 million, to $8.6 million, for the three months ended March 31, 2010, from $17.6 million for the same period in 2009. This decrease resulted primarily from the lower cost of services and the marketing, general and administrative expenses described above.

Interest Income. Interest income increased by approximately $0.1 million, to $0.2 million, for the three months ended March 31, 2009, from $0.1 million for the same period in 2009 due to higher average cash balances on hand.

Interest Expense. Interest expense increased by $1.2 million to $1.4 million, for the three months ended March 31, 2010, from $0.2 million for the same period in 2009. This increase resulted from higher expenses due to our deferred financing costs related to our financing in June 2009.

Derivative Loss. We recognized a derivative loss of $25.0 million for the three months ended March 31, 2010, due primarily to the fair market value adjustment to our derivative liabilities such as those embedded in our 8% Notes, warrants issued in conjunction with our 8% Notes, warrants issued to Thermo for our contingent equity agreement and subordinated loan agreement and the fair value adjustment of our interest rate cap agreements. Higher stock prices raise the fair market value of the derivative liabilities and our stock price at March 31, 2010 was $1.37 compared to $0.87 at December 31, 2009. This increase in the derivative liabilities is considered a loss on our Statement of Operations; however, these expenses related to derivatives are non-cash and do not affect our liquidity.

These derivatives were entered into during June 2009; therefore, we had no derivative gain or loss for the three months ended March 31, 2009.

Other Expense. Other expense generally consists of foreign exchange transaction gains and losses. Other expense was a $0.7 million for the three months ended March 31, 2010, as compared to a loss of $4.0 million in the same period in 2009. These losses were due primarily to an unfavorable change in the exchange rate of the Canadian dollar.

Income Tax Expense. Income tax expense for the three months ended March 31, 2010 and 2009 was less than $0.1 million. The change between periods was due primarily to small differences in capital and related taxes.

Net Loss. Our net loss increased approximately $13.9 million, to a loss of $35.6 million, for the three months ended March 31, 2010, from a net loss of $21.8 million for the same period in 2009. The increase in our net loss was primarily due to our derivative losses and lower equipment sales, which were partially offset by higher service revenue and lower operating expenses as a result of cost and headcount reductions.

Liquidity and Capital Resources

The following table shows our cash flows from operating, investing, and financing activities for the three months ended March 31, 2010 and 2009:

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Net cash used in operating activities	$ (20,226)	$ (2,125)
Net cash used in investing activities	(76,799)	(19,394)
Net cash from financing activities	126,075	7,701

Effect of exchange rate changes on cash	(75)	4,504
Net increase (decrease) in cash and cash equivalents	$ 28,975	$ (9,314)

At April 1, 2010, our principal short-term liquidity needs were:

to make payments to procure our second-generation satellite constellation, construct the Control Network Facility and launch related costs, in a total amount not yet determined, but which will include approximately €112.6 million payable to Thales Alenia Space by March 2011 under the purchase contract for our second-generation satellites and €0.8 million payable to Thales Alenia Space by June 2010 under the contract for construction of the Control Network Facility;

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to make payments related to our launch for the second-generation satellite constellation in the amount of $46.7 million payable to our Launch Provider by March 2011;
to make payments related to the construction of our second-generation ground component in the amount of $22.1 million by March 2011; and
to fund our working capital.

During the three months ended March 31, 2010 and the year ended December 31, 2009, our principal sources of liquidity were:

	Three Months Ended March 31, 2010	Year Ended December 31, 2009
	Dollars in millions	
Cash on-hand at beginning of period	$ 67.9	$ 12.4
Borrowings under Facility Agreement	$ 126.1	$ 371.2
Net proceeds from 8.00% Notes	$	$ 51.3
Proceeds from Thermo equity purchases	$	$ 1.0
Borrowings under Thermo credit agreement and other debt, net	$	$ 35.0

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

cash from our Facility Agreement ($89.0 million was available at March 31, 2010);
excess cash on hand at March 31, 2010.

Our principal long-term liquidity needs are:

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

Sources of long-term liquidity may include, if necessary, a $34.3 million debt service reserve account and related $12.5 million guarantee, a $60.0 million contingent equity account established in connection with the Facility Agreement, the exercise of warrants and additional debt and equity financings which have not yet been arranged. We also expect cash flow from operations to be a source of long-term liquidity once we have deployed our second-generation satellite constellation.

Based on our operating plan combined with our borrowing capacity under our Facility Agreement, we believe we will have sufficient resources to meet our cash obligations for at least the next 12 months.

Net Cash used in Operating Activities

Net cash used in operating activities during the three months ended March 31, 2010 was $20.2 million compared to $2.1 million in the same period in 2009. The increase in cash used for the three months ended March 31, 2010 when compared to the three months ended March 31, 2009 resulted primarily from prepayments to a vendor related to the second generation constellation.

Net Cash used in Investing Activities

Cash used in investing activities was $76.8 million during the three months ended March 31, 2010, compared to $19.4 million during the same period in 2009. This increase was primarily the result of increased payments related to the construction of our second-generation constellation during the three months ended March 31, 2010.

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Net Cash from Financing Activities

Net cash provided by financing activities increased by $118.4 million to $126.1 million during the three months ended March 31, 2010, from $7.7 million during the same period in 2009. The increase was due to drawing $126.1 million from our facility agreement in the three months ended March 31, 2010. This Facility Agreement was not in place until June 2009.

Capital Expenditures

We currently estimate that the capitalized expenditures related to procuring and deploying our second-generation satellite constellation and upgrading our gateways and other ground facilities will cost approximately $1.3 billion including total contract values for Thales, our Launch Provider, Hughes and Ericsson and excluding launch costs for the second 24 satellites, internal costs and capitalized interest, which we expect will be reflected in capital expenditures through 2013. Since the fourth quarter of 2006, we have used portions of the proceeds from sales of common stock to Thermo, the proceeds from our initial public offering, the net proceeds from the sale of the 5.75% Notes and 8% Notes and borrowings under our credit facility with Thermo and the Facility Agreement to fund expenditures incurred through March 31, 2010. We plan to fund the balance of the capital expenditures through the use of the remaining funds available under our Facility Agreement, additional debt and equity financings (if necessary) and cash flow from operations once we have deployed our second-generation satellite constellation.

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

Contract	Currency of Payment	Payments through March 31, 2010	Estimated Future Payments 2010	2011	2012	Thereafter	Total
Thales Alenia Second Generation Constellation	EUR	€ 390	€78	€ 88	€ 56	€ 67	€679 (1)
Thales Alenia Satellite Operations Control Centers	EUR	€ 9	€1	€	€	€	€10 (1)
Arianespace Launch Services	USD	$ 189	$13	$ 14	$	$	$216
Hughes second-generation ground component (including research and development expense)	USD	$ 39	$12	$ 37	$ 15	$ 1	$104
Ericsson	USD	$ 1	$1	$ 8	$ 15	$ 3	$28

(1) Of these amounts, all but €227 million is payable at a fixed exchange rate of €1.00 = $1.42.

Cash Position and Indebtedness

As of March 31, 2010, our total cash and cash equivalents were $96.9 million and we had total indebtedness of $591.5 million compared to total cash and cash equivalents and total indebtedness at December 31, 2009 of $67.9 million and $465.8 million, respectively.

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. Ninety-five percent of our obligations under the agreement are guaranteed by COFACE, the French export credit agency. The initial funding process of the Facility Agreement began on June 29, 2009 and was completed on July 1, 2009. The new facility is comprised of:

- a $563.3 million tranche for future payments to and to reimburse us for amounts we previously paid to Thales Alenia Space for construction of our second-generation satellites. Such reimbursed

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amounts will be used by us (a) to make payments to the Launch Provider for launch services, Hughes for ground network equipment, software and satellite interface chips and Ericsson for ground system upgrades, (b) to provide up to $150 million for our working capital and general corporate purposes and (c) to pay a portion of the insurance premium to COFACE; and

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

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

The Facility Agreement requires that:

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

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

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

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

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

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

At March 31, 2010, we were in compliance with the covenants of the Facility Agreement.

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

We are required to pay the borrowings without penalty on the last day of each interest period after the full facility has been borrowed or the earlier of seven months after the launch of the second generation constellation or November 15, 2011, but amounts repaid may not be reborrowed. We must repay the loans (a) in full upon a change in control or (b) partially (i) if there are excess cash flows on certain dates, (ii) upon certain insurance and condemnation events and (iii) upon certain asset dispositions. 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.

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See Note 13 of our Unaudited Interim Consolidated Financial Statements for descriptions of our other debt agreements.

Contractual Obligations and Commitments

There have been no significant changes to our contractual obligations and commitments since December 31, 2009.

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 reals and Euros. In some cases insufficient supplies of U.S. currency may require us to accept payment in other foreign currencies. We reduce our currency exchange risk from revenues in currencies other than the U.S. dollar by requiring payment in U.S. dollars whenever possible and purchasing foreign currencies on the spot market when rates are favorable. We currently do not purchase hedging instruments to hedge foreign currencies. However, our Facility Agreement requires us to do so on terms reasonably acceptable to the COFACE agent not later than 90 days after the end of any quarter in which more than 25% of our revenue is originally denominated in a single currency other than U.S. or Canadian dollars.

We have entered into two separate contracts with Thales Alenia Space to construct 48 low earth orbit satellites for our second-generation satellite constellation and to provide launch-related and operations support services, and to construct the Satellite Operations Control Centers, Telemetry Command Units and In-Orbit Test Equipment for our second-generation satellite constellation. A substantial majority of the payments under the Thales Alenia Space agreements is denominated in Euros.

Our exposure to fluctuations in currency exchange rates has decreased as a result of certain portions of our contracts for the construction of our second-generation constellation satellite and the related control network facility, which are payable primarily in Euros, are at a fixed exchange rate. A 1.0% decline in the relative value of the U.S. dollar, on the remaining balance not at a fixed exchange rate of approximately €227 million on March 31, 2010, would result in $3.2 million of additional payments. See Note 3: Property and Equipment of the unaudited interim consolidated financial statements in Part I, Item 1 of this Report. Our interest rate risk arises from our variable rate debt under our Facility Agreement, under which loans bear interest at a floating rate based on the LIBOR. In order to minimize the interest rate risk, we completed an arrangement with the lenders under the Facility Agreement to limit the interest to which we are exposed. The interest rate cap provides limits on the 6 month Libor rate (Base Rate) used to calculate the coupon interest on outstanding amounts on the Facility Agreement of 4.00% from the date of issuance through December 2012. Thereafter, the Base Rate is capped at 5.50% should the Base Rate not exceed 6.5%. Should the Base Rate exceed 6.5%, our Base rate will be 1% less than the then 6 month Libor rate. The applicable margin from the base rate ranges from 2.07% to 2.4% through the termination date of the facility. Assuming that we borrowed the entire $586.3 million under the Facility Agreement, a 1.0% change in interest rates would result in a change to interest expense of approximately $5.9 million annually.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Our management, with the participation of our 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 March 31, 2010, 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.

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Based on this evaluation, our chief executive officer and chief financial officer concluded that as of March 31, 2010 our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

We believe that the consolidated financial statements included in this Report fairly present, in all material respects, our consolidated financial position and results of operations as of and for the three months ended March 31, 2010.

(b) Changes in internal control over financial reporting.

As of March 31, 2010, our management, with the participation of our chief executive officer and chief financial officer, evaluated our internal control over financial reporting. Based on that evaluation, our CEO and CFO concluded that there were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2010, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II: OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

You should carefully consider the risks described in this Report and all of the other reports that we file from time to time with the Securities and Exchange Commission (SEC), in evaluating and understanding us and our business. Additional risks not presently known or that we currently deem immaterial may also impact our business operations and the risks identified in this Report may adversely affect our business in ways we do not currently anticipate. Our financial condition or results of operations also could be materially adversely affected by any of these risks. There have been no material changes to the risk factors disclosed in Part I. Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2009, as filed with the SEC on March 12, 2010.

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Item 6. Exhibits

Number	Description
10.1	Amended and Restated Launch Services Agreement by and between Globalstar, Inc. and Arianespace dated March 9, 2010
10.2	Amendment No. 4 to contract between Globalstar, Inc. and Hughes Network Systems, LLC dated as of March 24, 2010
10.3	Amendment No. 2 to Purchase Agreement by and between Globalstar, Inc. and Ericsson Federal Inc. dated March 30, 2010
10.4	Amendment No. 8 to Satellite Products Supply Agreement by and between QUALCOMM Incorporated, Globalstar, Inc. and Globalstar Canada Satellite Company dated August 18, 2009
10.5	Amendment No. 9 to Satellite Products Supply Agreement by and between QUALCOMM Incorporated, Globalstar, Inc. and Globalstar Canada Satellite Company dated February 24, 2010
31.1	Section 302 Certification of the Chief Executive Officer
31.2	Section 302 Certification of the Chief Financial Officer
32.1	Section 906 Certifications

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

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SIGNATURES

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

	GLOBALSTAR, INC. By:
Date: May 7, 2010	/s/ Peter J. Dalton
	Peter J. Dalton *Chief Executive Officer* By:
Date: May 7, 2010	/s/ Fuad Ahmad
	Fuad Ahmad *Senior Vice President and Chief Financial Officer*

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