

Globalstar, Inc.  
Form 10-K  
March 31, 2011

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549  
FORM 10-K

(Mark One)

- ANNUAL  
REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Fiscal Year Ended December 31, 2010  
OR  
 TRANSITION  
REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Transition Period from to  
Commission File Number 001-33117

GLOBALSTAR, INC.  
(Exact Name of Registrant as Specified in Its Charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

41-2116508  
(I.R.S. Employer  
Identification No.)

300 Holiday Square Blvd.  
Covington, Louisiana 70433  
(Address of Principal Executive Offices)  
Registrant's Telephone Number, Including Area Code: (985) 335-1500

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

Title of Each Class	Name of Each Exchange on Which Registered
Voting Common Stock, \$.0001 par value	The NASDAQ Stock Market

Securities registered pursuant to Section 12(g) of the Act:  
5.75% Convertible Senior Notes due 2028

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

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

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

Indicate by check mark 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  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements

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incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

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

The aggregate market value of the Registrant's common stock held by non-affiliates at June 30, 2010, the last business day of the Registrant's most recently completed second fiscal quarter, was approximately \$146.8 million.

As of March 25, 2011, 292,200,731 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.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the 2011 Annual Meeting of Stockholders are incorporated by reference in Part III of this Report.

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## FORM 10-K

For the Fiscal Year Ended December 31, 2010

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## PART I

### Forward-Looking Statements

Certain statements contained in this Report, other than purely historical information, including, but not limited to, estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," "seek," and similar expressions, although not all forward-looking statements contain these identifying words. These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Forward-looking statements, such as the statements regarding our ability to develop and expand our business, our anticipated capital spending (including for future satellite procurements and launches), our ability to manage costs, our ability to exploit and respond to technological innovation, the effects of laws and regulations (including tax laws and regulations) and legal and regulatory changes, the opportunities for strategic business combinations and the effects of consolidation in our industry on us and our competitors, our anticipated future revenues, our anticipated financial resources, our expectations about the future operational performance of our satellites (including their projected operational lives), the expected strength of and growth prospects for our existing customers and the markets that we serve, commercial acceptance of new products, problems relating to the ground-based facilities operated by us or by independent gateway operators, worldwide economic, geopolitical and business conditions and risks associated with doing business on a global basis and other statements contained in this Report regarding matters that are not historical facts, involve predictions. Risks and uncertainties that could cause or contribute to such differences include, without limitation, those in "Item 1A. Risk Factors" of this Report. We do not intend, and undertake no obligation, to update any of our forward-looking statements after the date of this Report to reflect actual results or future events or circumstances.

### Item 1. Business

#### Overview

Globalstar, Inc. ("we", "us" or "the Company") is a leading provider of mobile voice and data communications services globally via satellite. By providing wireless services in areas not served or underserved by terrestrial wireless and wireline networks, we seek to address our customers' increasing desire for connectivity. Currently, using 32 in-orbit satellites and 27 ground stations, which we refer to as gateways, we offer voice and data communication services.

Our first-generation network, originally owned by Globalstar, L.P. ("Old Globalstar"), was designed, built and launched in the late 1990s by a technology partnership led by Loral Space and Communications ("Loral") and Qualcomm Incorporated ("Qualcomm"). In 2002, Old Globalstar filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code. In 2004, we completed the acquisition of the business and assets of Old Globalstar. Thermo Capital Partners LLC, which owns and operates companies in diverse business sectors and is referred to in this Report, together with its affiliates, as "Thermo", became our principal owner in this transaction. We were formed as a Delaware limited liability company in November 2003 and were converted into a Delaware corporation in March 2006.

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

We are currently in the process of launching 24 new second-generation satellites. We successfully launched the first six second-generation satellites on October 19, 2010, and expect to conduct the next launch of six satellites in May 2011, to be followed by two additional launches of six satellites per launch within 60-90 days following the previous launch. Globalstar plans to integrate the 24 new second-generation satellites (“second-generation satellites”) with the eight first-generation satellites that were launched in 2007 to form a 32-satellite second-generation constellation (“second-generation constellation”). We are currently in the process of renegotiating the terms of the purchase of additional second-generation satellites (“additional second-generation satellites”) that can be used to supplement the second-generation constellation as in-orbit or ground spare satellites.

Our second-generation constellation is designed to support Globalstar's current lineup of Duplex, SPOT family (SPOT Satellite GPS Messenger, SPOT Communicator, SPOT HUG, and SPOT Connect) and Simplex data products. With the improvement in both coverage and service quality for our Duplex product offerings resulting from the deployment of our second-generation constellation, we anticipate an expansion of our subscriber base and increases in our average revenue per user, or "ARPU".

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

At December 31, 2010, we served approximately 439,000 subscribers. We increased our net subscribers by approximately 12% from December 31, 2009 to December 31, 2010. We count "subscribers" based on the number of devices that are subject to agreements which entitle them to use our voice or data communications services rather than the number of persons or entities who own or lease those devices.

We currently provide the following communications services:

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

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

- Duplex two-way transmission products;
- SPOT family of products ("SPOT");
- Simplex one-way transmission products.

Duplex two-way transmission products

Mobile Voice and Data Satellite Communications Services and Equipment

We traditionally provide mobile voice and data services to a wide variety of commercial, government and recreational customers for remote business continuity, recreational, emergency response and other applications. Subscribers under these plans typically pay an initial activation fee to the agent or dealer, a monthly usage fee to us that entitles the customer to a fixed or unlimited number of minutes, and fees for additional services such as voicemail, call forwarding, short messaging, email, data compression and internet access. Extra fees may also apply for non-voice services, roaming and long-distance. We regularly monitor our service offerings in accordance with customer demands and market changes and offer pricing plans such as bundled minutes, annual plans and unlimited plans.

We offer our services for use only with equipment designed to work on our network, which users generally purchase in conjunction with an initial service plan. We offer a satellite-only GSP-1700 phone available in multiple colors, which includes a user-friendly color LCD screen and a variety of accessories. The phones represent a significant improvement over earlier-generation equipment, and we believe that the advantages will facilitate increased adoption from prospective users, as well as, increased revenue from our existing subscribers as we launch our second-generation satellites. We also believe that the GSP-1700 is among the smallest, lightest and least-expensive satellite phones available. We are the only satellite network operator currently using the patented Qualcomm CDMA technology that permits diversity combining of the strongest satellite signal available.

Fixed Voice and Data Satellite Communications Services

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

#### Satellite Data Modem Services

In addition to data utilization through fixed and mobile services described above, we offer data-only services. Duplex devices have two-way transmission capabilities; for asset-tracking applications, this enables customers to control directly their remote assets and perform more complicated monitoring activities. We offer asynchronous and packet data service in all of our territories. Customers can use our products to access the internet, corporate virtual private networks and other customer specific data centers. Our satellite data modems can be activated under any of our current pricing plans. Satellite data modems are accessible in every region we serve. Their store-and-forward capability reduces the impact of our S-band downlink degradation for customers who do not require real-time transmission and reception of data. Additionally, we offer a data acceleration and compression service to the satellite data modem market. This service increases web-browsing, email and other data transmission speeds without any special equipment or hardware.

### Qualcomm GSP-1720 Satellite Voice and Data Modem

The GSP-1720 is a satellite voice and data modem board with multiple antenna configurations and an enlarged set of commands for modem control. We expect this board will be attractive to integrators because it has more user interfaces that are easily programmable. This makes it easier for value added resellers to integrate the satellite modem processing with the specific application (e.g., monitoring and controlling oil and gas pumps, electric power plants and other remote facilities).

### New Products, Services and the Next-Generation IMS Ground Network

We have entered into a contract with Hughes Network Systems, LLC ("Hughes") under which Hughes will design, supply and implement the Radio Access Network ("RAN") ground network equipment and software upgrades for installation at a number of our satellite gateway ground stations and satellite interface chips to be a part of the User Terminal Subsystem ("UTS") in our various next-generation devices. These upgrades will be part of our "next-generation ground network".

We have also entered into a contract with Oceus Networks (formally known as Ericsson Federal Inc.) to work with us to develop, implement and maintain a ground interface, or core network, system that will be installed at our satellite gateway ground stations. The core network system is wireless 3G/4G compatible and will link our radio access network to the public-switched telephone network ("PSTN") and/or Internet. This new core network system will be part of our next-generation ground network.

As mentioned previously, we have commenced the deployment of our second-generation satellites with the first launch in October 2010 with three more launches expected to be conducted in 2011. Our second-generation constellation, when combined with our next-generation ground network, which is expected to be completed in 2013, is designed to provide Globalstar customers with enhanced future services featuring increased data speeds of up to 256 kbps in a flexible Internet protocol multimedia subsystem ("IMS") configuration. Products and services supported are expected to include: push-to-talk and multicasting, advanced messaging capabilities such as multimedia messaging or MMS, geo-location services, multi-band and multi-mode handsets, and data devices with GPS integration.

### Direct Sales, Dealers and Resellers

Our sales group is responsible for conducting direct sales with key accounts and for managing indirect agent, dealer and reseller relationships in assigned territories in the countries in which we operate. They conduct direct sales with key customers and manage distribution outlets.

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

Our typical dealer is a communications services business-to-business equipment retailer. We offer competitive service and equipment commissions to our network of dealers to encourage sales.

In addition to sales through our distribution managers, agents, dealers and resellers, customers can place orders through our existing sales force and through our direct e-commerce website.

SPOT satellite GPS messenger™ and other SPOT consumer retail products



We have differentiated ourselves from other mobile satellite service providers by offering affordable, high utility mobile satellite products that appeal to the mainstream consumer market. With the 2009 acquisition of satellite asset tracking and consumer messaging products manufacturer Axonn, we believe we are the only vertically integrated mobile satellite company with decreased pre-production costs and shorter time to market for our retail consumer products. Our consumer retail product lineup includes the SPOT satellite GPS messenger, the SPOT Communicator™ for the DeLorme Earthmate, SPOT HUG™ and our recently introduced SPOT Connect™.

### SPOT Satellite GPS Messenger

We have targeted our SPOT satellite GPS messenger to recreational and commercial markets that require personal tracking, emergency location and messaging solutions for users that require these services beyond the range of traditional terrestrial and wireless communications. Using our network and web-based mapping software, this device provides consumers with the capability to trace geographically or map the location of individuals or equipment. The product also enables users to transmit messages to a specific preprogrammed email address, phone or data device, including a request for assistance in the event of an emergency.

We market our SPOT satellite GPS messenger products and services in the U.S. and Canada, as well as, in our overseas markets, including South and Central America, Western Europe, and, through independent gateway operators, in their respective territories.

We began commercial sales of the first SPOT products and services in November 2007 when we introduced the SPOT Personal Tracker. We introduced an updated version of this product, the SPOT Satellite GPS Messenger (“SPOT 2”) in July 2009. The sales volume of SPOT products and services to date show a viable market for affordable emergency and tracking functionality worldwide.

### SPOT Satellite Communicator for the DeLorme Earthmate PN-60w

We and DeLorme jointly developed and produced the SPOT Satellite Communicator (“SPOT Communicator”) to connect wirelessly to the DeLorme Earthmate PN-60w, allowing customers to use the PN-60w’s internal keyboard to transmit custom text messages via satellite from anywhere within our coverage area. The combined product also provides traditional SPOT functionality, including emergency assistance, messaging, and tracking.

### SPOT HUG

In October 2010, we introduced a new product named SPOT HUG at the Fort Lauderdale International Boat Show. We designed SPOT HUG to facilitate the monitoring of a boat’s location, status of the operations, engine, pumps, hatch and door status, as well as, valuables onboard. SPOT HUG detects unauthorized movement when the boat moves more than 500 meters without owner authority. In such an event, a notification with the boat’s GPS position is automatically sent to the user and a global monitoring center that then alerts local authorities where available. SPOT HUG also provides remote sensor capabilities to monitor battery power, high water levels, engine/ignition or other features, as well as, traditional SPOT functionality, including emergency assistance, messaging, and tracking. We plan to extend this product’s target market to include additional categories of assets such as automobiles, RVs, motorcycles and farm/construction equipment.

### SPOT Connect

In January 2011, we introduced a new product named SPOT Connect, a one-way messaging device capable of sending messages over our satellite network from smartphone or similar “smart” devices such as tablets. We introduced the product concept and displayed demonstration units at the 2011 International Consumer Electronics Show (“CES”) in Las Vegas. SPOT Connect provides connectivity to our network for sending location-based messages from areas either within or outside of cellular phone coverage. After downloading the SPOT Connect app, the user’s SPOT Connect wirelessly synchs via Bluetooth with a smartphone’s operating system. SPOT message features are then initiated using the SPOT Connect app on the smartphone or other “smart” device. Users can then type and send text messages from anywhere within our global coverage area. SPOT Connect also provides traditional SPOT functionality, including emergency assistance, messaging, and tracking. At introduction, this product will support both Apple and Android platforms, with other “smart” platforms planned for future release.

## Product Distribution

We distribute and sell our SPOT family of products through a variety of existing and new distribution channels. We have also expanded our distribution channels through product alliances. We have distribution relationships with a number of "Big Box" retailers and other similar distribution channels including Amazon.com, Bass Pro Shops, Best Buy, Big 5 Sporting Goods, Big Rock Sports, Cabela's, Campmor, Joe's Sport, London Drugs, Outdoor and More, Gander Mountain, REI, Sportsman's Warehouse, Wal-Mart.com, West Marine, DBL Distributing, D.H. Distributions, and CWR Electronics. We also sell SPOT products and services directly using our existing sales force and through our direct e-commerce website.

### Simplex one-way transmission products

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

We designed our Simplex service to address the market for a small and cost-effective solution for sending data, such as geographic coordinates, from assets or individuals in remote locations to a central monitoring station. Customers are able to realize an efficiency advantage from tracking assets on a single global system as opposed to several regional systems. Our Simplex services are currently available in countries served by the gateways in North America, France, Venezuela, Mexico, Turkey, South Korea, Australia, Singapore, Peru, Nigeria, and Brazil.

We offer a small module called STX-2 satellite transmitter which enables an integrator's product designs to access our Simplex network. We also offer complete products that utilize the STX-2 Satellite Transmitter. Our Simplex units, including the enterprise products MMT and SMARTONE, are used worldwide by industrial, commercial and government customers. These products provide cost-efficient, low power, ultra-reliable, secure monitoring that help solve a variety of security application and asset tracking challenges in a variety of mobile markets.

The reseller channel for Simplex equipment and service is comprised primarily of communications equipment retailer companies and commercial communications equipment rental companies that retain and bill clients directly, outside of our billing system. Many of our resellers specialize in niche vertical markets where high-use customers are concentrated. We have sales arrangements with major resellers to market our services, including some value added resellers that integrate our STX-2, or our products based on it, into their proprietary solutions designed to meet certain specialized niche market applications.

#### Independent Gateway Operators

Our wholesale operations encompass primarily bulk sales of wholesale minutes to the independent gateway operators ("IGO") around the globe. These independent gateway operators maintain their own subscriber bases that are mostly exclusive to us and promote their own service plans. The independent gateway operator system allows us to expand in regions that hold significant growth potential but are harder to serve without sufficient operational scale or where local regulatory requirements or business or cultural norms do not permit us to operate directly.

Currently, 14 of the 27 gateways in our network are owned and operated by unaffiliated companies, some of whom operate more than one gateway. Except for the gateway in Nigeria, in which we hold a 30% equity interest, and our joint venture in Korea, in which we hold a 49% 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 IGO's have been unable to grow their businesses adequately due in part to limited resources.

Set forth below is a list of independent gateway operators as of December 31, 2010:

Location	Gateway	Independent Gateway Operators
Argentina	Bosque Alegre	TE.SA.M Argentina
Australia	Dubbo	Pivotal Group PTY Limited
Australia	Mount Isa	Pivotal Group PTY Limited
Australia	Meekatharra	Pivotal Group PTY Limited
China	Beijing	China Spacecom
Italy	Avezzano	Elsacom N.V.
South Korea	Yeo Ju	Arion Communications Co
Mexico	San Martin	Globalstar de Mexico
Nigeria	Kaduna	Globaltouch (West Africa) Limited
Peru	Lurin	TE.SA.M Peru
Russia	Khabarovsk	GlobalTel
Russia	Moscow	GlobalTel
Russia	Novosibirsk	GlobalTel

Turkey

Ogulbey

Globalstar Avrasya

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## Other Services

We also provide certain engineering services to assist customers in developing new applications related to our system. These services include hardware and software designs to develop specific applications operating over our network, as well as, the installation of gateways and antennas.

## Our Spectrum

In the United States, the Federal Communications Commission (“FCC”) has authorized us to operate our first-generation satellites in 25.225 MHz of radio spectrum comprising two blocks of non-contiguous radio frequencies (1610-1618.72 MHz) and (2483.5-2500 MHz).

In November 2010, the French Postal and Electronic Communications Regulatory Authority (“ARCEP”) granted us a license to operate a wireless communications network via our second-generation constellation.

Most of our competitors only have access to spectrum frequencies regionally. We believe access to this global spectrum enables us to design satellites, network and terrestrial infrastructure enhancements more cost effectively because the products and services can be deployed and sold worldwide. This broad spectrum assignment enhances our ability to capitalize on existing and emerging wireless and broadband applications.

## Ancillary Terrestrial Component

In February 2003, the FCC adopted rules that permit satellite service providers to establish terrestrial networks utilizing the ancillary terrestrial component (“ATC”) of their licensed spectrum. ATC authorization enables the integration of a satellite-based service with terrestrial wireless services, resulting in a hybrid mobile satellite services/ATC network designed to provide advanced services and broad coverage throughout the United States. Once established, the ATC network could extend our services to urban areas and inside buildings where satellite services currently are impractical, as well as, to rural and remote areas that lack terrestrial wireless services.

In order to establish an ATC network, a satellite service provider must first meet certain specified requirements commonly known as the “gating criteria.” These criteria require us to provide continuous coverage over the United States and have an in-orbit spare satellite. Additionally, ATC services must be complementary or ancillary to mobile satellite services in an “integrated service offering,” which can be achieved by using “dual-mode” devices capable of transmitting and receiving mobile satellite and ATC signals, or providing “other evidence” that the satellite service provider meets the requirement. Further, user subscriptions that include ATC services must also include mobile satellite services. Because of these requirements, the number of potential early stage competitors in providing ATC services is limited, as only mobile satellite services operators who are offering commercial satellite services can provide ATC services.

In January 2006, the FCC granted our application to add an ATC service to our existing mobile satellite services. In April 2008, the FCC issued a decision extending our ATC authorization from 11MHz to a total of 19.275 MHz of our spectrum, 7.775 MHz of which is in the L-band and 11.5 MHz is in the S-band. Outside the United States, other countries are considering implementing regulations to facilitate ATC services. We expect to pursue ATC licenses in jurisdictions such as Canada and the European Community as market conditions dictate.

In October 2008, the FCC granted our requests for waivers of certain gating criteria permitting us to lease a portion of our domestic spectrum to Open Range Communications so that Open Range could deploy wireless broadband using the WiMAX air interface protocol. In granting our request, the FCC required us to meet the gating criteria by specified dates in 2010 and 2011, including the completion of the launch of our second-generation satellites by July 1,

2010. In December 2009, we requested the FCC to extend the two deadlines based on the confluence of unforeseen events which would make it impossible to meet the deadlines. By Order dated September 14, 2010, the FCC denied our request and suspended our ATC authority until we come into compliance with the gating criteria. The FCC has granted special temporary authority to Open Range to continue utilizing our licensed spectrum while it transitions its customers to other frequency bands. We are not permitted to receive any compensation from Open Range for use of the licensed spectrum after September 14, 2010. Effective January 5, 2011, we terminated the lease agreement with Open Range.

In July 2010, the FCC instituted a rulemaking proceeding and notice of inquiry to consider whether certain gating criteria should be revised or eliminated so as to permit satellite operators to exercise greater flexibility in utilizing ATC. Interested parties, including Globalstar, filed comments in these proceedings in September 2010. Therein, we have proposed the elimination of, or substantial modifications to, the existing gating criteria. We continue our active participation in these proceedings.

## Regulation

### Mobile Satellite Services Spectrum and Satellite Constellation

We licensed our second-generation constellation through France, rather than the United States where we are licensed for our first-generation constellation. By Order dated October 28, 2010, the French Ministry for the Economy, Industry and Employment authorized Globalstar Europe SARL, our wholly owned subsidiary, to operate our second-generation constellation. On November 23, 2010, ARCEP granted a license to Globalstar Europe SARL to provide mobile satellite service.

The French National Frequencies Agency (“ANFR”) is representing us before the International Telecommunications Union (“ITU”) for purposes of receiving assignments of orbital positions and conducting international coordination efforts to address any interference concerns. ANFR submitted the technical papers to the ITU on our behalf in July 2009. As with the first-generation constellation, the ITU will require us to coordinate our spectrum assignments with other companies that use any portion of our spectrum bands. We cannot predict how long the coordination process will take; however, we are able to use the frequencies during the coordination process in accordance with our national licenses.

Our first-generation satellite constellation and four U.S. gateways are licensed by the FCC. We hold regulatory authorization for two pairs of frequencies on our current system: user links (from the user to the satellites, and vice versa) in the 1610 – 1618.72 and 2483.5 – 2500 MHz bands and feeder links (from the gateways to the satellites, and vice versa) in the 5091 – 5250 and 6875 – 7055 MHz bands.

On March 18, 2011, the International Bureau of the FCC adopted and released an order that modified licenses held by certain of our subsidiaries that, among other things, will allow us to transmit signals from our second-generation satellites to ground stations and mobile earth terminals in the United States, effective upon registration of our second-generation satellites by France under the Outer Space Treaty and the UN Convention on Registration of Objects Launched into Outer Space.

While we have obtained an operational license and frequency assignment for the second-generation satellites from the relevant French regulatory authorities, we must also apply to have our second-generation satellites registered by France under the Outer Space Treaty and the UN Convention on Registration of Objects Launched into Outer Space. As a result, we cannot currently use our recently launched second-generation satellites to service call traffic in the United States. By not being able to service call traffic in the United States, we also are unable to service call traffic in Canada due to the overlapping coverage in the United States