Financing agreement for Globalstar

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Globalstar reports that it is to sell up to $30 million of its voting common stock to investment fund Terrapin Opportunity.

The company says that it has obtained a “committed issuer managed equity financing facility” under which it may sell chunks of its voting common stock to Terrapin from time to time.

“This facility provides us with funds to help finance our capital obligations over the next two years,” said Jay Monroe, CEO of Globalstar.

“The structure of this facility gives us flexibility and pricing control that we can use to manage the potential dilution of additional equity.”

“On the basis of the past year’s revenue and profit growth and our execution on our long-term strategic plan, this financing demonstrates investors’ increased confidence in Globalstar as we continue with final preparations for our fourth launch of six new satellites in February.”

Under the terms of the transaction, Globalstar can draw up to $30 million over the 24-month period once a registration statement it has agreed to file with the SEC becomes effective.

Globalstar will be able to determine the timing, price and amount of the stock sales itself, which will be based on the company’s share price over time.

This announcement has come as a welcome boost following news that Globalstar’s common stock had been delisted from the NASDAQ stock market towards the end of 2012.

NASDAQ took this action due to the fact that Globalstar’s common stock had been trading below the minimum bid price of $1.00 for a period longer than that permitted by NASDAQ listing rules.

Despite this, the company says that it intends to once again obtain a listing for
its shares on a suitable stock exchange in the future.

“The board of directors carefully deliberated, over an extended period of time, the advantages and disadvantages of effecting a reverse stock split in order to seek to regain compliance with NASDAQ’s listing qualifications, and decided that doing so was not in the company’s or its stockholders' best interests at this time,” said Mr Monroe.

“We remain keenly focused on the execution of our satellite communications and spectrum strategies to drive stockholder value, including completing our fourth second-generation satellite launch. We fully intend to seek listing on an accredited exchange as soon as it is feasible to do so.”