Amazon.com (AMZN) - Globalstar (GSAT) Acquisition

Index Impact

Global Quantitative and Derivatives Strategy

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Globalstar (GSAT US) is being acquired by Amazon.com (AMZN US). Holders of GSAT will receive $90.00 in cash or 0.321 shares of AMZN for each GSAT held, subject to 40% cash and 60% stock proration.

GSAT is a member of S&P Completion, Russell 1000, MSCI USA Small Cap and other indices and will be removed upon close. AMZN is a member of the S&P 500, Russell 1000, MSCI USA Standard and other indices and will see corresponding index share increases.

We expect passive flows from S&P, MSCI and Morningstar indexers, as GSAT will be removed from the indices and AMZN's weight will increase in the S&P 500 and MSCI Standard index. No flows are expected from Russell 1000 indexers as both companies are in the same size segment. The potential index impact is summarized below.

Figure 1: Amazon (AMZN US) potential index changes and impact

Index	Index Change	Ticker	Name	Flow ($)	Shares(m)	Days to Trade
S&P 500	Share Inc	AMZN US	AMAZON.COM INC	324	1.3	0.03
Russell 1000	Share Inc	AMZN US	AMAZON.COM INC	75	0.3	0.01
MorningStar	Share Inc	AMZN US	AMAZON.COM INC	100	0.4	0.01
MSCI USA	Share Inc	AMZN US	AMAZON.COM INC	95	0.4	0.01
	Total	AMZN US	AMAZON.COM INC	593	2.4	0.06

Source: S&P, MSCI, FTSE Russell, Bloomberg Finance L.P., J.P. Morgan Global Markets Strategy

Figure 2: Globalstar (GSAT US) potential index changes and impact

Index	Index Change	Ticker	Name	Flow ($)	Shares(m)	Days to Trade
S&P Completion	Delete	GSAT US	GLOBALSTAR INC	(130)	(1.5)	(1.9)
Russell 1000	Delete	GSAT US	GLOBALSTAR INC	(130)	(1.5)	(1.9)
MorningStar	Delete	GSAT US	GLOBALSTAR INC	(305)	(3.6)	(4.6)
MSCI USA	Delete	GSAT US	GLOBALSTAR INC	(56)	(0.7)	(0.8)
Telecom ETFs	Delete	GSAT US	GLOBALSTAR INC	(37)	(0.4)	(0.6)
	Total	GSAT US	GLOBALSTAR INC	(658)	(7.8)	(9.8)

Source: S&P, MSCI, FTSE Russell, Bloomberg Finance L.P., J.P. Morgan Global Markets Strategy

See page 2 for analyst certification and important disclosures.

