

Iridium Communications Inc.
Form 10-K/A
November 20, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

(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, 2011

OR

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

For the transition period from to

Commission File Number 001-33963

Iridium Communications Inc.

(Exact name of registrant as specified in its charter)

Delaware 26-1344998
**(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)**

1750 Tysons Boulevard, Suite 1400, McLean, Virginia 22102

(Address of principal executive offices, including zip code)

703-287-7400

(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$0.001 par value	NASDAQ Global Select Market
Units, each consisting of one share of Common Stock and one \$7.00 Warrant	NASDAQ Global Select Market
Warrants, exercisable for Common Stock at an exercise price of \$7.00 per share	NASDAQ Global Select Market
Warrants, exercisable for Common Stock at an exercise price of \$11.50 per share	NASDAQ Global Select Market

Securities Registered Pursuant to Section 12(g) of the Act: None

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 (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements 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 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 in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold as of June 30, 2011 was approximately \$420.8 million.

The number of shares of the registrant's common stock, par value \$0.001 per share, outstanding as of March 1, 2012 was 73,205,008.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2012 annual meeting of stockholders to be filed pursuant to Regulation 14A with the Securities and Exchange Commission not later than 120 days after the registrant's fiscal year end of December 31, 2011, are incorporated by reference into Part III of this Form 10-K/A.

Iridium Communications Inc.

Form 10-K/A

Explanatory Note

This Amendment No. 1 to the annual report of Iridium Communications Inc. (the “Company”) on Form 10-K/A (“Form 10-K/A”) amends the Company’s annual report on Form 10-K for the year ended December 31, 2011, which was originally filed on March 6, 2012 (the “Original Filing”). This amendment is being filed for the purpose of restating certain amounts in the Selected Financial Data in Item 6, Management’s Discussion and Analysis of Financial Condition and Results of Operations in Item 7, Financial Statements in Item 8 and Controls and Procedures in Item 9A, and includes currently dated certifications from our principal executive officer and principal financial officer as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, which are attached to this Form 10-K/A as Exhibits 31.1, 31.2 and 32.1.

The Company has determined there were errors in the Company’s previously issued consolidated financial statements as of and for the years ended December 31, 2009, 2010 and 2011 and the quarters ended December 31, 2009 through December 31, 2011. These errors pertained to (i) certain components of the Company’s provision for income taxes related to a non-operating foreign subsidiary and (ii) the recognition of expense related to the fee for the undrawn portion of the Company’s \$1.8 billion loan facility (the “Credit Facility”) and its related effect on the provision for income taxes. The errors did not have any impact on the Company’s previously reported revenue or operating income, cash balances or total assets.

As compared to the amounts presented in the Original Filing, the restatement increased the income tax benefit and decreased net loss by \$2.1 million for the year ended December 31, 2009; increased the undrawn credit facility fee included in other expenses by \$1.0 million, increased income tax expense by \$1.8 million and decreased net income by \$2.8 million for the year ended December 31, 2010; decreased the undrawn credit facility fee included in other expenses by \$1.0 million, decreased income tax expense by \$0.4 million and increased net income by \$1.4 million for the year ended December 31, 2011. As a result of the restatement, basic and diluted net loss per share decreased by \$0.04 for the year ended December 31, 2009 and basic and diluted net income per share decreased \$0.04 for the year ended December 31, 2010 and increased by \$0.02 for the year ended December 31, 2011.

The Company believes that the restatement does not impact any trends in its business or have any current or prospective impact on its results of operations or its compliance with its debt covenants. This restatement relates to non-cash entries in the consolidated financial statements and has no effect on total cash flows or cash balances.

The restatement is more fully described in Note 3 of the Notes to the Consolidated Financial Statements.

In connection with the restatement, the Company's management reassessed the effectiveness of its disclosure controls and procedures and internal controls over financial reporting. As a result of that reassessment, the Company's management determined that there was a deficiency in its internal control over financial reporting in the area of accounting for income taxes specific to the calculation of deferred income taxes. Management determined that this deficiency constituted a material weakness. Accordingly, the Company's disclosure controls and procedures and internal control over financial reporting were not effective as of December 31, 2011. For a discussion of management's consideration of the Company's internal control over financial reporting and the material weakness identified, including a revised Management Report on Internal Control Over Financial Reporting, see Part II — Item 9A included in this Form 10-K/A.

All of the information in this Form 10-K/A is as of March 6, 2012, the date the Company filed the Original Filing with the Securities and Exchange Commission (the "SEC"). This Form 10-K/A does not reflect events occurring after the filing of the Original Filing other than the restatement for the matters discussed above and the Company has not updated other disclosures presented in the Original Filing, except as required to reflect the effects of the restatement. Events occurring after the Original Filing for which the Company has not updated disclosure include, among other things, the events described in our current reports on Form 8-K and quarterly reports on Form 10-Q filed after the date of the Original Filing. Forward-looking statements made in the Original Filing have not been revised to reflect events, results or developments that occurred or facts that became known to us after the date of the Original Filing, other than as specifically stated in this Form 10-K/A.

In June 2011, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update 2011-05, *Comprehensive Income: Presentation of Comprehensive Income* ("ASU 2011-05"), which requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The Company adopted ASU 2011-05 in the first quarter of 2012. ASU 2011-05 required retrospective application. In this Form 10-K/A, as presented in the Financial Statements in Item 8, retrospective application of ASU 2011-05 has been applied for all periods presented. The adoption of these updates changed the order in which we presented certain financial statements, but did not have any other impact on our financial statements.

IRIDIUM COMMUNICATIONS INC.

AMENDMENT NO. 1 TO ANNUAL REPORT ON FORM 10-K

Year Ended December 31, 2011

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Forward-Looking Statements

This report, as amended, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Such forward-looking statements include those that express plans, anticipation, intent, contingencies, goals, targets or future development or otherwise are not statements of historical fact. Without limiting the foregoing, the words “believes,” “anticipates,” “plans,” “expects,” “intends” and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on our current expectations and projections about future events, and they are subject to risks and uncertainties, known and unknown, that could cause actual results and developments to differ materially from those expressed or implied in such statements. The important factors discussed under the caption “Risk Factors” in the Original Filing, as updated by the registrant’s quarterly reports on Form 10-Q, could cause actual results to differ materially from those indicated by forward-looking statements made herein. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART II

Item 6. Selected Financial Data

Iridium Communications Inc.

The following selected historical financial data for the years ended December 31, 2011, 2010, 2009, and 2008 was derived from Iridium Communications Inc.’s audited financial statements. For a detailed description of the restatement of amounts for the years ended December 31, 2011, 2010, and 2009, refer to Note 3 – Restatement of Consolidated Financial Statements in the notes to our consolidated financial statements in Item 8 of this Form 10-K/A. The selected financial data below should be read in conjunction with Iridium Communications Inc.’s financial statements and related notes, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this Form 10-K/A. The selected financial data is historical data for Iridium Communications Inc. and is not necessarily indicative of future results of operations.

	For the Year Ended December 31,			
	2011	2010	2009	2008
	(Restated)	(Restated)	(Restated)	
	(In thousands, except per share amounts)			
Statement of Operations Data (a)				
Revenue:				
Services	\$262,322	\$236,351	\$53,014	\$-
Subscriber equipment	94,709	90,184	17,293	-

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Engineering and support services	27,276	21,638	5,682	-
Total revenue	\$384,307	\$348,173	\$75,989	\$-
Total operating expenses	\$307,306	\$310,813	\$89,164	\$2,592
Operating income (loss)	\$77,001	\$37,360	\$(13,175)	\$(2,592)
Net income (loss)	\$41,035	\$19,941	\$(42,239)	\$1,656
Comprehensive income (loss)	\$40,720	\$20,009	\$(42,217)	\$1,656
Weighted average shares outstanding - basic	72,164	70,289	53,964	43,268
Weighted average shares outstanding - diluted	73,559	72,956	53,964	43,268
Net income (loss) per share - basic	\$0.57	\$0.28	\$(0.78)	\$0.04
Net income (loss) per share - diluted	\$0.56	\$0.27	\$(0.78)	\$0.04

Balance Sheet Data	As of December 31,			
	2011 (Restated)	2010 (Restated)	2009 (Restated)	2008
	(In thousands)			
Total current assets	\$227,242	\$208,729	\$220,937	\$143
Total assets	1,374,186	1,047,449	826,396	403,150
Total long-term liabilities	576,278	258,692	107,844	-
Common stock, subject to possible conversion (12,000 shares at conversion value at December 31, 2008)	-	-	-	119,988
Total stockholders' equity	702,018	654,916	629,621	270,263

Other Data	For the Year Ended December 31,			
	2011	2010	2009	2008
	(In thousands)			
Cash provided by (used in):				
Operating activities	\$183,461	\$151,438	\$23,168	\$2,086
Investing activities	\$(359,337)	\$(242,086)	\$354,537	\$(401,838)
Financing activities	\$192,310	\$63,402	\$(230,656)	\$399,697

(a) The years ended December 31, 2011 and 2010 reflect the results of a full year of operations, while the year ended December 31, 2009 reflects the results of post-Acquisition activities for the three months ended December 31, 2009. The year ended December 31, 2009 included a \$34.1 million change in the fair value of warrants due to our determination that the exchange agreements entered into with the holders of 26.8 million warrants were derivative instruments. We conducted no material operating activities for the periods prior to the Acquisition in September 2009.

Iridium Holdings LLC – Predecessor Company

The following statement of operations data and cash flow data for the period from January 1, 2009 to September 29, 2009 and the year ended December 31, 2008 were derived from Iridium Holdings' audited financial statements included elsewhere in this Form 10-K/A. The balance sheet data for the years ended December 31, 2008, and 2007, and statement of operations data and cash flow data for the year ended December 31, 2007 was derived from Iridium Holdings' audited financial statements that are not included in this Form 10-K/A. The selected financial data below should be read in conjunction with Iridium Holdings' financial statements and related notes, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Form 10-K/A. The selected financial data is historical data for Iridium Holdings and is not necessarily indicative of future results of operations.

Statement of Operations Data (a)	For the Period		
	from January 2009 to September 29, 2009	For the Year Ended December 31, 2008	For the Year Ended December 31, 2007
	(In thousands, except per unit amounts)		
Revenue:			
Services	\$ 160,221	\$ 184,865	\$ 149,179
Subscriber equipment	66,206	119,938	101,879
Engineering and support services	16,524	16,141	9,843
Total revenue	\$ 242,951	\$ 320,944	\$ 260,901
Operating income (expense):			
Cost of services (exclusive of depreciation and amortization)	58,978	69,882	63,614
Cost of subscriber equipment sales	33,265	67,570	62,439
Selling, general and administrative	44,505	55,105	46,350

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Research and development	17,432	32,774	13,944
Depreciation and amortization	10,850	12,535	11,380
Transaction costs	12,478	7,959	-
Total operating expenses	\$ 177,508	\$ 245,825	\$ 197,727
Operating income	\$ 65,443	\$ 75,119	\$ 63,174
Net income	\$ 53,284	\$ 53,879	\$ 43,773
Net income attributable to Class A Units	\$ 36,143	\$ 36,456	\$ 30,826
Weighted average Class A Units outstanding - basic	1,084	1,084	1,084
Weighted average Class A Units outstanding - diluted	1,168	1,098	1,084
Earnings per unit - basic	\$ 33.34	\$ 33.63	\$ 28.44
Earnings per unit - diluted	\$ 31.75	\$ 33.40	\$ 28.44

Balance Sheet Data	As of December 31,	
	2008	2007
	(In thousands)	
Total current assets	\$101,355	\$80,342
Total assets	\$190,569	\$167,581
Total long-term obligations (b)	\$155,845	\$178,324
Total members' deficit	\$(62,230)	\$(78,447)

Other Data	For the Period		
	from January 1 2009 to September 29, 2009	For the Year Ended December 31, 2008	For the Year Ended December 31, 2007
	(In thousands)		
Cash provided by (used in):			
Operating activities	\$ 64,230	\$ 61,438	\$ 36,560
Investing activities	\$ (7,698)	) \$ (13,913)	) \$ (19,787)
Financing activities	\$ (23,327)	) \$ (44,820)	) \$ (26,526)

(a) Iridium Holdings did not have a full year of operations in 2009 since the Acquisition closed on September 29, 2009.

(b) Long-term obligations are presented net of an unamortized discount associated with a commitment fee to Motorola, Inc. in connection with the transition services, products and asset agreement, or the TSA. The balance of the unamortized discount was \$1.3 million at December 31, 2008 and \$1.8 million at December 31, 2007.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis has been updated to reflect the restatement of the Consolidated Statements of Operations for the years ended December 31, 2011, 2010 and 2009 and the Consolidated Balance Sheets as of December 31, 2011 and 2010. The restatement increased the income tax benefit and decreased net loss by \$2.1 million for the year ended December 31, 2009; increased the undrawn credit facility fee included in other expenses by \$1.0 million, increased income tax expense by \$1.8 million, and decreased net income by \$2.8 million for the year ended December 31, 2010; and decreased the undrawn credit facility fee included in other expenses by \$1.0 million, decreased income tax expense by \$0.4 million, and increased net income by \$1.4 million for the year ended December 31, 2011. For a more detailed description of the restatement, refer to Note 3 – Restatement of Consolidated Financial Statements in the notes to our consolidated financial statements in Item 8 of this Form 10-K/A. You should read the following discussion along with our consolidated financial statements and the consolidated financial statements of Iridium Holdings LLC (our predecessor entity) included in this Form 10-K/A.

Background

We were initially formed in 2007 as GHL Acquisition Corp., a special purpose acquisition company. We acquired all the outstanding equity in Iridium Holdings LLC, or Iridium Holdings, in a transaction accounted for as a business combination on September 29, 2009. We refer to this transaction as the Acquisition. We refer to Iridium Holdings, together with its direct and indirect subsidiaries, as Iridium. In accounting for the Acquisition, GHL Acquisition Corp. was deemed the legal and accounting acquirer and Iridium the legal and accounting acquiree. On September 29, 2009, we changed our name to Iridium Communications Inc.

Restatement of Previously Issued Financial Statements

The financial data presented in this Management's Discussion and Analysis of Financial Condition and Results of Operations includes the effect of the restatement, as described in Note 3 – Restatement of Consolidated Financial Statements in the notes to our consolidated financial statements in Item 8 of this Form 10-K/A, of our results as of and for the years ended December 31, 2011, 2010 and 2009. The following tables summarize the effect of the restatement for the years ended December 31, 2011, 2010 and 2009.

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	Year Ended December 31, 2011		
	As Filed	Adjustments	Restated
	(In thousands, except per share data)		
Total revenue	\$ 384,307	\$ -	\$ 384,307
Total operating income	\$ 77,001	\$ -	\$ 77,001
Other income (expense):			
Undrawn credit facility fees	\$ (13,524)	\$ 1,000	\$ (12,524)
Total other income (expense)	\$ (12,420)	\$ 1,000	\$ (11,420)
Income before income taxes	\$ 64,581	\$ 1,000	\$ 65,581
Provision for income taxes	\$ (24,900)	\$ 354	\$ (24,546)
Net income	\$ 39,681	\$ 1,354	\$ 41,035
Comprehensive income	\$ 39,366	\$ 1,354	\$ 40,720
Net income per share - basic	\$ 0.55	\$ 0.02	\$ 0.57
Net income per share - diluted	\$ 0.54	\$ 0.02	\$ 0.56

	Year Ended December 31, 2010		
	As Filed	Adjustments	Restated
	(In thousands, except per share data)		
Total revenue	\$ 348,173	\$ -	\$ 348,173
Total operating income	\$ 37,360	\$ -	\$ 37,360
Other income (expense):			
Undrawn credit facility fees	\$ (2,368)	\$ (1,000)	\$ (3,368)
Total other income (expense)	\$ (1,748)	\$ (1,000)	\$ (2,748)
Income before income taxes	\$ 35,612	\$ (1,000)	\$ 34,612
Provision for income taxes	\$ (12,921)	\$ (1,750)	\$ (14,671)
Net income	\$ 22,691	\$ (2,750)	\$ 19,941
Comprehensive income	\$ 22,759	\$ (2,750)	\$ 20,009
Net income per share - basic	\$ 0.32	\$ (0.04)	\$ 0.28
Net income per share - diluted	\$ 0.31	\$ (0.04)	\$ 0.27

	Year Ended December 31, 2009		
	As Filed	Adjustments	Restated
	(In thousands, except per share data)		
Total revenue	\$ 75,989	\$ -	\$ 75,989
Total operating loss	\$ (13,175)	\$ -	\$ (13,175)
Total other income (expense)	\$ (32,865)	\$ -	\$ (32,865)
Income before income taxes	\$ (46,040)	\$ -	\$ (46,040)
Benefit from income taxes	\$ 1,654	\$ 2,147	\$ 3,801
Net loss	\$ (44,386)	\$ 2,147	\$ (42,239)
Comprehensive loss	\$ (44,364)	\$ 2,147	\$ (42,217)
Net loss per share - basic	\$ (0.82)	\$ 0.04	\$ (0.78)
Net loss per share - diluted	\$ (0.82)	\$ 0.04	\$ (0.78)

Overview of Our Business

We are engaged primarily in providing mobile voice and data communications services using a constellation of orbiting satellites. We are the second largest provider of satellite-based mobile voice and data communications services based on revenue, and the only commercial provider of communications services offering true global coverage. Our satellite network provides communications services to regions of the world where existing wireless or wireline networks do not exist or are impaired, including extremely remote or rural land areas, airways, open-ocean, the polar regions and regions where the telecommunications infrastructure has been affected by political conflicts or natural disasters.

We provide voice and data communications services to businesses, the U.S. and foreign governments, non-governmental organizations and consumers using our constellation of in-orbit satellites and related ground infrastructure. We utilize an interlinked, mesh architecture to route traffic across the satellite constellation using radio frequency crosslinks. This unique architecture minimizes the need for ground facilities to support the constellation, which facilitates the global reach of our services and allows us to offer services in countries and regions where we have no physical presence.

We sell our products and services to commercial end-users through a wholesale distribution network, encompassing approximately 75 service providers, 174 value-added resellers, or VARs, and 56 value-added manufacturers, who either sell directly to the end-user or indirectly through other service providers, VARs or dealers. These distributors often integrate our products and services with other complementary hardware and software and have developed a broad suite of applications for our products and services targeting specific vertical markets.

At December 31, 2011, we had approximately 523,000 billable subscribers worldwide, an increase of 96,000 or 22% from approximately 427,000 billable subscribers at December 31, 2010. We have a diverse customer base, including end-users in the following vertical markets: land-based handset; maritime; aviation; machine-to-machine, or M2M; and government.

We recognize revenue from both the sale of equipment and the provision of services. We expect a higher proportion of our future revenue will be derived from services. Voice and M2M data service revenue have historically generated higher gross margins than subscriber equipment revenue.

We are currently devoting a substantial part of our resources to develop Iridium NEXT, our next-generation satellite constellation, along with the development of new product and service offerings, upgrades to our current services, hardware and software upgrades to maintain our ground infrastructure and upgrades to our business systems. We estimate the aggregate costs associated with the design, build and launch of Iridium NEXT and related ground infrastructure upgrades through 2017 to be approximately \$3 billion. We believe our credit facility, described below, together with internally generated cash flow, including potential cash flows from hosted payloads and the proceeds from our outstanding stock purchase warrants, will be sufficient to fully fund the aggregate costs associated with the design, build and launch of Iridium NEXT and related ground infrastructure upgrades through 2017. For more information about our sources of funding, see "Liquidity and Capital Resources."

Full Scale Development and Launch Services Agreements

In June 2010, we executed a primarily fixed price full scale development contract, or FSD, with Thales Alenia Space France, or Thales, for the design and manufacture of satellites for Iridium NEXT. The total price under the FSD will be approximately \$2.2 billion, and we expect our payment obligations under the FSD to extend into the third quarter of 2017. As of December 31, 2011, we had made total payments of \$454.6 million to Thales, which were classified within property and equipment, net, in the accompanying consolidated balance sheet.

In March 2010, we entered into an agreement with Space Exploration Technologies Corp., or SpaceX, to secure SpaceX as the primary launch services provider for Iridium NEXT, which we refer to as the SpaceX Agreement. The SpaceX Agreement, as amended, has a maximum price of \$492.0 million for eight launches, each of which can carry

nine satellites. As of December 31, 2011, we had made total payments of \$43.9 million to SpaceX, which were classified within property and equipment, net, in the accompanying consolidated balance sheet as of December 31, 2011.

In June 2011, we entered into an agreement with International Space Company Kosmotras, or Kosmotras, as a supplemental launch services provider for Iridium NEXT. The agreement provides for the purchase of up to six launches and six additional launch options. Each launch can carry two satellites. If we purchase all six launches, we will pay Kosmotras a total of approximately \$184.3 million. If we do not purchase any launches by March 31, 2013, the agreement will terminate, and our payments to Kosmotras, including in respect of pre-launch development work, non-recurring milestone payments already completed at that time and termination fees, would be approximately \$15.1 million. As of December 31, 2011, we had made aggregate payments of \$11.2 million to Kosmotras which were capitalized as construction in progress within property and equipment, net in the accompanying consolidated balance sheet.

Credit Facility

On October 4, 2010, we entered into a \$1.8 billion loan facility, or the Credit Facility, with a syndicate of bank lenders. Ninety-five percent of our obligations under the Credit Facility are insured by Compagnie Française d'Assurance pour le Commerce Extérieur, or COFACE. The Credit Facility consists of two tranches, with draws and repayments applied pro rata in respect of each tranche:

- Tranche A – \$1,537,500,000 at a fixed rate of 4.96%; and

- Tranche B – \$262,500,000 at a floating rate equal to the London Interbank Offer Rate, or LIBOR, plus 1.95%.

In connection with each draw made under the Credit Facility, we borrow an additional amount equal to 6.49% of such draw to cover the premium for the COFACE insurance. We also pay a commitment fee of 0.80% per year, in semi-annual installments, on any undrawn portion of the Credit Facility. Funds drawn under the Credit Facility will be used for (i) 85% of the costs under the FSD for the design and manufacture of Iridium NEXT, (ii) the premium for the COFACE insurance and (iii) the payment of a portion of interest during a portion of the construction and launch phase of Iridium NEXT.

Scheduled semi-annual principal repayments will begin six months after the earlier of (i) the successful deployment of a specified number of Iridium NEXT satellites or (ii) September 30, 2017. During this repayment period, interest will be paid on the same date as the principal repayments. Prior to the repayment period, interest payments are due on a semi-annual basis in April and October. Interest expense incurred during the year ended December 31, 2011 was \$11.9 million. All interest costs incurred related to the Credit Facility are capitalized during the construction period of the assets; accordingly we capitalized \$11.9 million related to interest incurred in 2011. We pay interest on each semi-annual due date through a combination of a cash payment and a deemed additional loan. The \$11.9 million in interest incurred during the year ended December 31, 2011 consisted of \$3.6 million payable in cash, of which \$2.7 million was paid during the year and \$0.9 million was accrued at year end, and \$8.3 million payable by deemed loans, of which \$6.3 million was paid during the year and \$2.0 million was accrued at year end. The Credit Facility will mature seven years after the start of the principal repayment period. In addition, we are required to maintain minimum cash reserve levels for debt service, which are classified as restricted cash on the accompanying consolidated balance sheet. Minimum debt service reserve levels are estimated as follows (in millions):

At December 31, Amount

2012	\$ 54
2013	81
2014	108
2015	135
2016	162
2017	189

The required minimum debt service reserve level at December 31, 2011 was \$27.0 million. Obligations under the Credit Facility are guaranteed by us and our subsidiaries that are obligors under the Credit Facility. Our obligations are secured on a senior basis by a lien on substantially all of our assets and those of the other obligors.

We may not prepay any borrowings prior to December 31, 2015. If, on that date, a specified number of Iridium NEXT satellites have been successfully launched and we have adequate time and resources to complete the Iridium NEXT constellation on schedule, we may prepay the borrowings without penalty. In addition, following the completion of the Iridium NEXT constellation, we may prepay the borrowings without penalty. Any amounts repaid may not be reborrowed. We must repay the loans in full upon (i) a delisting of our common stock, (ii) a change in control of our company or our ceasing to own 100% of any of the other obligors or (iii) the sale of all or substantially all of our assets. We must apply all or a portion of specified capital raising proceeds, insurance proceeds and condemnation proceeds to the prepayment of the loans. The Credit Facility includes customary representations, events of default, covenants and conditions precedent to drawing of funds.

The financial covenants include:

- a minimum cash requirement;

- a minimum debt to equity ratio level;
- maximum capital expenditure levels;
- minimum consolidated operational earnings before interest, taxes, depreciation and amortization levels;
- minimum cash flow requirements from customers who have hosted payloads on our satellites;
 - minimum debt service reserve levels;
 - a minimum debt service coverage ratio level; and
 - maximum leverage levels.

The covenants also place limitations on our ability and that of our subsidiaries to carry out mergers and acquisitions, dispose of assets, grant security interests, declare, make or pay dividends, enter into transactions with affiliates, fund payments under the FSD from our own resources, incur debt, or make loans, guarantees or indemnities. We were in compliance with all covenants as of December 31, 2011.

As of December 31, 2011, we had borrowed \$417.1 million under the Credit Facility. The unused portion of the Credit Facility as of December 31, 2011 was approximately \$1.4 billion. We recognized the semi-annual commitment fee on the undrawn portion of the Credit Facility of \$13.5 million, which is included in other income (expense) in the accompanying consolidated statement of operations for the year ended December 31, 2011.

Settlement of Motorola Litigation

On October 1, 2010, we entered into a settlement agreement with Motorola, Inc., or Motorola, pursuant to which the parties settled the litigation previously filed by Motorola against Iridium Satellite LLC, or Iridium Satellite, and Iridium Holdings in Illinois. On the same date, the parties entered into a series of other agreements. Pursuant to these several agreements, we agreed to pay Motorola an aggregate of \$46.0 million to repay debt of \$15.4 million otherwise due in 2010, and \$14.9 million in consideration of expanded intellectual property licenses, the conversion of existing intellectual property licenses from being royalty-based to prepaid, the transfer to us of ownership of certain intellectual property rights, and \$15.7 million for the termination of Motorola's rights to distributions and payments based on the value of our company upon certain "triggering events" and mutual releases of claims. Of the total \$46.0 million, we paid \$23.0 million contemporaneously with the execution of the settlement agreement and the remaining \$23.0 million was reflected in a promissory note. In December 2010, we paid \$0.8 million to Motorola, which was applied against the promissory note principal. In May 2011, we paid \$23.6 million to Motorola Solutions, Inc., Motorola's successor, in full satisfaction of the outstanding balance of its promissory note including accrued interest. Total interest expense under the note payable totaled approximately \$1.4 million and was capitalized to construction in progress.

Material Trends and Uncertainties

Iridium's industry and customer base has historically grown as a result of:

- demand for remote and reliable mobile communications services;
- increased demand for communications services by the Department of Defense, or DoD, disaster and relief agencies and emergency first responders;
- a broad and expanding wholesale distribution network with access to diverse and geographically dispersed niche markets;
- a growing number of new products and services and related applications;
- improved data transmission speeds for mobile satellite service offerings;
- regulatory mandates requiring the use of mobile satellite services;
- a general reduction in prices of mobile satellite services and subscriber equipment; and
- geographic market expansion through the receipt of licenses in additional countries.

As we continue the Iridium business, we face a number of challenges and uncertainties, including:

- our ability to develop Iridium NEXT and related ground infrastructure, and to develop products and services for Iridium NEXT, including our ability to continue to access the Credit Facility to meet our future capital requirements for the design, build, and launch of the Iridium NEXT satellites;
- our ability to obtain sufficient internally generated cash flows, including cash flows from hosted payloads and proceeds from our outstanding stock purchase warrants, to fund a portion of the costs associated with Iridium NEXT

and support ongoing business;

our ability to maintain the health, capacity, control and level of service of our existing satellite network through the transition to Iridium NEXT;

- changes in general economic, business and industry conditions;
- our reliance on a single primary commercial gateway and a primary satellite network operations center;
- competition from other mobile satellite service providers and, to a lesser extent, from the expansion of terrestrial based cellular phone systems and related pricing pressures;
- our ability to maintain our relationship with U.S. government customers, particularly the DoD;
- market acceptance of our products;
- regulatory requirements, in existing and new geographic markets;
- rapid and significant technological changes in the telecommunications industry;
- reliance on our wholesale distribution network to market and sell our products, services and applications effectively;
- reliance on single source suppliers for some of the components required in the manufacture of our end-user subscriber equipment and our ability to purchase parts that are periodically subject to shortages resulting from surges in demand, natural disasters or other events; and
- reliance on a few significant customers for a substantial portion of our revenue, where the loss or decline in business with any of these customers may negatively impact our revenue.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. The preparation of these financial statements requires the use of estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates including those related to revenue recognition, useful lives of property and equipment, long-lived assets, goodwill and other intangible assets, inventory, income taxes, stock-based compensation, warranty expenses and other estimates. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

The accounting policies we believe to be most critical to understanding our financial results and condition and that require complex and subjective management judgments are discussed below. Our accounting policies are more fully described in Note 2 in Item 8 “Financial Statements and Supplementary Data.” Please see the notes to our consolidated financial statements for a full discussion of these significant accounting policies.

Revenue Recognition

For revenue arrangements with multiple elements that include guaranteed minimum orders and where we determine, based on judgment, that the elements qualify as separate units of accounting, we allocate the guaranteed minimum arrangement price among the various contract elements based on each element’s relative selling price. The selling price used for each deliverable is based on vendor specific objective evidence when available, third-party evidence when vendor-specific evidence is not available, or the estimated selling price when neither vendor-specific evidence nor third-party evidence is available. We determine vendor specific objective evidence of selling price by assessing sales prices of subscriber equipment, airtime and other services when they are sold to customers on a stand-alone basis. We recognize revenue for each element based on the specific characteristics of that element.

We recognize revenue for the sale of prepaid airtime when services are rendered or if the likelihood of the redemption by the customer becomes remote. The likelihood of redemption is based on historical redemption patterns. If future results are not consistent with these historical patterns, and therefore actual usage results are not consistent with our estimates or assumptions, we may be exposed to changes to earned and unearned revenue that could be material.

Revenue associated with certain fixed-price engineering services arrangements is recorded when the services are rendered, typically on a proportional performance method of accounting based on the Company’s estimate of total costs expected to complete the contract, and the related costs are expensed as incurred. We recognize revenue on cost-plus-fee arrangements to the extent of actual costs incurred plus an estimate of the applicable fees earned, where such estimated fees are determined using a proportional performance method calculation. If actual results are not consistent with our estimates or assumptions, we may be exposed to changes to earned and unearned revenue that could be material to our results of operations.

Stock-Based Compensation

We account for stock-based compensation, which consists of stock options and restricted stock units, based on the grant date estimated fair value. In the case of restricted stock units, grant date fair value is equal to the closing price of our common stock on the date of grant. In the case of stock options, grant date fair value is calculated using the Black-Scholes option pricing model. We recognize stock-based compensation on a straight-line basis over the requisite service period. The Black-Scholes option pricing model requires various judgmental assumptions, including

expected volatility and expected term. If any of the assumptions used in the Black-Scholes option pricing model changes significantly, stock-based compensation expense may differ materially in the future from that recorded in the current period. In addition, we are required to estimate the expected forfeiture rate and only recognize expense for those awards expected to vest. We estimate the forfeiture rate based on historical experience. To the extent our actual forfeiture rate is different from our estimate, stock-based compensation expense is adjusted accordingly.

Warranty Expenses

We estimate a provision for product returns under our standard warranty policies when it is probable that a loss has been incurred. A warranty liability is maintained based on historical experience of warranty costs and expected occurrences of warranty claims on equipment. If actual results are not consistent with our estimates or assumptions, we may be exposed to changes to cost of subscriber equipment sales that could be material to our results of operations.

Income Taxes

We account for income taxes using the asset and liability approach. This approach requires that we recognize deferred tax assets and liabilities based on differences between the financial statement bases and tax bases of our assets and liabilities. Significant judgment is required in the calculation of our tax provision and the resulting tax liabilities as well as the realizability of our deferred tax assets that arise from temporary differences between the tax and financial statement recognition. As part of our financial reporting process, we must assess the likelihood that our deferred tax assets can be recovered. A valuation allowance is established to reduce deferred tax assets to the amounts we expect to realize in the future. We also recognize tax assets related to uncertain tax positions only when we estimate that it is “more likely than not” that the position will be sustainable based on its technical merits. If actual results are not consistent with our estimates and assumptions, this may result in material changes to our income tax provision (benefit).

Recoverability of Long-Lived Assets

We assess the recoverability of long-lived assets when indicators of impairment exist. We assess the possibility of impairment by comparing the carrying amounts of the assets to the estimated undiscounted future cash flows expected to be generated by those assets. If we determine that an asset is impaired, we estimate the impairment loss by determining the excess of the assets' carrying amount over its estimated fair value. Estimated fair value is based on market prices, when available, or various other valuation techniques. These techniques often include estimates and assumptions with respect to future cash flows and incremental borrowing rates. If actual results are not consistent with our estimates and assumptions, we may be exposed to impairment losses that could be material to our results of operations.

Property and equipment and intangible assets with finite lives are depreciated or amortized over their estimated useful lives. We apply judgment in determining the useful lives based on the various factors such as engineering data, our long-term strategy for using the assets, contractual terms related to the assets, laws or regulations that could impact the useful life of the assets and other economic factors. If actual results are not consistent with our estimates and assumptions, we may be exposed to changes to depreciation and amortization expense that could be material to our results of operations.

Recoverability of Goodwill and Intangible Assets with Indefinite Lives

Goodwill

We assess the recoverability of goodwill on an annual basis or when indicators of impairment exist. Such events or circumstances could include significant changes in the business climate of our industry, operating performance indicators or competition. We operate in a single reporting unit. We assess the possibility of impairment by comparing the carrying amount of the reporting unit to its estimated fair value. We make assumptions and apply judgment in estimating the fair value of the reporting unit generally using a combination of an income and market approach.

If we determine that goodwill is impaired, we estimate the impairment loss by determining the excess of the goodwill's carrying amount over its estimated fair value. The estimated fair value of the goodwill is determined by recalculating a goodwill amount by reassessing the fair values of the assets and liabilities acquired in the original business combination. Performing the goodwill impairment test requires judgment, including how we define reporting units and determine their fair value. Estimating the fair values of the assets and liabilities acquired requires us to make assumptions and apply judgment based on quoted market prices and various other valuation techniques, including the discounted cash flows method and other market multiple analyses. The various valuation techniques require significant assumptions about future cash flows, revenue growth, capital expenditures, working capital fluctuations,

asset life and general market conditions. The discount rate applied to our forecasts of future cash flows is based on our estimated weighted average cost of capital. If actual results are not consistent with our estimates and assumptions, we may be exposed to impairment losses that could be material to our results of operations.

Intangible Assets Not Subject to Amortization

A portion of our intangible assets are our spectrum licenses and trade names which are indefinite-lived intangible assets. We reevaluate the indefinite life determination for these assets periodically to determine whether events and circumstances continue to support an indefinite life.

We assess the recoverability of indefinite-lived assets on an annual basis or when indicators of impairment exist. We assess the possibility of impairment by comparing the carrying amount of the asset to its estimated fair value. If the estimated fair value of the indefinite-lived asset is less than the carrying amount, an impairment loss is recognized. We make assumptions and apply judgment in estimating the fair value based on quoted market prices and various other valuation techniques, including replacement costs, discounted cash flows methods and other market multiple analyses. The various valuation techniques require significant assumptions about future cash flows, replacement cost, revenue growth, capital expenditures, working capital fluctuations, asset life, and incremental borrowing rates. If actual results are not consistent with our estimates and assumptions, we may be exposed to impairment losses that could be material to our results of operations.

Internally Developed Software

We capitalize the costs of acquiring, developing and testing software to meet our internal needs. Capitalization of costs associated with software obtained or developed for internal use commences when the preliminary project stage is complete and it is probable that the project will be completed and used to perform the function intended. Capitalized costs include (i) external direct cost of materials and services consumed in developing or obtaining internal-use software, and (ii) payroll and payroll-related costs for employees who are directly associated with, and devote time to, the internal-use software project. Capitalization of such costs ceases no later than the point at which the project is substantially complete and ready for its intended use. Internal use software costs are amortized once the software is placed in service using the straight-line method over periods ranging from three to seven years. Judgments and estimates are required in the calculation of capitalized development costs. We evaluate and estimate when the preliminary project stage is completed and at the point when the project is substantially complete and ready for use, which are based on engineering data.

Deferred Financing Costs

Direct and incremental costs incurred in connection with securing debt financing are deferred on our balance sheet and then are amortized as additional interest expense using an effective interest method over the term of the related debt. The effective interest rate calculation requires us to make assumptions and estimates in determining estimated periodic interest expense. The calculation includes assumptions and estimates with respect to future borrowing dates and amounts, repayment dates and amounts, and periodic LIBOR. If actual borrowing amounts and dates, repayment amounts and dates, and LIBOR rates are not consistent with our estimates or assumptions, we may be exposed to changes that could be material to our property and equipment, net balance (since we are capitalizing interest expense as part of the cost of Iridium NEXT), deferred financing costs balance, depreciation expense, interest expense, income from operations and net income.

Comparison of Our Results of Operations for the Year Ended December 31, 2011 and the Year Ended December 31, 2010

The following table reflects the results of operations, as restated, for the years ended December 31, 2011 and 2010. For a detailed description of the restatement, refer to Note 3 – Restatement of Consolidated Financial Statements in the notes to our consolidated financial statements in Item 8 of this Form 10-K/A. This table should be read together with our audited consolidated financial statements, including the notes thereto, appearing in Item 8 of this report.

(\$ in thousands)	Year Ended December 31,		2010		2011		Change	
	(Restated)	% of Total Revenue	(Restated)	% of Total Revenue	(Restated)	% of Total Revenue	Dollars	Percent
Revenue:								
Services	\$262,322	68 %	\$236,351	68 %	\$25,971	11 %		
Subscriber equipment	94,709	25 %	90,184	26 %	4,525	5 %		
Engineering and support services	27,276	7 %	21,638	6 %	5,638	26 %		
Total revenue	384,307	100 %	348,173	100 %	36,134	10 %		
Operating expenses:								
Cost of services (exclusive of depreciation and amortization)	71,181	19 %	72,579	21 %	(1,398)	(2)%		
Cost of subscriber equipment	54,113	14 %	61,661	18 %	(7,548)	(12)%		
Research and development	18,684	5 %	19,178	5 %	(494)	(3)%		
Selling, general and administrative	65,682	17 %	66,728	19 %	(1,046)	(2)%		
Depreciation and amortization	97,646	25 %	90,667	26 %	6,979	8 %		
Total operating expenses	307,306	80 %	310,813	89 %	(3,507)	(1)%		
Operating income	77,001	20 %	37,360	11 %	39,641	106 %		
Other income (expense):								
Interest income, net	1,200	0 %	637	0 %	563	88 %		

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Undrawn credit facility fees	(12,524)	(3))%	(3,368)	(1))%	(9,156)	272	%
Other expense	(96)	0	%	(17)	0	%	(79)	465	%
Total other expense	(11,420)	(3 )	)%	(2,748)	(1 )	)%	(8,672)	316	%
Income before income taxes	65,581	17	%	34,612	10	%	30,969	89	%
Provision for income taxes	(24,546)	(6 )	)%	(14,671)	(4 )	)%	(9,875)	67	%
Net income	\$41,035	11	%	\$ 19,941	6	%	\$ 21,094	106	%

Revenue

Total revenue increased by 10% for the year ended December 31, 2011, compared to the prior year, principally due to growth in billable subscribers, which drove growth in both commercial and government services revenue as well as increased sales of subscriber equipment. Billable subscribers at December 31, 2011 were approximately 523,000, an increase of 22% from December 31, 2010.

Service Revenue

Service Revenue									
(Revenue in millions and subscribers in thousands)									
	Year Ended			Year Ended			Change		
	December 31, 2011			December 31, 2010					
	Billable		ARPU ⁽²⁾	Billable		ARPU ⁽²⁾	Billable		ARPU
	Revenue	Subscribers ⁽¹⁾		Revenue	Subscribers ⁽¹⁾		Revenue	Subscribers		ARPU
Commercial voice	\$167.5	306.5	\$ 48	\$155.6	272.1	\$ 51	\$11.9	34.4	\$ (3)
Commercial M2M data	30.5	167.7	18	21.8	111.3	20	8.7	56.4	(2)
Total	198.0	474.2		177.4	383.4		20.6	90.8	
Government voice	62.0	37.1	141	57.5	36.2	146	4.5	0.9	(5)
Government M2M data	2.3	11.3	21	1.5	7.3	21	0.8	4.0	-
Total	64.3	48.4		59.0	43.5		5.3	4.9	
Total	\$262.3	522.6		\$236.4	426.9		\$25.9	95.7	

(1) Billable subscriber numbers shown are at the end of the respective period.

(2) Average monthly revenue per unit, or ARPU, is calculated by dividing revenue in the respective period by the average of the number of billable subscribers at the beginning of the period and the number of billable subscribers at the end of the period and then dividing the result by the number of months in the period.

Service revenue was \$262.3 million for the year ended December 31, 2011, an increase of 11% from the prior year, primarily due to growth in billable subscribers in commercial and government services.

The increase in commercial voice revenue was principally due to billable subscriber growth, including growth related to Iridium OpenPort, our broadband data maritime service, and an increase in usage of pre-paid minutes, partially offset by a decrease in ARPU. Commercial voice ARPU decreased by \$3 over the comparative period due to a decline in average minutes of use per postpaid subscriber, partially offset by growth in the higher ARPU Iridium OpenPort service. In 2012, we expect continued growth in commercial voice subscribers and revenue. Commercial M2M data revenue growth was driven principally by an increase in the billable subscriber base. Commercial M2M data ARPU decreased by \$2 over the comparative period due to the growth in subscribers using plans that generate lower revenue per unit. We anticipate an increase in M2M data revenues and a decrease in M2M data ARPU in 2012 as we expect to continue to experience further growth in our subscriber base with many subscribers utilizing lower ARPU plans.

The increase in government voice revenue was principally due to billable subscriber growth, including growth related to Netted Iridium, a service that provides beyond-line-of-sight, push-to-talk capability for user-defined groups. The increase in government M2M data revenue was driven primarily by billable subscriber growth. Government voice ARPU decreased by \$5 over the comparative period due to a higher proportion of billable subscribers on the lower

priced Netted Iridium plan. Government M2M data ARPU was flat year over year. Future growth in government voice and M2M data billable subscribers and revenue may be negatively affected by reductions in U.S. defense spending and deployed troop levels, and a corresponding decrease in subscribers under our agreements with the U.S. government, which account for a majority of our government services revenue and are subject to annual renewals.

Subscriber Equipment Revenue

Subscriber equipment revenue increased to \$94.7 million for the year ended December 31, 2011, an increase of 5% from the prior year. The increase in subscriber equipment revenue was primarily due to increased volume in M2M data device and handset sales. These increases were partially offset by decreases in handset unit prices and the lower selling price of the Iridium 9602 full-duplex short-burst data transceiver, introduced in May 2010, which is less expensive than its predecessor, the Iridium 9601. Future subscriber equipment sales to the U.S. government, including sales through non-government distributors, may be negatively affected by reductions in U.S. defense spending and deployed troop levels.

Engineering and Support Service Revenue

Engineering and Support Service Revenue (In millions)			
	Year Ended December 31, 2011	Year Ended December 31, 2010	Change
Government	\$ 25.9	\$ 19.7	\$ 6.2
Commercial	1.4	1.9	(0.5)
Total	\$ 27.3	\$ 21.6	\$ 5.7

Engineering and support service revenue increased by \$5.7 million, or 26%, from the prior year primarily due to an increase in the level of effort for a gateway upgrade project for the U.S. government, partially offset by decreases in government sponsored research and development contracts.

Operating Expenses

Total operating expenses decreased by 1% to \$307.3 million for the year ended December 31, 2011 from \$310.8 million for the prior year. This decrease was due to decreased cost of subscriber equipment, decreased cost of services and decreased selling, general and administrative expenses. The decrease was partially offset by increased depreciation and amortization.

Cost of Services (exclusive of depreciation and amortization)

Cost of services (exclusive of depreciation and amortization) includes the cost of network engineering and operations staff, including contractors, software maintenance, product support services and cost of services for government and commercial engineering and support service revenue.

Cost of services (exclusive of depreciation and amortization) decreased by 2% to \$71.2 million for the year ended December 31, 2011 from \$72.6 million for the year ended December 31, 2010 primarily due to the result of a favorable contract renegotiation with The Boeing Company in July 2010 that resulted in lower operations and maintenance expenses for the full 2011 year. These lower expenses were partially offset by costs associated with an increase in the level of effort for a gateway upgrade project for the U.S. government.

Cost of Subscriber Equipment

Cost of subscriber equipment includes the direct costs of equipment sold, which consist of manufacturing costs, allocation of overhead, warranty costs and royalties paid for the subscriber equipment intellectual property.

Cost of subscriber equipment sales decreased by 12% to \$54.1 million for the year ended December 31, 2011 from \$61.7 million for the prior year primarily as a result of the \$10.9 million impact of acquisition accounting during 2010 that increased the inventory basis and therefore increased the related cost of subscriber equipment sold during 2010. This decrease was partially offset by costs related to increased subscriber equipment sales.

Research and Development

Research and development expenses decreased by 3% to \$18.7 million for the year ended December 31, 2011 from \$19.2 million for the prior year primarily as a result of decreased expenses related to Iridium NEXT projects as they transitioned out of the research and development stage, partially offset by an increase in expenses related to new product development projects.

Selling, General and Administrative

Selling, general and administrative expenses include sales and marketing costs as well as legal, finance, information technology, facilities, billing and customer care expenses.

Selling, general and administrative expenses decreased by 2% to \$65.7 million for the year ended December 31, 2011 from \$66.7 million for the prior year primarily due to decreases in professional fees and employee-related costs.

Depreciation and Amortization

Depreciation and amortization expenses increased by 8% to \$97.7 million for the year ended December 31, 2011 from \$90.7 million for the prior year primarily as a result of increased depreciation expense due to assets placed in service and additional amortization associated with certain intellectual property assets acquired in late 2010. In addition, during 2011, the Company lost communication with one of the satellites within its existing constellation. Accordingly, a \$3.0 million impairment charge was recorded within depreciation and amortization expense during the year ended December 31, 2011. The Company had an in-orbit spare satellite located within the same plane that was repositioned

to take over the function of the lost satellite.

Other Expense

Interest Income, Net

Interest income, net was \$1.2 million for the year ended December 31, 2011 compared to \$0.6 million for the prior year. The increase from the prior year was primarily due to a higher average cash balance in 2011 and increased late payment fees charged to customers and recorded as interest income.

Undrawn Credit Facility Fees

The commitment fee on the undrawn portion of the Credit Facility was \$12.5 million for the year ended December 31, 2011 compared to \$3.4 million for the prior year. We entered into the Credit Facility in October 2010 and, as a result, we incurred expense related to the commitment fee on the undrawn portion for only the fourth quarter of 2010. The Credit Facility was outstanding for only the fourth quarter of 2010 and for the entirety of 2011. The increase in the undrawn commitment fee reflects the full year of the outstanding undrawn balance in 2011. As we continue to draw additional amounts under the Credit Facility, the undrawn portion and related fees will decrease.

Provision for Income Taxes

For the year ended December 31, 2011, our income tax provision was \$24.5 million compared to \$14.7 million in 2010. The increase was primarily related to an increase in our income before income taxes. Our 2011 annual effective tax rate was approximately 37.4% compared to 42.4% in 2010. The decrease in our effective tax rate from 2010 to 2011 was primarily due to the impact on our Arizona deferred tax assets resulting from a reduction in corporate income tax rates, enacted during 2011, for 2014 and beyond.

Comparison of Our Results of Operations for the Year Ended December 31, 2010 and Combined Results of Operations for the Year Ended December 31, 2009

The following table reflects the results of operations, as restated, for the years ended December 31, 2010 and 2009. For a detailed description of the restatement, refer to Note 3 – Restatement of Consolidated Financial Statements in the notes to our consolidated financial statements in Item 8 of this Form 10-K/A. This table should be read together with our audited consolidated financial statements, including the notes thereto, appearing in Item 8 of this report. For

comparison purposes, we have included the following discussion of our actual operating results for the year ended December 31, 2010, as restated, to those of Iridium on a combined basis for the year ended December 31, 2009. The combined presentation is a simple mathematical addition of the pre-Acquisition results of operations of Iridium for the period from January 1, 2009 to September 29, 2009 and our results of operations for the year ended December 31, 2009, as restated. There are no other adjustments made in the combined presentation.

(\$ in thousands)	Year Ended December 31,						Change Dollars Percent		
	2010 (Restated)	% of Total Revenue		2009 (Restated)	% of Total Revenue				
Revenue:									
Services	\$236,351	68	%	\$213,235	67	%	\$23,116	11	%
Subscriber equipment	90,184	26	%	83,499	26	%	6,685	8	%
Engineering and support services	21,638	6	%	22,206	7	%	(568)	(3)	%
Total revenue	348,173	100	%	318,940	100	%	29,233	9	%
Operating expenses:									
Cost of services (exclusive of depreciation and amortization)	72,579	21	%	77,943	25	%	(5,364)	(7)	%
Cost of subscriber equipment	61,661	18	%	51,922	16	%	9,739	19	%
Research and development	19,178	5	%	23,406	7	%	(4,228)	(18)	%
Selling, general and administrative	66,728	19	%	61,534	19	%	5,194	8	%
Depreciation and amortization	90,667	26	%	33,226	10	%	57,441	173	%
Transaction costs	-	0	%	18,641	6	%	(18,641)	NM	
Total operating expenses	310,813	89	%	266,672	83	%	44,141	17	%
Operating income (expense)	37,360	11	%	52,268	17	%	(14,908)	(29)	%
Other income (expense):									
Change in fair value of warrants	-	0	%	(34,117)	(11)	%	34,117	NM	
Interest income (expense), net	637	0	%	(11,316)	(4)	%	11,953	(106)	%
Other income (expense)	(3,385)	(1)	%	409	0	%	(3,794)	(928)	%
Total other expense	(2,748)	(1)	%	(45,024)	(15)	%	42,276	(94)	%
Income (loss) before income taxes	34,612	10	%	7,244	2	%	27,368	378	%
Benefit from (provision for) income taxes	(14,671)	(4)	%	3,801	1	%	(18,472)	NM	
Net income	\$19,941	6	%	\$11,045	3	%	\$8,896	81	%

NM = Not Meaningful

Revenue

Total revenue increased by 9% to \$348.2 million for the year ended December 31, 2010 from \$318.9 million for the combined year ended December 31, 2009, due principally to growth in billable subscribers, which drove growth in both commercial and government services revenue as well as increased sales of subscriber equipment, partially offset by a decrease in government engineering and support service revenue. Billable subscribers at December 31, 2010 increased by approximately 25% from December 31, 2009 to approximately 427,000 primarily due to growth in our distribution network and new product offerings.

Service Revenue

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Service Revenue (Revenue in millions and subscribers in thousands)									
	Year Ended December 31, 2010			Year Ended December 31, 2009			Change		
	Revenue	Billable Subscribers ⁽¹⁾	ARPU ⁽²⁾	Revenue	Billable Subscribers ⁽¹⁾	ARPU ⁽²⁾	Revenue	Billable Subscribers	ARPU
Commercial voice	\$155.6	272.1	\$ 51	\$143.0	238.4	\$ 52	\$12.6	33.7	\$ (1)
Commercial M2M data	21.8	111.3	20	16.5	70.3	21	5.3	41.0	(1)
Total	177.4	383.4		159.5	308.7		17.9	74.7	
Government voice	57.5	36.2	146	53.0	29.4	150	4.5	6.8	(4)
Government M2M data	1.5	7.3	21	0.7	4.1	21	0.8	3.2	-
Total	59.0	43.5		53.7	33.5		5.3	10.0	
Total	\$236.4	426.9		\$213.2	342.2		\$23.2	84.7	

(1) Billable subscriber numbers shown are at the end of the respective period.

ARPU is calculated by dividing revenue in the respective period by the average of the number of billable (2) subscribers at the beginning of the period and the number of billable subscribers at the end of the period and then dividing the result by the number of months in the period.

Service revenue increased by 11% to \$236.4 million for the year ended December 31, 2010 from \$213.2 million for the combined year ended December 31, 2009, primarily due to growth in billable subscribers in commercial and government services.

Commercial voice revenue was up principally due to billable subscriber growth, including growth related to Iridium OpenPort. Commercial M2M data revenue growth was driven principally by an increase in the billable subscriber base. Commercial voice ARPU decreased by \$1 to \$51 for the year ended December 31, 2010 compared to the combined year ended December 31, 2009. Commercial M2M data ARPU decreased by \$1 to \$20 for the year ended December 31, 2010 due to the addition of subscribers on new pricing plans at lower ARPU.

Government voice revenue was up due to billable subscriber growth, including growth related to Netted Iridium, a service introduced in late 2009. The increase in government M2M data revenue was driven by billable subscriber growth. Government voice ARPU decreased by \$4 to \$146 for the year ended December 31, 2010 compared to the combined year ended December 31, 2009 due to a higher proportion of billable subscribers on the lower priced Netted Iridium plan. Government M2M data ARPU was flat year over year.

Subscriber Equipment Revenue

Subscriber equipment revenue increased by 8% to \$90.2 million for the year ended December 31, 2010 from \$83.5 million for the combined year ended December 31, 2009. The increase in subscriber equipment revenue was primarily due to increased volume in M2M data device and handset sales, which was partially offset by decreases in most equipment unit prices introduced earlier in 2010 to incent future growth in service revenue and in anticipation of competitive pressure.

Engineering and Support Service Revenue

Engineering and Support Service Revenue (In millions)			
	Year Ended December 31, 2010	Year Ended December 31, 2009	Change
Government	\$ 19.7	\$ 21.5	\$ (1.8)
Commercial	1.9	0.7	1.2
Total	\$ 21.6	\$ 22.2	\$ (0.6)

Engineering and support service revenue decreased by 3% to \$21.6 million for the year ended December 31, 2010 from \$22.2 million for the combined year ended December 31, 2009, which was primarily due to a decrease in government engineering and support service contracts which ended in early 2010, partially offset by an increase in commercial engineering and support service revenue related to new development work.

Operating Expenses

Total operating expenses increased by 17% to \$310.8 million for the year ended December 31, 2010 from \$266.6 million for the combined year ended December 31, 2009. This increase was due primarily to higher depreciation and amortization expense related to the higher asset basis we had following the Acquisition and to increased cost of subscriber equipment sales primarily related to the higher inventory basis we had following the Acquisition. These increases were offset by transaction costs related to the Acquisition for the combined year ended December 31, 2009, which were \$0 in 2010.

Cost of Services (exclusive of depreciation and amortization)

Cost of services (exclusive of depreciation and amortization) decreased by 7% to \$72.6 million for the year ended December 31, 2010 from \$77.9 million for the combined year ended December 31, 2009, primarily due to the result of a favorable contract renegotiation with Boeing in July 2010 that resulted in lower operations and maintenance expenses. In 2010, we also experienced lower government engineering and support service expenses directly related to the decrease in government engineering and support service revenue, partially offset by increased satellite operations and engineering costs and increased expense related to new commercial engineering and support service work.

Cost of Subscriber Equipment Sales

Cost of subscriber equipment sales increased by 19% to \$61.7 million for the year ended December 31, 2010 from \$51.9 million for the combined year ended December 31, 2009, primarily as a result of increased sales volume in M2M data devices and handsets, as well as an increase related to the inventory value we had following the Acquisition, which had a higher inventory basis.

Research and Development

Research and development expenses decreased by 18% to \$19.2 million for the year ended December 31, 2010 from \$23.4 million for the combined year ended December 31, 2009, primarily as a result of a decrease in expenses related to the development of a new M2M data device, which was completed in May 2010, and decreased expenses related to Iridium NEXT projects as they transitioned out of the research and development stage, partially offset by an increase in equipment upgrade projects.

Depreciation and Amortization

Depreciation and amortization expenses increased by 173% to \$90.6 million for the year ended December 31, 2010 from \$33.2 million for the combined year ended December 31, 2009, primarily as a result of \$58.4 million in additional depreciation and amortization attributable to increased asset basis we had following the Acquisition.

Selling, General and Administrative

Selling, general and administrative expenses increased by 8% to \$66.7 million for the year ended December 31, 2010 from \$61.5 million for the combined year ended December 31, 2009, primarily due to increases in employee related costs (management incentives, commissions and severance) and professional fees (consulting, accounting, legal and regulatory). We also experienced increases in selling, general and administrative expenses related to the costs of being a public company, our geographic expansion, our new corporate headquarters, and sales and marketing costs related to trade shows. These increases were partially offset by a reduction in bad debt expense.

Transaction Costs

Transaction costs related to the Acquisition were \$18.7 million for the combined year ended December 31, 2009. Transaction costs primarily included legal, accounting and consulting fees. There were no such costs for the year ended December 31, 2010.

Other Income (Expense)

Change in Fair Value of Warrants

Change in fair value of warrants was \$34.1 million for the combined year ended December 31, 2009. We determined that the exchange agreements entered into with the holders of warrants to purchase an aggregate of 26.8 million shares of our common stock were derivative instruments, and the change in fair value of these warrants between the offer date and exchange date was recorded in 2009.

Interest Income (Expense), Net of Capitalized Interest

Interest income (expense), net of capitalized interest was \$0.6 million for the year ended December 31, 2010 and (\$11.3) million for the combined year ended December 31, 2009, primarily due to borrowing under Iridium's credit facilities that were outstanding in 2009 and subsequently paid off immediately following the Acquisition.

Other Income (Expense), Net

Other income (expense), net was \$(3.4) million for the year ended December 31, 2010 and \$0.4 million for the combined year ended December 31, 2009. This increase in expense was primarily due to the commitment fee on the undrawn portion of the Credit Facility recorded in 2010.

Benefit from (Provision for) Income Taxes

For the year ended December 31, 2010, our income tax provision was \$14.7 million. Our annual effective tax rate was approximately 42.4%. The 2010 income tax rate was impacted by state income taxes and non-deductible items. Additionally, our 2010 reserve for uncertain tax positions includes unrecognized tax benefits related to certain U.S. and foreign transfer pricing adjustments and taxable presence in certain foreign jurisdictions. The 2009 tax rate of 8.3% was primarily driven by the non-deductibility of the change in the fair value of warrants and non-deductible transaction costs offset by a favorable change in the deferred tax balances due to the change in basis as a result of the Acquisition.

Liquidity and Capital Resources

As of December 31, 2011, our total cash and cash equivalents was \$136.4 million. Our principal sources of liquidity are existing cash, internally generated cash flows and the Credit Facility. Our principal liquidity requirements are capital expenditures, including the design, manufacture and deployment of Iridium NEXT, working capital and research and development expenses.

We expect to fund \$1.8 billion of the costs of Iridium NEXT with the Credit Facility. We anticipate the remainder will be funded from a combination of internally generated cash flows, including potential cash flows from hosted payloads on our Iridium NEXT satellites, and proceeds from our outstanding stock purchase warrants. As of December 31, 2011, the warrants that were “in the money,” meaning they had an exercise price less than the closing price of our common stock on that date, would provide us with approximately \$95.6 million if exercised in full.

The Credit Facility contains borrowing conditions and other restrictions, including financial performance covenants and covenants related to hosted payloads, and there can be no assurance that we will be able to continue to borrow funds under the Credit Facility. There can also be no assurance that our internally generated cash flows, including those from hosted payloads on our Iridium NEXT satellites, will meet our current expectations, that our in-the-money warrants will remain in the money, or, even if they do remain in the money, that they will be exercised. If we do not have access to those expected sources of liquidity, or if the cost of implementing Iridium NEXT or the other elements of our business plan is higher than anticipated, we will require even more external funding than planned. Our ability to obtain additional funding may be adversely affected by a number of factors, including the global economic downturns and tightening of the credit markets, and we cannot assure you that we will be able to obtain such funding on reasonable terms, or at all. If we are not able to secure such funding in a timely manner, our ability to maintain our network, design, build and launch Iridium NEXT and related ground infrastructure, products and services, and pursue additional growth opportunities will be impaired, and we would likely need to delay some elements of our Iridium NEXT development. Our liquidity and our ability to fund our liquidity requirements are also dependent on our future financial performance, which is subject to general economic, financial, regulatory and other factors that are beyond our control.

As of December 31, 2011, we had borrowed \$417.1 million under the Credit Facility. The unused portion of the Credit Facility as of December 31, 2011 was approximately \$1.4 billion. Under the terms of the Credit Facility, we are required to maintain a minimum cash reserve for debt service, which was \$27.0 million as of December 31, 2011 and is classified as restricted cash on the accompanying consolidated balance sheet. This minimum cash reserve requirement will increase over the term of the Credit Facility to \$189.0 million at the beginning of the repayment period, which is expected to begin in 2017. We believe that our liquidity sources will provide sufficient funds for us to meet our liquidity requirements for at least the next twelve months.

Cash and Indebtedness

At December 31, 2011, our total cash and cash equivalents was \$136.4 million, and we had an aggregate of \$417.1 million of external indebtedness related to borrowings under the Credit Facility.

Cash Flows - Comparison of the Year Ended December 31, 2011 and the Year Ended December 31, 2010

The following table shows our consolidated cash flows from operating, investing and financing activities for the years ended December 31, 2011 and 2010 (in millions). The restatement, as described in Note 3 – Restatement of Consolidated Financial Statements in the notes to our consolidated financial statements, did not impact net cash provided by operating activities because the restatement resulted in a change in net income and corresponding adjustments for non-cash items included in net income and non-cash changes to working capital; these amounts offset each other within cash flow from operating activities on the Consolidated Statements of Cash Flows.

Statement of Cash Flows	2011	2010	Change
Net cash provided by operating activities	\$183.5	\$151.4	\$32.1
Net cash used in investing activities	\$(359.3)	\$(242.1)	\$(117.2)
Net cash provided by financing activities	\$192.3	\$63.4	\$128.9

Cash Flows from Operating Activities

Net cash provided by operating activities for the year ended December 31, 2011 increased primarily due to a \$38.0 million increase in net income, as restated, including adjustments for non-cash items of \$16.9 million. The increase in net income was driven by our revenue growth and operating expense savings. These two favorable trends to operating cash flow were partially offset by the \$9.2 million increase in the commitment fee on the undrawn portion of our Credit Facility for the year ended December 31, 2011 as a result of the Credit Facility being in place for the entire year. We incurred a commitment fee for only a portion of the prior year.

Cash Flows from Investing Activities

Net cash used in investing activities for the year ended December 31, 2011 increased primarily due to \$122.0 million of increased capital expenditures related to Iridium NEXT, including payments related to the purchase of equipment and software for our satellite, network and gateway operations.

Cash Flows from Financing Activities

Net cash provided by financing activities for the year ended December 31, 2011 increased primarily due to a \$139.8 million increase in borrowings under the Credit Facility. The increase in borrowings under the Credit Facility was partially offset by our \$22.2 million repayment of the Motorola promissory note and \$27.0 million funding of our debt service cash reserve account required by the Credit Facility, both in 2011.

Cash Flows - Comparison of the Year Ended December 31, 2010 and the Year Ended December 31, 2009

The following table shows our consolidated cash flows from operating, investing and financing activities for the years ended December 31, 2010 and 2009 (in millions). The restatement, as described in Note 3 – Restatement of Consolidated Financial Statements in the notes to our consolidated financial statements, did not impact net cash provided by operating activities because the restatement resulted in a change in net income corresponding adjustments for non-cash items included in net income and non-cash changes to working capital; these amounts offset each other within cash flow from operating activities on the Consolidated Statements of Cash Flows.

Statement of Cash Flows	2010	2009	Change
Net cash provided by operating activities	\$151.4	\$23.2	\$128.2
Net cash provided by (used in) investing activities	\$(242.1)	\$354.5	\$(596.6)
Net cash provided by (used in) financing activities	\$63.4	\$(230.7)	\$294.1

Cash Flows from Operating Activities

Net cash provided by operating activities for the year ended December 31, 2010 increased primarily due to a \$118.6 million increase in income from operations, as restated, after adjusting for non-cash items and the release of \$15.4 million of restricted cash. The increase in revenue, as driven by growth in billable subscribers in commercial and government services, outpaced increases in operating expenses.

Cash Flows from Investing Activities

Net cash used in investing activities for the year ended December 31, 2010 was \$242.1 million, which included \$237.5 million of capital expenditures related to Iridium NEXT, purchases of equipment and software for our satellite and network operations, and gateway and corporate systems. 2010 capital expenditures increased \$230.1 million from the prior year. Net cash provided by investing activities for the year ended December 31, 2009 was \$354.5 million, which included \$401.8 million of funds transferred from the trust account into operations, partially offset by \$40.0 million of cash paid to the sellers in connection with the 2009 Acquisition, net of cash received.

Cash Flows from Financing Activities

Net cash provided by financing activities for the year ended December 31, 2010 was \$63.4 million, resulting from cash borrowed under the Credit Facility primarily for payments under the FSD, partially offset by payment of financing fees incurred in conjunction with obtaining the Credit Facility. Net cash used in financing activities in the year ended December 31, 2009 was \$230.6 million, primarily resulting from \$164.9 million for the purchase of shares, a \$91.7 million payment to holders of common stock who elected to convert their shares into a pro rata portion of the trust account and repayments of all outstanding amounts under Iridium's credit facilities of \$113.6 million, partially offset by \$148.8 million in net proceeds from our public offering on September 29, 2009.

Contractual Obligations and Commitments

The following table summarizes our outstanding contractual obligations as of December 31, 2011 (in millions):

Contractual Obligations	Less than 1 year	1-3 Years	3-5 years	More than 5 years	Total
Payment obligations:					
Thales	\$ 418.9	\$ 735.0	\$ 460.5	\$ 144.3	\$1,758.7
SpaceX	6.6	141.4	278.9	21.2	448.1
Kosmotras ⁽¹⁾	14.0	-	-	-	14.0
Boeing ⁽²⁾	41.2	72.7	74.3	38.8	227.0
Debt obligations ⁽³⁾	5.8	-	-	417.1	422.9
Operating lease obligations ⁽⁴⁾	3.4	5.3	3.5	4.7	16.9
Uncertain tax positions ⁽⁵⁾	-	-	-	-	1.5
Unconditional purchase obligations ⁽⁶⁾	22.3	4.6	5.2	1.7	33.8
Total	\$ 512.2	\$ 959.0	\$ 822.4	\$ 627.8	\$2,922.9

The Kosmotras Agreement provides for the purchase of up to six launches with options to purchase additional launches. Each launch will carry two satellites. If all six launches are purchased, we will pay Kosmotras a total of approximately \$184.3 million. As of December 31, 2011, we had paid an aggregate of \$11.2 million to Kosmotras.

- (1) If we elect to purchase all six launches, the remaining amounts owed under the contract will be paid over the next four to five years, depending on the launch schedule. If we do not purchase any launches by March 31, 2013, the Kosmotras Agreement will terminate and any amounts paid to Kosmotras in excess of \$15.1 million will be refunded.

Boeing obligations consist of an estimated commitment related to our existing satellite systems. This estimation is based on an expected future completion date of June 2017 for Iridium NEXT at which time services under the

- (2) Boeing Operations and Maintenance agreement for our existing satellite systems will no longer be necessary. Therefore, the Boeing amounts in the above table do not include contractual obligations related to Iridium NEXT. Debt obligations include amounts drawn under the Credit Facility as of December 31, 2011, which include \$417.1 million of outstanding debt obligations, \$2.9 million of accrued commitment fees on the undrawn portion of the Credit Facility and \$2.9 million of accrued interest through December 31, 2011. The Credit Facility can be used for
- (3) (i) 85% of the costs under the FSD, (ii) the premium for the COFACE policy and (iii) the payment of a portion of interest during a portion of the construction and launch phase of Iridium NEXT. We did not include future debt obligations or future interest costs in the table because the timing of the borrowings is unknown and there is a variable component of the interest. We also did not include future amounts for the commitment fee, which is 0.80% per year on any undrawn portion of the Credit Facility, as timing of the borrowings is unknown.

- Operating lease obligations do not include payments to landlords covering real estate taxes, common area
- (4) maintenance and other charges, as such fees are not determinable based upon the provisions of our lease agreements.

- As of December 31, 2011, we estimated our uncertain tax positions to be \$1.5 million, including penalties and
- (5) interest. However, we are unable to reasonably estimate the period of these possible future payments, therefore, the balance has not been reflected in a specified period.

- Unconditional purchase obligations include our agreement with a supplier for the manufacturing of our devices and various commitments with other vendors that are enforceable, legally binding and have specified terms, including
- (6) fixed or minimum quantities, minimum or variable price provisions, and a fixed timeline. Unconditional purchase obligations do not include agreements that are cancelable without penalty.

Off-Balance Sheet Arrangements

We do not currently have, nor have we had in the last three years, any relationships with unconsolidated entities or financial partnerships, such as entities referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Seasonality

Our results of operations have been subject to seasonal usage changes for commercial customers, and our results will be affected by similar seasonality going forward. March through October are typically the peak months for

commercial voice services revenue and related subscriber equipment sales. U.S. government revenue and commercial M2M revenue have been less subject to seasonal usage changes.

Accounting Developments

None.

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Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Iridium Communications Inc.

We have audited the accompanying consolidated balance sheets of Iridium Communications Inc. as of December 31, 2011 and 2010, and the related consolidated statements of operations and comprehensive income (loss), changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Iridium Communications Inc. at December 31, 2011 and 2010, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 3 to the consolidated financial statements, the accompanying financial statements have been restated to correct errors in the Company's accounting for deferred income taxes and financing costs.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Iridium Communications Inc.'s internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 6, 2012, except for the effects of the material weakness described in the sixth paragraph as to which the date is November 20, 2012, expressed an adverse opinion thereon.

/s/ Ernst & Young LLP

McLean, Virginia

March 6, 2012,

except for Notes 3, 6, 15 and 16 as to which the date is

November 20, 2012

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Iridium Communications Inc.**Consolidated Balance Sheets****(In thousands, except per share data)**

	December 31, 2011 (Restated)	December 31, 2010 (Restated)
Assets		
Current assets:		
Cash and cash equivalents	\$ 136,366	\$ 119,932
Accounts receivable, net	57,418	50,278
Inventory	15,077	16,654
Deferred tax assets, net	9,435	5,784
Income tax receivable	4,330	11,103
Prepaid expenses and other current assets	4,616	4,978
Total current assets	227,242	208,729
Property and equipment, net	843,092	566,519
Restricted cash	27,154	120
Other assets	584	694
Intangible assets, net	83,552	96,602
Deferred financing costs	105,523	87,746
Goodwill	87,039	87,039
Total assets	\$ 1,374,186	\$ 1,047,449
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 24,816	\$ 28,132
Accrued expenses and other current liabilities	29,791	50,209
Interest payable	5,838	5,062
Note payable	-	22,223
Deferred revenue	35,445	28,215
Total current liabilities	95,890	133,841
Accrued satellite operations and maintenance expense, net of current portion	19,065	20,402
Credit facility	417,133	135,145
Deferred tax liabilities, net	126,546	100,331
Other long-term liabilities	13,534	2,814
Total liabilities	672,168	392,533
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$0.0001 par value, 2,000 shares authorized, none issued and outstanding	-	-

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Common stock, \$0.001 par value, 300,000 shares authorized and 73,205 and 70,254 shares issued and outstanding, respectively	73	70
Additional paid-in capital	681,781	675,402
Retained earnings (accumulated deficit)	20,389	(20,646)
Accumulated other comprehensive income (loss), net of taxes	(225)	90
Total stockholders' equity	702,018	654,916
Total liabilities and stockholders' equity	\$ 1,374,186	\$ 1,047,449

See notes to consolidated financial statements

Iridium Communications Inc.**Consolidated Statements of Operations and Comprehensive Income (Loss)****(In thousands, except per share amounts)**

	Year Ended December 31, 2011 (Restated)	Year Ended December 31, 2010 (Restated)	Year Ended December 31, 2009 (Restated)	
Revenue:				
Services	\$ 262,322	\$ 236,351	\$ 53,014	
Subscriber equipment	94,709	90,184	17,293	
Engineering and support services	27,276	21,638	5,682	
Total revenue	384,307	348,173	75,989	
Operating expenses:				
Cost of services (exclusive of depreciation and amortization)	71,181	72,579	18,965	
Cost of subscriber equipment	54,113	61,661	18,657	
Research and development	18,684	19,178	5,974	
Selling, general and administrative	65,682	66,728	17,029	
Depreciation and amortization	97,646	90,667	22,376	
Transaction costs	-	-	6,163	
Total operating expenses	307,306	310,813	89,164	
Operating income (expense)	77,001	37,360	(13,175)
Other income (expense):				
Change in fair value of warrants	-	-	(34,117)
Interest income, net	1,200	637	1,226	
Undrawn credit facility fees	(12,524	) (3,368) -	
Other income (expense), net	(96	) (17	) 26	
Total other expense	(11,420	) (2,748	) (32,865)
Income (loss) before income taxes	65,581	34,612	(46,040)
Benefit from (provision for) income taxes	(24,546	) (14,671	) 3,801	
Net income (loss)	41,035	19,941	(42,239)
Foreign currency translation adjustments	(315	) 68	22	
Comprehensive income	\$ 40,720	\$ 20,009	\$ (42,217)
Weighted average shares outstanding - basic	72,164	70,289	53,964	
Weighted average shares outstanding - diluted	73,559	72,956	53,964	
Net income (loss) per share - basic	\$ 0.57	\$ 0.28	\$ (0.78)
Net income (loss) per share - diluted	\$ 0.56	\$ 0.27	\$ (0.78)

See notes to consolidated financial statements

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Iridium Communications Inc.**Consolidated Statements of Changes in Stockholders' Equity****(In thousands)**

	Common Stock		Additional	Accumulated	Accumulated	Total
	Shares	Amount	Paid-In	Other	Retained	Stockholders'
			Capital	Comprehensive	Earnings	Equity
				Income	(Deficit)	
				(Loss)		
Balance at December 31, 2008	48,500	\$ 48	\$268,563	\$ -	\$ 1,652	\$ 270,263
Payment of deferred underwriting fees	-	-	6,982	-	-	6,982
Purchase of stock purchase warrants	-	-	(1,828)	-	-	(1,828)
Net proceeds from issuance of common stock	16,000	16	148,734	-	-	148,750
Fair value of stock issued in Acquisition	29,443	29	333,419	-	-	333,448
Purchase of common stock	(9,170)	(9)	28,298	-	-	28,289
Purchase of common stock under forward purchase contracts	(16,325)	(16)	(164,868)	-	-	(164,884)
Forfeitures of stock options and warrants	(1,441)	(1)	1	-	-	-
Reclassification of warrants to derivative instruments	-	-	(28,555)	-	-	(28,555)
Settlement of derivative instruments for warrants	-	-	47,110	-	-	47,110
Settlement of derivative instruments for shares of common stock	1,245	1	12,448	-	-	12,449
Stock-based compensation	-	-	436	-	-	436
Stock issued upon conversion of subordinated convertible note	1,996	2	19,376	-	-	19,378
Net loss	-	-	-	-	(42,239)	(42,239)
Cumulative translation adjustments	-	-	-	22	-	22
Balance at December 31, 2009 Restated	70,248	70	670,116	22	(40,587)	629,621
Stock-based compensation	-	-	5,242	-	-	5,242
Stock issued upon exercise of warrants	3	-	23	-	-	23
Stock issued upon exercise of stock options	3	-	21	-	-	21
Net income	-	-	-	-	19,941	19,941
Cumulative translation adjustments	-	-	-	68	-	68
Balance at December 31, 2010 Restated	70,254	70	675,402	90	(20,646)	654,916
Stock-based compensation	-	-	6,341	-	-	6,341
Settlement of warrants for common stock	2,946	3	(2)	-	-	1
Stock issued upon exercise of stock options	5	-	40	-	-	40
Net income	-	-	-	-	41,035	41,035

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Cumulative translation adjustments	-	-	-	(315)	-	(315)
Balance at December 31, 2011 Restated	73,205	\$ 73	\$ 681,781	\$ (225)	\$ 20,389	\$ 702,018	

See notes to consolidated financial statements

Iridium Communications Inc.**Consolidated Statements of Cash Flows****(In thousands)**

	Year Ended December 31, 2011 (Restated)	Year Ended December 31, 2010 (Restated)	Year Ended December 31, 2009 (Restated)	
Cash flows from operating activities:				
Net income (loss)	\$ 41,035	\$ 19,941	\$ (42,239)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Non-cash items included in net income (loss):				
Deferred taxes	22,563	13,471	(4,191)
Change in market value of warrants	-	-	34,117	
Depreciation and amortization	97,646	90,667	22,376	
Stock-based compensation	5,895	5,051	436	
Gain on disposal of property and equipment	(13) -	-	
Changes in operating assets and liabilities:				
Restricted cash	-	15,400	-	
Accounts receivable	(7,140	) (9,089	) 5,382	
Inventory	1,577	9,002	15,044	
Prepaid expenses and other current assets	363	(1,050	) (1,683)
Income tax receivable	6,773	(10,598	) (502)
Other assets	110	433	35	
Accounts payable	454	3,428	3,584	
Accrued expenses and other current liabilities	(2,417	) 856	(9,561)
Deferred revenue	7,230	8,188	2,127	
Accrued satellite and network operation expense, net of current portion	(1,337	) 5,102	(1,020)
Other long-term liabilities	10,722	636	(737)
Net cash provided by operating activities	183,461	151,438	23,168	
Cash flows from investing activities:				
Changes in investment in trust account	-	-	401,838	
Cash paid for Acquisition, net of cash acquired	-	-	(39,950)
Payment of deferred Acquisition consideration	-	(4,636) -	
Capital expenditures	(359,404	) (237,450	) (7,351)
Proceeds from sale of property and equipment	67	-	-	
Net cash provided by (used in) investing activities	(359,337	) (242,086	) 354,537	
Cash flows from financing activities:				
Proceeds from public offerings	-	-	149,600	
Purchase of stock option warrants	-	-	(4,940)

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Purchase of shares of common stock	-	-	(164,884)
Purchase of shares of common stock for no-votes	-	-	(91,700)
Payment of underwriting fees	-	-	(4,288)
Payment of costs associated with offering	-	-	(850)
Payments under Iridium Holdings Credit Facility	-	-	(113,594)
Borrowings under Credit Facility	274,976	135,145	-	
Payment of deferred financing fees	(33,450	)	(71,787)
Change in restricted cash - Credit Facility	(27,034)	-	
Payment of note payable	(22,223)	-	
Proceeds from exercise of warrants	1	23	-	
Proceeds from exercise of stock options	40	21	-	
Net cash provided by (used in) financing activities	192,310	63,402	(230,656)
Net increase (decrease) in cash and cash equivalents	16,434	(27,246	)	147,049
Cash and cash equivalents, beginning of period	119,932	147,178	129	
Cash and cash equivalents, end of period	\$ 136,366	\$ 119,932	\$ 147,178	

See notes to consolidated financial statements

Iridium Communications Inc.**Consolidated Statements of Cash Flows, continued****(In thousands)**

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Supplemental cash flow information:			
Interest paid	\$ 4,528	\$ -	\$ 1,330
Income taxes paid (refunded)	\$ (6,296)	) \$ 11,872	\$ 339
Supplemental disclosure of non-cash investing activities:			
Shares issued for the acquisition of Iridium Holdings	\$ -	\$ -	\$ 333,448
Accrual of additional consideration for acquisition of Iridium Holdings	\$ -	\$ -	\$ 4,636
Property and equipment received but not paid for yet	\$ 14,409	\$ 21,093	\$ 3,200
Interest capitalized but not paid	\$ 2,979	\$ -	\$ -
Capitalized paid-in-kind interest	\$ 7,012	\$ -	\$ -
Leasehold improvement incentives	\$ -	\$ 901	\$ -
Stock-based compensation capitalized	\$ 446	\$ 191	\$ -
Supplemental disclosure of non-cash financing activities:			
Reversal of deferred underwriter commissions	\$ -	\$ -	\$ (8,176)
Conversion of subordinated convertible note to equity	\$ -	\$ -	\$ (19,378)
Accrued financing fees	\$ -	\$ 15,959	\$ -
Note payable	\$ -	\$ 22,223	\$ -

See notes to consolidated financial statements

Iridium Communications Inc.

Notes to Consolidated Financial Statements

December 31, 2011

1. Organization and Basis of Presentation

Iridium Communications Inc. (the “Company”) offers voice and data communications services and products to businesses, U.S. and international government agencies and other customers on a global basis. The Company was initially formed as GHL Acquisition Corp., a special purpose acquisition company, as further described below. The Company acquired all the outstanding equity of Iridium Holdings LLC (“Iridium Holdings” and, together with its direct and indirect subsidiaries, “Iridium”) in a transaction accounted for as a business combination on September 29, 2009 (the “Acquisition”). In accounting for the Acquisition, the Company was deemed the legal and accounting acquirer. On September 29, 2009, the Company changed its name to Iridium Communications Inc.

Iridium Holdings is considered the predecessor of the Company and, accordingly, its historical financial statements are separately presented as predecessor financial statements.

The Company was formed on November 2, 2007 for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar business combination. All activity from November 2, 2007 (inception) through February 21, 2008 was related to the Company’s formation and initial public offering. From February 21, 2008 through September 29, 2009, the Company’s activities were limited to identifying prospective target businesses to acquire. On September 29, 2009, the Company consummated the Acquisition.

Iridium Holdings was formed under the laws of Delaware in 2000 as a limited liability company pursuant to the Delaware Limited Liability Company Act. On December 11, 2000, Iridium acquired certain satellite communications assets from Iridium LLC, a non-affiliated debtor in possession.

As a result of and subsequent to the Acquisition, the Company is a provider of mobile voice and data communications services via a constellation of low earth orbiting satellites. The Company holds various licenses and authorizations from the U.S. Federal Communications Commission (the “FCC”) and from foreign regulatory bodies that permit the Company to conduct its business, including the operation of its satellite constellation.

2. Significant Accounting Policies and Basis of Presentation

Principles of Consolidation and Basis of Presentation

The Company has prepared the consolidated financial statements in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). The accompanying consolidated financial statements include the accounts of (i) the Company, (ii) its wholly owned subsidiaries, (iii) all less than wholly owned subsidiaries that the Company controls, and (iv) variable interest entities where the Company is the primary beneficiary. All intercompany transactions and balances have been eliminated and net income not attributable to the Company (when material) has been allocated to noncontrolling interests.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ materially from those estimates.

Financial Instruments

The consolidated balance sheets include various financial instruments (primarily cash and cash equivalents, restricted cash, prepaid expenses, deposits and other current assets, accounts receivable, accounts payable, accrued expenses and other liabilities, notes and loans payable, and other obligations). Fair value is the price that would be received from the sale of an asset or paid to transfer a liability assuming an orderly transaction in the most advantageous market at the measurement date. U.S. GAAP establishes a hierarchical disclosure framework which prioritizes and ranks the level of observability of inputs used in measuring fair value. These tiers of inputs include:

- Level 1, defined as observable inputs such as quoted prices in active markets for identical assets;
- Level 2, defined as observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

As of December 31, 2011 and 2010, the carrying values of short-term financial instruments (primarily cash and cash equivalents, prepaid expenses, deposits and other current assets, accounts receivable, accounts payable, accrued expenses and other current liabilities and other obligations) approximate their fair values because of their short-term nature.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and receivables. The majority of cash is swept nightly into a money market fund invested in U.S. treasuries. The Company performs credit evaluations of its customers' financial condition and records reserves to provide for estimated credit losses. While the Company maintains its cash and cash equivalents with financial institutions with high credit ratings, it often maintains those deposits in federally insured financial institutions in excess of federally insured (FDIC) limits. Accounts receivable are due from both domestic and international customers.

Cash, Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The cash and cash equivalents balances at December 31, 2011 and 2010, consisted of cash deposited in institutional money market funds, regular interest bearing and non-interest bearing depository accounts and certificates of deposits with commercial banks. The Company's restricted cash balances as of December 31, 2011 and 2010 were \$27.2 million and \$0.1 million, respectively. Changes in restricted cash balances are reflected on the consolidated statements of cash flows as an operating activity if pertaining to collateral for operations and maintenance agreements; changes in restricted cash balances are reflected on the consolidated statements of cash flows as a financing activity if pertaining to required reserve balances for debt agreements.

Accounts Receivable

Trade accounts receivable are recorded at the invoiced amount and are subject to late fee penalties. Management develops its estimate of an allowance for uncollectible receivables based on the Company's experience with specific customers, aging of outstanding invoices, its understanding of customers' current economic circumstances and its own judgment as to the likelihood that the Company will ultimately receive payment. The Company writes off its accounts receivable when balances ultimately are deemed uncollectible. The allowance for doubtful accounts was less than \$0.1 million and \$0 as of December 31, 2011 and 2010, respectively.

Foreign Currencies

The functional currency of the Company's foreign consolidated subsidiaries is their local currency, except for countries that are deemed to have "highly inflationary" economies, in which case the functional currency is deemed to be the reporting currency (or U.S. dollar). Assets and liabilities of its foreign subsidiaries are translated to U.S. dollars based on exchange rates at the end of the reporting period. Income and expense items are translated at the weighted average exchange rates prevailing during the reporting period. Translation adjustments are accumulated in a separate component of stockholders' equity. Transaction gains or losses are classified as other income (expense), net in the accompanying consolidated statements of operations.

Internally Developed Software

The Company capitalizes the costs of acquiring, developing and testing software to meet its internal needs. Capitalization of costs associated with software obtained or developed for internal use commences when the preliminary project stage is complete and it is probable that the project will be completed and used to perform the function intended. Capitalized costs include only (i) external direct cost of materials and services consumed in developing or obtaining internal-use software and (ii) payroll and payroll-related costs for employees who are directly associated with, and devote time to, the internal-use software project. Capitalization of such costs ceases no later than the point at which the project is substantially complete and ready for its intended use. Internal use software costs are amortized once the software is placed in service using the straight-line method over periods ranging from three to seven years.

Deferred Financing Costs

Direct and incremental costs incurred in connection with securing debt financing are deferred and are amortized as additional interest expense using the effective interest method over the term of the related debt.

As of December 31, 2011 and 2010, the Company had deferred approximately \$105.5 million and \$87.7 million, respectively, of direct and incremental financing costs associated with securing debt financing for Iridium NEXT, the Company's next-generation satellite constellation.

Capitalized Interest

Interest costs associated with financing the Company's assets during the construction period have been capitalized. Capitalized interest and interest expense were as follows:

	Year Ended December 31,		
	2011	2010	2009
	(In thousands)		
Capitalized interest	\$ 12,825	\$ 1,694	\$ -
Interest expense	42	23	51
Total interest	\$ 12,867	\$ 1,717	\$ 51

Inventory

Inventory consists primarily of finished goods, although the Company at times also maintains an inventory of raw materials from third-party manufacturers. The Company outsources manufacturing of subscriber equipment primarily to a third-party manufacturer and purchases accessories from third-party suppliers. The Company's cost of inventory includes an allocation of overhead (including salaries and benefits of employees directly involved in bringing inventory to its existing condition, and freight). Inventories are valued using the average cost method, and are carried at the lower of cost or market.

The Company has a manufacturing agreement with a supplier to manufacture subscriber equipment, which contains minimum monthly purchase requirements. The Company's purchases have exceeded the monthly minimum requirement since inception. Pursuant to the agreement, the Company may be required to purchase excess materials if the materials are not used in production within the periods specified in the agreement. The supplier will then repurchase such materials from the Company at the same price paid by the Company, as required for the production of the subscriber equipment.

Stock-Based Compensation

The Company accounts for stock-based compensation at fair value. Accordingly, the Company expenses the estimated fair value of stock-based awards made in exchange for employee, non-employee director and consultant services over the requisite service period. Stock-based compensation cost related to restricted stock units is determined at the grant date using the closing price of the common stock on the date of grant. Stock-based compensation cost related to stock options is determined at the grant date using the Black-Scholes option pricing model. The value of an employee award

that is ultimately expected to vest is recognized on a straight-line basis over the requisite service period and is classified within the financial statements in a manner consistent with the classification of the employee's compensation. Awards to consultants and non-employee directors are recognized according to the terms of their agreements and are classified in selling, general and administrative expenses in the accompanying consolidated statements of operations. Classification of stock-based compensation for the years ended December 31, 2011 and 2010 is as follows:

	2011	2010
	(In thousands)	
Property and equipment, net	\$446	\$191
Inventory	9	-
Cost of subscriber equipment	130	51
Cost of services (exclusive of depreciation and amortization)	458	235
Research and development	220	154
Selling, general and administrative	5,078	4,611
Total stock-based compensation	\$6,341	\$5,242

Property and Equipment

Property and equipment is carried at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Ground system	5 – 7 years
Equipment	3 – 5 years
Internally developed software and purchased software	3 – 7 years
Building	39 years
Building improvements	estimated useful life
Leasehold improvements	shorter of useful life or remaining lease term

Repairs and maintenance costs are expensed as incurred.

Long-Lived Assets

The Company assesses its long-lived assets for impairment when indicators of impairment exist. Recoverability of assets is measured by comparing the carrying amounts of the assets to the future undiscounted cash flows expected to be generated by the assets. Any impairment loss would be measured as the excess of the assets' carrying amount over their fair value.

During 2011, the Company lost communication with one of the satellites within its existing constellation. Accordingly, a \$3.0 million impairment charge was recorded within depreciation and amortization expense during the year ended December 31, 2011. The Company had an in-orbit spare satellite located within the same plane that was repositioned to take over the function of the lost satellite.

Goodwill and Other Intangible Assets

Goodwill

Goodwill is the excess of the acquisition cost of businesses over the fair value of the identifiable net assets acquired. Impairment testing for goodwill is performed during the fourth quarter of each annual period or more frequently if indicators of potential impairment exist. If the fair value of goodwill is less than the carrying amount of goodwill, an impairment loss is recognized.

At December 31, 2010, the Company recorded an adjustment related to prior periods to decrease its non-current deferred tax liability and its goodwill by approximately \$7.6 million. The Company concluded that this correcting adjustment was immaterial to the 2009 balance sheet, and accordingly, retroactive adjustment to previously issued financial statements was unnecessary.

Intangible Assets Not Subject to Amortization

A portion of the Company's intangible assets are spectrum and regulatory authorizations, and trade names which are indefinite-lived intangible assets. The Company reevaluates the useful life determination for these assets each reporting period to determine whether events and circumstances continue to support an indefinite useful life. The Company tests its indefinite-lived intangible assets for potential impairment annually in the fourth quarter or more frequently if indicators of impairment exist. If the fair value of the indefinite-lived asset is less than the carrying amount, an impairment loss is recognized.

Intangible Assets Subject to Amortization

The Company's intangible assets that do have finite lives (customer relationships – government and commercial, core developed technology, intellectual property and software) are amortized over their useful lives and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If any indicators were present, the Company would test for recoverability by comparing the carrying amount of the asset to the net undiscounted cash flows expected to be generated from the asset. If those net undiscounted cash flows do not exceed the carrying amount (i.e., the asset is not recoverable), the Company would perform the next step, which is to determine the fair value of the asset and record an impairment loss, if any. The Company also reevaluates the useful lives for these intangible assets each reporting period to determine whether events and circumstances warrant a revision in their remaining useful lives.

Asset Retirement Obligations

Liabilities arising from legal obligations associated with the retirement of long-lived assets are required to be measured at fair value and recorded as a liability. Upon initial recognition of a liability for retirement obligations, a company must record an asset, which is depreciated over the life of the asset to be retired.

Under certain circumstances, each of the U.S. government, The Boeing Company (“Boeing”), and Motorola Solutions, Inc. (“Motorola Solutions”) has the right to require the de-orbit of the Company’s satellite constellation. In the event the Company was required to effect a mass de-orbit, pursuant to the amended and restated operations and maintenance agreement (the “O&M Agreement”) by and between the Company’s indirect wholly owned subsidiary Iridium Constellation LLC (“Iridium Constellation”) and Boeing, the Company would be required to pay Boeing \$16.9 million, plus an amount equivalent to the premium for de-orbit insurance coverage (\$2.5 million as of December 31, 2011). The Company has concluded that each of the foregoing de-orbit rights meets the definition of an asset retirement obligation. However, the Company currently does not believe the U.S. government, Boeing or Motorola Solutions will exercise their respective de-orbit rights. As a result, the Company believes the likelihood of any future cash outflows associated with the mass de-orbit obligation is remote and has recorded an asset retirement obligation with respect to the potential mass de-orbit of approximately \$0.2 million at December 31, 2011, which is included in other long-term liabilities on the accompanying consolidated balance sheet.

There are other circumstances in which the Company could be required, either by the U.S. government or for technical reasons, to de-orbit an individual satellite; however, the Company believes that such costs would not be significant relative to the costs associated with the ordinary operations of the satellite constellation.

Revenue Recognition

The Company derives its revenue primarily as a wholesaler of satellite communications products and services. The primary types of revenue include (i) service revenue (access and usage-based airtime fees), (ii) subscriber equipment revenue, and (iii) revenue generated by providing engineering and support services to commercial and government customers.

Wholesaler of satellite communications products and services

Pursuant to wholesale agreements, the Company sells its products and services to service providers who, in turn, sell the products and services to other distributors or directly to the end-users. The Company recognizes revenue when services are performed or delivery has occurred, evidence of an arrangement exists, the fee is fixed or determinable, and collection is probable, as follows:

Contracts with multiple elements

At times, the Company sells services and equipment through multi-element arrangements that bundle equipment, airtime and other services. For multi-element revenue arrangements entered into or materially modified after January 1, 2011, when the Company sells services and equipment in bundled arrangements that include guaranteed minimum orders and determines that it has separate units of accounting, the Company allocates the bundled contract price among the various contract deliverables based on each deliverable's relative selling price. The selling price used for each deliverable is based on vendor-specific objective evidence when available, third-party evidence when vendor-specific evidence is not available, or the estimated selling price when neither vendor-specific evidence nor third party evidence is available. The Company determines vendor specific objective evidence of selling price by assessing sales prices of subscriber equipment, airtime and other services when they are sold to customers on a stand-alone basis. When the Company determines the elements are not separate units of accounting, the Company recognizes revenue on a combined basis as the last element is delivered. For similar multi-element revenue arrangements entered into prior to January 1, 2011, when the Company determined that it had separate units of accounting, the Company allocated the bundled contract price among the various contract deliverables based on each deliverable's objectively determined and relative fair value. The Company determined vendor specific objective evidence of fair value by assessing sales prices of subscriber equipment, airtime and other services when they are sold to customers on a stand-alone basis. When the Company determines the elements are not separate units of accounting, the Company recognizes revenue on a combined basis as the last element is delivered.

Service revenue sold on a stand-alone basis

Service revenue is generated from the Company's service providers through usage of its satellite system and through fixed monthly access fees per user charged to service providers. Revenue for usage is recognized when usage occurs. Revenue for fixed-per-user access fees is recognized ratably over the period in which the services are provided to the end-user. The Company sells prepaid services in the form of e-vouchers and prepaid cards. A liability is established for the cash paid for the e-voucher or prepaid card on purchase. The Company recognizes revenue from the prepaid services (i) upon the use of the e-voucher or prepaid card by the customer; (ii) upon the expiration of the right to access the prepaid service; or (iii) when it is determined that the likelihood of the prepaid card being redeemed by the customer is remote ("Prepaid Card Breakage"). The Company has determined the recognition of Prepaid Card Breakage based on its historical redemption patterns. The Company does not offer refund privileges for unused prepaid services.

Subscriber equipment sold on a stand-alone basis

The Company recognizes subscriber equipment sales and the related costs when title to the equipment (and the risks and rewards of ownership) passes to the customer, typically upon shipment.

Services sold to the U.S. government

The Company provides airtime to U.S. government subscribers through (i) fixed monthly fees on a per user basis for unlimited voice services, (ii) fixed monthly fees per user for unlimited paging services, (iii) a tiered pricing plan

(based on usage) per device for data services, (iv) fixed monthly fees on a per user basis for unlimited beyond-line-of-sight push-to-talk voice services to user-defined groups (“Netted Iridium”), and (v) a monthly fee for active user-defined groups using Netted Iridium. Revenue related to these services is recognized ratably over the periods in which the services are provided, and the related costs are expensed as incurred. The U.S. government purchases its subscriber equipment from third-party distributors and not directly from the Company.

Government engineering and support services

The Company provides maintenance services to the U.S. government's dedicated gateway. This revenue is recognized ratably over the periods in which the services are provided; the related costs are expensed as incurred.

Other government and commercial engineering and support services

The Company also provides certain engineering services to assist customers in developing new technologies for use on the Company's satellite system. The revenue associated with these services is recorded when the services are rendered, typically on a proportional performance method of accounting based on the Company's estimate of total costs expected to complete the contract, and the related costs are expensed as incurred. Revenue on cost-plus-fixed-fee contracts is recognized to the extent of estimated costs incurred plus the applicable fees earned. The Company considers fixed fees under cost-plus-fixed-fee contracts to be earned in proportion to the allowable costs incurred in performance of the contract. The portion of revenue on research and development arrangements that is contingent upon the achievement of substantive milestone events is recognized in the period in which the milestone is achieved.

Warranty Expense

The Company provides the first end-user purchaser of its products a warranty on subscriber equipment for one to five years from the date of purchase by such first end-user, depending on the product. A warranty accrual is recorded when it is estimable and probable that a loss has been incurred. A warranty reserve is maintained based on historical experience of warranty costs and expected occurrences of warranty claims on equipment. Costs associated with warranties are recorded as cost of subscriber equipment sales and include equipment replacements, repairs, freight, and program administration. The roll-forward of the warranty accrual for the years ended December 31, 2011 and 2010 is as follows:

	2011	2010
	(In thousands)	
Balance at beginning of the period	\$2,307	\$726
Provision	3,483	2,932
Utilization	(1,689)	(1,351)
Balance at end of the period	\$4,101	\$2,307

Research and Development

Research and development costs are charged to expense in the period in which they are incurred.

Advertising Costs

Costs associated with advertising and promotions are expensed as incurred. Advertising expenses were \$0.6 million, \$0.6 million and \$0.3 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Income Taxes

The Company accounts for income taxes using the asset and liability approach, which requires the recognition of tax benefits or expenses on the temporary differences between the financial reporting and tax bases of its assets and liabilities. For interim periods, the Company recognizes a provision (benefit) for income taxes based on an estimated annual effective tax rate expected for the entire year. A valuation allowance is established when necessary to reduce deferred tax assets to the amounts expected to be realized. The Company also recognizes a tax benefit from uncertain tax positions only if it is “more likely than not” that the position is sustainable based on its technical merits. The Company’s policy is to recognize interest and penalties on uncertain tax positions as a component of income tax expense.

Net Income (Loss) Per Share

The Company calculates basic net income (loss) per share by dividing net income (loss) available to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net income (loss) per share takes into account the effect of potential dilutive common shares when the effect is dilutive. The effect of potential dilutive common shares, consisting of common stock issuable upon exercise of outstanding stock options and stock purchase warrants, is computed using the treasury stock method. The Company’s unvested restricted stock units contain non-forfeitable rights to dividends and therefore are considered to be participating securities in periods of net income. The calculation of basic and diluted net income per share excludes net income attributable to the unvested restricted stock units from the numerator and excludes the impact of unvested restricted stock units from the denominator.

Accounting Developments

In October 2009, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2009-13, “*Revenue Recognition (Topic 605) Multiple-Deliverable Revenue Arrangements, a consensus of the FASB Emerging Issues Task Force*” (“ASU 2009-13”). ASU 2009-13 amends existing accounting guidance for separating consideration in multiple-deliverable arrangements. ASU 2009-13 establishes a selling price hierarchy for determining the selling price of a deliverable. The selling price used for each deliverable will be based on vendor-specific objective evidence if available, third-party evidence if vendor-specific evidence is not available, or the estimated selling price if neither vendor-specific evidence nor third-party evidence is available. ASU 2009-13 eliminates the residual method of allocation and requires that consideration be allocated at the inception of the arrangement to all deliverables using the “relative selling price method.” The relative selling price method allocates any discount in the arrangement proportionately to each deliverable on the basis of each deliverable’s selling price. ASU 2009-13 requires that a vendor determine its best estimate of selling price in a manner that is consistent with that used to determine the price to sell the deliverable on a stand-alone basis. The Company adopted the provisions of ASU 2009-13 effective January 1, 2011 for revenue arrangements entered into or materially modified beginning on or after that date.

The adoption of ASU 2009-13 did not have any effect on the Company’s consolidated balance sheets, statements of operations or statements of cash flows as of or for the year ended December 31, 2011. The Company is not able to reasonably estimate the effect of adopting this standard on future periods because the impact will vary based on the nature and volume of new or materially modified revenue arrangements in any given period.

3. Restatement of Consolidated Financial Statements

The Company has determined that its financial statements and related disclosures as of and for each of the years ended December 31, 2011, 2010, and 2009 require restatement because they contained certain errors. The errors, in the aggregate, were determined to have a material effect on certain of the Company’s annual consolidated financial statements and certain quarterly periods, and accordingly the Company has restated its consolidated financial statements to correct the errors.

The following errors have been corrected:

The impact on the Company’s provision for income taxes related to deferred income taxes of a non-operating foreign subsidiary, which were not reflected properly in the Company’s income tax provision calculation, resulting in a \$0.7 million overstatement of the provision for income taxes, a \$2.1 million understatement of the provision for income taxes, and a \$2.1 million understatement of the Company’s benefit from income taxes for the years ended December 31, 2011, 2010, and 2009, respectively.

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The expense for the fee associated with the undrawn balance of the Company's Credit Facility was not properly recorded on the effective date in accordance with the terms of the agreement, resulting in a \$1.0 million overstatement and a \$1.0 million understatement of the Company's undrawn credit facility fee expense for the years ended December 31, 2011 and 2010, respectively. In connection with the correction of the error for the undrawn credit facility fee expense, there was a corresponding \$0.4 million understatement and \$0.4 million overstatement in the Company's provision for income taxes for the years ended December 31, 2011 and 2010, respectively.

The effects on the Company's previously issued Consolidated Balance Sheet as of December 31, 2011 and 2010 are summarized in the following tables:

	As of December 31, 2011 As Filed		Adjustments	As of December 31, 2011 Restated
	(In thousands)			
Assets				
Total assets	\$1,374,186	\$ -		\$ 1,374,186
Liabilities and stockholders' equity				
Deferred tax liabilities, net	\$127,297	\$ (751	)	\$ 126,546
Total liabilities	\$672,919	\$ (751	)	\$ 672,168
Retained earnings	\$19,638	\$ 751		\$ 20,389
Total stockholders' equity	\$701,267	\$ 751		\$ 702,018
Total liabilities and stockholders' equity	\$1,374,186	\$ -		\$ 1,374,186

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	As of December 31, 2010 As Filed (In thousands)	Adjustments	As of December 31, 2010 Restated
Assets			
Total assets	\$1,047,449	\$ -	\$ 1,047,449
Liabilities and stockholders' equity			
Current liabilities:			
Interest payable	\$4,062	\$ 1,000	\$ 5,062
Non-current liabilities:			
Deferred tax liabilities, net	\$100,728	\$ (397)	\$ 100,331
Total liabilities	\$391,930	\$ 603	\$ 392,533
Accumulated deficit	\$(20,043)	\$(603)	\$(20,646)
Total stockholders' equity	\$655,519	\$ (603)	\$ 654,916
Total liabilities and stockholders' equity	\$1,047,449	\$ -	\$ 1,047,449

The restatement increased the income tax benefit and reduced net loss by \$2.1 million for the year ended December 31, 2009. This amount represents the cumulative impact to retained earnings as of January 1, 2010.

The effects of the restatement on the Consolidated Statements of Operations and Comprehensive Income (Loss) for the years ended December 31, 2011, 2010, and 2009 are summarized in the following tables:

	Year Ended December 31, 2011		
	As Filed	Adjustments	Restated
	(In thousands, except per share data)		
Total revenue	\$ 384,307	\$ -	\$ 384,307
Total operating income	\$ 77,001	\$ -	\$ 77,001
Other income (expense):			
Undrawn credit facility fees	\$(13,524)	\$ 1,000	\$(12,524)
Total other income (expense)	\$(12,420)	\$ 1,000	\$(11,420)
Income before income taxes	\$ 64,581	\$ 1,000	\$ 65,581
Provision for income taxes	\$(24,900)	\$ 354	\$(24,546)
Net income	\$ 39,681	\$ 1,354	\$ 41,035
Comprehensive income	\$ 39,366	\$ 1,354	\$ 40,720
Net income per share - basic	\$ 0.55	\$ 0.02	\$ 0.57
Net income per share - diluted	\$ 0.54	\$ 0.02	\$ 0.56

Year Ended December 31, 2010		
As Filed	Adjustments	Restated
(In thousands, except per share data)		

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Total revenue	\$ 348,173	\$ -	\$ 348,173
Total operating income	\$ 37,360	\$ -	\$ 37,360
Other income (expense):			
Undrawn credit facility fees	\$ (2,368	) \$ (1,000	) \$ (3,368)
Total other income (expense)	\$ (1,748	) \$ (1,000	) \$ (2,748)
Income before income taxes	\$ 35,612	\$ (1,000	) \$ 34,612
Provision for income taxes	\$ (12,921	) \$ (1,750	) \$ (14,671)
Net income	\$ 22,691	\$ (2,750	) \$ 19,941
Comprehensive income	\$ 22,759	\$ (2,750	) \$ 20,009
Net income per share - basic	\$ 0.32	\$ (0.04) \$ 0.28
Net income per share - diluted	\$ 0.31	\$ (0.04) \$ 0.27

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	Year Ended December 31, 2009		
	As Filed	Adjustments	Restated
	(In thousands, except per share data)		
Total revenue	\$ 75,989	\$ -	\$ 75,989
Total operating loss	\$ (13,175)	\$ -	\$ (13,175)
Total other income (expense)	\$ (32,865)	\$ -	\$ (32,865)
Income before income taxes	\$ (46,040)	\$ -	\$ (46,040)
Benefit from income taxes	\$ 1,654	\$ 2,147	\$ 3,801
Net loss	\$ (44,386)	\$ 2,147	\$ (42,239)
Comprehensive loss	\$ (44,364)	\$ 2,147	\$ (42,217)
Net loss per share - basic	\$ (0.82)	\$ 0.04	\$ (0.78)
Net loss per share - diluted	\$ (0.82)	\$ 0.04	\$ (0.78)

The effects of the restatement on the Consolidated Statements of Cash Flows for the years ended December 31, 2011, 2010, and 2009 are summarized in the following tables:

	Year Ended December 31, 2011		
	As Filed	Adjustments	Restated
	(In thousands)		
Cash flows from operating activities:			
Net income	\$ 39,681	\$ 1,354	\$ 41,035
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Non-cash items included in net income (loss):			
Deferred taxes	\$ 22,917	\$ (354)	\$ 22,563
Changes in operating assets and liabilities:			
Accrued expenses and other current liabilities	\$ (1,417)	\$ (1,000)	\$ (2,417)
Net cash provided by operating activities	\$ 183,461	\$ -	\$ 183,461

	Year Ended December 31, 2010		
	As Filed	Adjustments	Restated
	(In thousands)		
Cash flows from operating activities:			
Net income (loss)	\$ 22,691	\$ (2,750)	\$ 19,941
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Non-cash items included in net income (loss):			
Deferred taxes	\$ 11,721	\$ 1,750	\$ 13,471
Changes in operating assets and liabilities:			
Accrued expenses and other current liabilities	\$ (144)	\$ 1,000	\$ 856
Net cash provided by operating activities	\$ 151,438	\$ -	\$ 151,438

Year Ended December 31, 2009

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	As Filed	Adjustments	Restated
	(In thousands)		
Cash flows from operating activities:			
Net income (loss)	\$(44,386)	\$ 2,147	\$(42,239)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Non-cash items included in net income (loss):			
Deferred taxes	\$(2,044)	\$ (2,147)	\$(4,191)
Changes in operating assets and liabilities:			
Accrued expenses and other current liabilities	\$(9,561)	\$ -	\$(9,561)
Net cash provided by operating activities	\$23,168	\$ -	\$23,168

In June 2011, the Financial Accounting Standards Board (the “FASB”), issued Accounting Standards Update 2011-05, *Comprehensive Income: Presentation of Comprehensive Income* (“ASU 2011-05”), which requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The Company adopted ASU 2011-05 in the first quarter of 2012. ASU 2011-05 required retrospective application. In this Form 10-K/A, as presented in the Financial Statements in Item 8, retrospective application of ASU 2011-05 has been applied for all periods presented. The adoption of these updates changed the order in which we presented certain financial statements, but did not have any other impact on our financial statements.

4. Business Combination

On September 22, 2008, the Company entered into a transaction agreement, as amended on April 28, 2009, with Iridium Holdings and its members whereby it agreed to purchase all of the outstanding equity of Iridium Holdings. The Acquisition closed on September 29, 2009. For the purpose of acquisition accounting, total consideration of approximately \$436.0 million included 29.4 million shares of the Company’s common stock (“Common Stock”) valued at \$333.4 million and \$102.6 million in cash (which included a requirement to make a payment of \$25.5 million in cash to some of the former members of Iridium Holdings for tax benefits the Company received). The Company accounted for its acquisition of Iridium Holdings by recording all assets acquired and liabilities assumed at their respective fair values on the date of Acquisition. The Company recognized deferred tax assets and liabilities for the tax effects of the differences between assigned book values and tax bases of assets acquired and liabilities assumed in the Acquisition.

An acquirer is required to recognize as expense the direct costs of a business combination in the period in which the expense is incurred. Accordingly, the Company expensed Acquisition-related costs as they were incurred during the pre-Acquisition period presented.

\$76.0 million of revenue and \$5.0 million of net loss of Iridium was included in the Company’s consolidated statement of operations for the period from the date of the Acquisition to December 31, 2009.

5. Equity Instruments

\$7.00 Warrants—General Terms

In connection with the Company's initial public offering ("IPO") in February 2008, the Company sold 40.0 million units at a price of \$10.00 per unit. Each unit consisted of one share of Common Stock and one Common Stock purchase warrant ("7.00 warrant"). Each 7.00 warrant entitled the holder to purchase from the Company one share of Common Stock at a price of \$7.00 per share.

The Company may redeem each of the 7.00 warrants at a price of \$0.01 upon 30 days' prior notice, provided that the warrants are exercisable and the registration statement covering the Common Stock issuable upon exercise of the warrants remains effective and available, and provided further that such redemption can only be made if the closing price of the Common Stock is at least \$14.25 per share (the "redemption price") for any 20 trading days within a 30-trading-day period ending on the third day prior to the date on which notice of redemption is given. If a registration statement is not effective at the time of exercise, the holders of the 7.00 warrants will not be entitled to exercise the warrants, and in no event (whether in the case of a registration statement not being effective or otherwise) will the Company be required to net cash settle any such warrant exercise. Consequently, the 7.00 warrants could expire unexercised and unredeemed. The number of shares of Common Stock issuable upon the exercise of each 7.00 warrant is subject to adjustment from time to time upon the occurrence of certain events. The 7.00 warrants expire in 2013. As of December 31, 2011 and 2010, the Company had 13,653,704 and 13,653,804 of such 7.00 warrants outstanding, respectively. All outstanding 7.00 warrants are classified within stockholders' equity.

\$11.50 Warrants—General Terms

On September 29, 2009, in connection with the acquisition of Iridium Holdings, holders of approximately 14.4 million 7.00 warrants exchanged their existing warrants for new \$11.50 warrants.

The Company may redeem each of the \$11.50 warrants at a price of \$0.01 upon 30 days prior notice, provided that the warrants are exercisable and the registration statement covering the Common Stock issuable upon exercise of the warrants remains effective and available, and provided further that such redemption can only be made if the closing price of the Common Stock is at least \$18.00 per share for any 20 trading days within a 30-trading-day period ending on the third day prior to the date on which notice of redemption is given. If the registration statement is not still effective at the time of exercise, the holders of the \$11.50 warrants will not be entitled to exercise the warrants, and in no event (whether in the case of a registration statement not being effective or otherwise) will the Company be required to net cash settle any such warrant exercise. Consequently, the \$11.50 warrants may expire unexercised and unredeemed. The number of shares of Common Stock issuable upon the exercise of each \$11.50 warrant is subject to adjustment from time to time upon the occurrence of specified events. The \$11.50 warrants expire in 2015.

During 2011, the Company entered into several private transactions (the “Private Warrant Exchanges”) to exchange shares of its Common Stock for outstanding \$11.50 warrants. As a result of these transactions, the Company issued an aggregate of 1,643,453 unrestricted shares of its Common Stock in exchange for an aggregate of 8,167,541 \$11.50 warrants. Additionally, during 2011, the Company initiated and completed a tender offer to exchange outstanding \$11.50 warrants for unrestricted shares of its Common Stock (the “Tender Offer Warrant Exchange”). As a result of the Tender Offer Warrant Exchange, the Company issued an aggregate of 1,303,272 unrestricted shares of its Common Stock in exchange for an aggregate of 5,923,963 of the \$11.50 warrants.

As of December 31, 2011 and 2010, the Company had 277,021 and 14,368,525 of the \$11.50 warrants outstanding, respectively. All outstanding \$11.50 warrants are classified within stockholders’ equity.

Equity Transactions

During 2009, the Company sold to the public 16.0 million shares of Common Stock for net proceeds of \$148.8 million. Concurrent with the offering, the Company repurchased, pursuant to existing forward contracts, 16.3 million shares of Common Stock for \$164.9 million. In addition, the Company repurchased approximately 9.2 million shares of Common Stock for \$91.7 million, representing the shares held by those stockholders who voted against the Acquisition. In September 2009, 8.4 million \$7.00 warrants originally purchased in November 2007 and 4.0 million \$7.00 warrants originally purchased in February 2008 were forfeited by their holders.

6. Debt

Credit Facility

On October 4, 2010, the Company entered into a \$1.8 billion loan facility (the “Credit Facility”) with a syndicate of bank lenders. Ninety-five percent of the Company’s obligations under the Credit Facility are insured by Compagnie Française d’Assurance pour le Commerce Extérieur (“COFACE”), the French export credit agency. The Credit Facility is comprised of two tranches, with draws and repayments applied pro rata in respect of each tranche:

- Tranche A – \$1,537,500,000 at a fixed rate of 4.96%; and
- Tranche B – \$262,500,000 at a floating rate equal to the London Interbank Offer Rate (“LIBOR”) plus 1.95%.

Interest is payable on a semi-annual basis in April and October of each year. Prior to the repayment period described below, a portion of interest will be paid via a deemed loan and added to the related tranche principal. The amount of interest paid via a deemed loan for each tranche is as follows:

- Tranche A – fixed rate of 3.56%; and
- Tranche B – LIBOR plus 0.55%.

For the years ended December 31, 2011 and 2010, the Company incurred total interest expense of \$11.9 million and \$1.1 million, respectively, of which \$8.3 million and \$0.8 million, respectively, was paid via a deemed loan and the remainder paid in cash on the scheduled semi-annual payment dates.

In connection with each draw it makes under the Credit Facility, the Company also borrows an amount equal to 6.49% of such draw to cover the premium for the COFACE policy. The Company also pays a commitment fee of 0.80% per year, in semi-annual installments, on any undrawn portion of the Credit Facility. In addition, pursuant to separate fee letters entered into at the same time as the Credit Facility, the Company paid arrangement fees to the syndicate banks totaling \$46.6 million on October 29, 2010.

Funds drawn under the Credit Facility will be used for (i) 85% of the costs under a fixed price full scale development contract with Thales Alenia Space France (“Thales”) for the design and manufacture of satellites for Iridium NEXT (the “FSD”), (ii) the premium for the COFACE policy, and (iii) the payment of a portion of interest during a part of the construction and launch phase of Iridium NEXT.

Scheduled semi-annual principal repayments will begin six months after the earlier of (i) the successful deployment of a specified number of Iridium NEXT satellites or (ii) September 30, 2017. During this repayment period, interest will be paid on the same date as the principal repayments. Interest expense incurred during the year ended December 31, 2011 was \$11.9 million. All interest costs incurred related to the Credit Facility have been capitalized during the construction period of the assets; accordingly the Company capitalized \$11.9 million related to interest incurred throughout the year. The Company pays interest on each semi-annual due date through a combination of a cash payment and a deemed additional loan. The \$11.9 million in interest incurred during the year ended December 31, 2011 consisted of \$3.6 million payable in cash, of which \$2.7 million was paid during the year and \$0.9 million was accrued at year end, and \$8.3 million payable by deemed loans, of which \$6.3 million was paid during the year and \$2.0 million was accrued at year end. Total interest payable associated with the Credit Facility was \$2.9 million and \$1.1 million and is included in interest payable in the consolidated balance sheets as of December 31, 2011 and 2010, respectively.

The Credit Facility will mature seven years after the start of the repayment period. In addition, the Company is required to maintain minimum debt service reserve levels, which are estimated as follows:

At December 31,	Amount (in millions)
2012	\$ 54
2013	81
2014	108
2015	135
2016	162
2017	189

These levels may be higher once the Company begins repayment under the Credit Facility. The minimum debt service reserve level at December 31, 2011 was \$27.0 million which is included in restricted cash on the consolidated balance sheet. Obligations under the Credit Facility are secured on a senior basis by a lien on substantially all of the Company's assets.

The Company may not prepay any borrowings prior to December 31, 2015. If, on that date, a specified number of Iridium NEXT satellites have been successfully launched and the Company has adequate time and resources to complete the Iridium NEXT constellation on schedule, the Company may prepay the borrowings without penalty. In addition, following the completion of the Iridium NEXT constellation, the Company may prepay the borrowings without penalty. Any amounts repaid may not be reborrowed. The Company must repay the loans in full upon (i) a delisting of the Common Stock, (ii) a change in control of the Company or the Company ceasing to own 100% of specified subsidiaries or (iii) the sale of all or substantially all of the Company's assets. The Company must apply all or a portion of specified capital raising proceeds, insurance proceeds and condemnation proceeds to the prepayment of the loans. The Credit Facility includes customary representations, events of default, covenants and conditions precedent to drawing of funds. The financial covenants include:

- a minimum cash requirement;
- a minimum debt to equity ratio level;
- maximum capital expenditure levels;
- minimum consolidated operational earnings before interest, taxes, depreciation and amortization levels;
- minimum cash flow requirements from customers who have hosted payloads on the Company's satellites;
- minimum debt service reserve levels;
- a minimum debt service coverage ratio level; and
- maximum leverage levels.

The covenants also place limitations on the ability of the Company and its subsidiaries to carry out mergers and acquisitions, dispose of assets, grant security interests, declare, make or pay dividends, enter into certain transactions with affiliates, fund payments under the FSD from its own resources, incur debt, or make loans, guarantees or

indemnities.

As of December 31, 2011, the Company had borrowed \$417.1 million under the Credit Facility. The unused portion of the Credit Facility as of December 31, 2011 was approximately \$1.4 billion. The Company recognized the semi-annual commitment fee on the undrawn portion of the Credit Facility of \$12.5 million and \$3.4 million, as restated, for the years ended December 31, 2011 and 2010, respectively.

7. Motorola Settlement

On October 1, 2010, the Company entered into a Settlement Agreement (the “Settlement Agreement”) with Motorola, pursuant to which the parties settled the litigation filed by Motorola against Iridium Satellite and Iridium Holdings in the Circuit Court of Cook County, Illinois, County Department—Chancery Division (captioned Motorola, Inc. vs. Iridium Satellite LLC and Iridium Holdings LLC, Docket No. 10 CH 05684). On the same date, the parties entered into a series of other agreements. Pursuant to the Settlement Agreement, which contains no admission of liability by any party, and the certain other agreements entered into on the same date, the Company agreed to pay Motorola an aggregate of \$46.0 million, in consideration of payment of debt of \$15.4 million otherwise due in 2010, expanded intellectual property licenses, the conversion of existing intellectual property licenses from being royalty-based to prepaid, transfer to the Company of ownership of certain intellectual property rights, termination of Motorola’s rights to distributions and payments based on the value of the Company upon certain “triggering events” and mutual releases of claims. Of the total \$46.0 million, the Company paid \$23.0 million contemporaneously with the execution of the Settlement Agreement and the remaining \$23.0 million was reflected in the Promissory Note the Company issued to Motorola, which bore interest at the rate of 10%. In December 2010, the Company paid \$0.8 million to Motorola which was applied against the Promissory Note principal. In May 2011, the Company paid \$23.6 million to Motorola Solutions, successor to Motorola, as a payment in full for the outstanding balance of the Promissory Note, including accrued interest. Interest costs of \$0.8 million and \$0.6 million for the years ended December 31, 2011 and 2010, respectively, was capitalized as part of the Company’s assets under construction and included within property and equipment, net in the consolidated balance sheets.

In conjunction with the execution of the Settlement Agreement, Iridium Satellite and Motorola terminated the Senior Subordinated Term Loan Agreement and also amended and restated the existing transition services, products and asset agreement to eliminate provisions which by completion or passage of time were deemed unnecessary. The Company's insurance requirements and Motorola Solutions' de-orbit rights under the transition services, products and asset agreement, or the TSA, remain materially unchanged.

In addition, the Company and Motorola entered into a System Intellectual Property Rights Amendment and Agreement and a Supplemental Subscriber Equipment Technology Amendment and Agreement. Pursuant to those two agreements, the Company broadened its existing licenses to certain Motorola intellectual property for use with its current satellite constellation and subscriber equipment, and the Company received licenses to such intellectual property for use with Iridium NEXT and future subscriber equipment.

8. Boeing Operations and Maintenance Agreements

As a result of the Acquisition, the Company acquired an operations and maintenance agreement between Iridium Constellation and Boeing, pursuant to which Boeing agreed to provide transition services and continuing steady-state operations and maintenance services with respect to the satellite network operations center, telemetry, tracking and control stations and the on-orbit satellites (including engineering, systems analysis, and operations and maintenance services). On July 21, 2010, the Company and Boeing entered into the O&M Agreement, which superseded the prior operations and maintenance agreement. Pursuant to the O&M Agreement, each of Boeing, Motorola Solutions and the U.S. government has the unilateral right to commence the de-orbit of the constellation upon the occurrence of certain enumerated events.

The O&M Agreement incorporates a de-orbit plan, which, if exercised, would cost approximately \$16.9 million plus an amount equivalent to the premium of the de-orbit insurance coverage to be paid to Boeing in the event of a mass de-orbit of the satellite constellation. Under the prior operations and maintenance agreement, the Company was required to cause to be issued to Boeing a \$15.4 million letter of credit as collateral for such costs. Under the O&M Agreement, the Company is no longer required to maintain a letter of credit and the prior letter of credit was allowed to expire in July 2010. In addition, on July 21, 2010, the Company and Boeing entered into an agreement pursuant to which Boeing will operate and maintain Iridium NEXT (the "NEXT Support Services Agreement"). Boeing will provide these services on a time-and-materials fee basis. The term of the NEXT Support Services Agreement runs concurrently with the estimated useful life of the Iridium NEXT constellation. The Company is entitled to terminate the agreement for convenience and without cause commencing in 2019.

Following the Acquisition, the Company incurred expenses of \$34.3 million, \$41.4 million and \$11.9 million relating to satellite operations and maintenance costs for the years ended December 31, 2011, 2010 and 2009, respectively, included in cost of services (exclusive of depreciation and amortization) in the consolidated statements of operations.

9. Property and Equipment

Property and equipment consisted of the following at December 31:

	2011	2010
	(In thousands)	
Satellite system	\$342,086	\$347,057
Ground system	15,652	13,644
Equipment	19,793	16,595
Internally developed software and purchased software	29,955	10,717
Building and leasehold improvements	27,832	27,720
	435,318	415,733
Less: accumulated depreciation	(176,995)	(97,667)
	258,323	318,066
Land	8,268	8,268
Construction in process:		
Iridium NEXT systems under construction	569,439	226,636
Other construction in process	7,062	13,549
Total property and equipment, net of accumulated depreciation	\$843,092	\$566,519

Other construction in process consisted of the following at December 31:

	2011	2010
	(In thousands)	
Internally developed software	\$5,429	\$11,036
Equipment	1,633	2,295
Ground system	-	218
Total other construction in process	\$7,062	\$13,549

Depreciation expense for the years ended December 31, 2011 and 2010 was \$84.6 million and \$78.3 million, respectively. Following the Acquisition, depreciation expense for the year ended December 31, 2009 was \$19.4 million.

10. Intangible Assets

As a result of the Acquisition, the Company had identifiable intangible assets as follows:

	December 31, 2011			
	Useful Lives	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
	(In thousands)			
Indefinite life intangible assets:				
Trade names	Indefinite	\$ 21,195	\$ -	\$ 21,195
Spectrum and licenses	Indefinite	14,030	-	14,030
Total		35,225	-	35,225
Definite life intangible assets:				
Customer relationships - government	5 years	20,355	(9,160)	11,195
Customer relationships - commercial	5 years	33,052	(14,873)	18,179
Coe developed technology	5 years	4,842	(2,179)	2,663
Intellectual property	16.5 years ⁽¹⁾	16,439	(1,263)	15,176
Software	5 years	2,025	(911)	1,114
Total		76,713	(28,386)	48,327
Total intangible assets		\$ 111,938	\$ (28,386)	\$ 83,552

	December 31, 2010			
	Useful Lives	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
	(In thousands)			

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Indefinite life intangible assets:				
Trade names	Indefinite	\$ 21,195	\$ -	\$ 21,195
Spectrum and licenses	Indefinite	14,030	-	14,030
Total		35,225	-	35,225
Definite life intangible assets:				
Customer relationships - government	5 years	20,355	(5,089)	15,266
Customer relationships - commercial	5 years	33,052	(8,263)	24,789
Coe developed technology	5 years	4,842	(1,210)	3,632
Intellectual property	16.5 years ⁽¹⁾	16,439	(268)	16,171
Software	5 years	2,025	(506)	1,519
Total		76,713	(15,336)	61,377
Total intangible assets		\$ 111,938	\$ (15,336)	\$ 96,602

(1) Intellectual property is allocated over the estimated life of the existing satellite systems and Iridium NEXT, which averages to 16.5 years in useful lives.

The weighted average amortization period of intangible assets is 7.5 years. Amortization expense for the years ended December 31, 2011, 2010 and 2009, was \$13.0 million, \$12.3 million and \$3.0 million, respectively.

Future amortization expense with respect to intangible assets existing at December 31, 2011, by year and in the aggregate, is as follows:

Year ending December 31,	Amount (In thousands)
2012	\$ 13,050
2013	13,050
2014	10,036
2015	995
2016	995
Thereafter	10,201
Total estimated future amortization expense	\$ 48,327

11. Commitments and Contingencies

Thales

In June 2010, the Company executed the FSD with Thales for the design and manufacture of satellites for Iridium NEXT. The total price under the FSD is approximately \$2.2 billion, and the Company expects payment obligations under the FSD to extend into the third quarter of 2017. As of December 31, 2011, the Company had made total payments of \$454.6 million to Thales, which were capitalized as construction in progress within property and equipment, net in the consolidated balance sheet. The Company's obligations to Thales that are currently scheduled for the years ending December 31, 2012, 2013, 2014, 2015 and 2016, are in the amounts of \$418.9 million, \$373.2 million, \$361.8 million, \$274.4 million and \$186.1 million, respectively.

SpaceX

In March 2010, the Company entered into an agreement with Space Exploration Technologies Corp. ("SpaceX") to secure SpaceX as the primary launch services provider for Iridium NEXT (the "SpaceX Agreement"). The SpaceX Agreement, as amended, has a maximum price of \$492.0 million. As of December 31, 2011, the Company has made total payments of \$43.9 million to SpaceX, which has been capitalized as construction in progress within property and equipment, net in the consolidated balance sheet. The Company's obligations with SpaceX that are currently scheduled for the years ending December 31, 2012, 2013, 2014, 2015 and 2016, are in the amounts of \$6.6 million, \$28.6 million, \$112.8 million, \$172.8 million and \$106.1 million, respectively.

Kosmotras

In June 2011, the Company entered into an agreement with International Space Company Kosmotras (“Kosmotras”) as a supplemental launch service provider for Iridium NEXT (the “Kosmotras Agreement”). The Kosmotras Agreement provides for the purchase of up to six launches with options to purchase additional launches. Each launch will carry two satellites. If all six launches are purchased, the Company will pay Kosmotras a total of approximately \$184.3 million. As of December 31, 2011, the Company had made aggregate payments of \$11.2 million to Kosmotras which were capitalized as construction in progress within property and equipment, net in the consolidated balance sheet. If the Company elects to purchase all six launches, the remaining amounts owed under the contract will be paid over the next four to five years depending on the launch schedule.

Based on the terms of the Kosmotras Agreement, if the Company does not purchase any launches by March 31, 2013, the Kosmotras Agreement will terminate and any amounts paid by the Company to Kosmotras in excess of \$15.1 million will be refunded.

Supplier Purchase Commitments

The Company has a manufacturing agreement with a supplier to manufacture subscriber equipment, which contains minimum monthly purchase requirements. The Company’s purchases have exceeded the monthly minimum requirement since inception. Pursuant to the agreement, the Company may be required to purchase certain materials if the materials are not used in production within the periods specified in the agreement. The supplier will then repurchase such materials from the Company at the same price paid by the Company, as required for the production of the devices. As of December 31, 2011 and 2010, the Company had \$0.8 million and \$1.1 million, respectively, of such materials and the amounts were included in inventory on the accompanying consolidated balance sheets.

Unconditional purchase obligations are \$260.8 million, which include the Company’s commitments with Boeing on the existing satellite system, an agreement with a supplier for the manufacturing of the Company’s devices and various commitments with other vendors. Unconditional purchase obligations are scheduled for the years ending December 31, 2012, 2013, 2014, 2015 and 2016 in the amounts of \$63.5 million, \$41.8 million, \$35.5 million, \$41.8 million and \$37.7 million, respectively.

In-Orbit Insurance

Due to various contractual requirements, the Company is required to maintain a third-party in-orbit insurance policy with a de-orbiting endorsement to cover potential claims relating to operating or de-orbiting the satellite constellation. The policy covers the Company, Boeing as operator, Motorola Solutions (the original system architect and prior owner), contractors and subcontractors of the insured, the U.S. government and certain other sovereign nations.

The current policy has a one-year term, which expires December 8, 2012. The policy coverage is separated into Sections A, B, and C.

Section A coverage is currently in effect and covers product liability over Motorola's position as manufacturer of the satellites. Liability limits for claims under Section A are \$1.0 billion per occurrence and in the aggregate. There is no deductible for claims.

Section B coverage is currently in effect and covers risks in connection with in-orbit satellites. Liability limits for claims under Section B are \$500 million per occurrence and in the aggregate for space vehicle liability and \$500 million and \$1.0 billion per occurrence and in the aggregate, respectively, with respect to de-orbiting. The balance of the unamortized premium payment for Sections A and B coverage as of December 31, 2011 is included in prepaid expenses and other current assets in the accompanying consolidated balance sheets. The deductible for claims under Section B is \$250,000 per occurrence.

Section C coverage is effective once requested by the Company (the "Attachment Date") and covers risks in connection with a decommissioning of the satellite system. Liability limits for claims under Section C are \$500 million and \$1.0 billion per occurrence and in the aggregate, respectively. The term of the coverage under Section C is 12 months from the Attachment Date. The premium for Section C coverage is \$2.5 million and is payable on or before the Attachment Date. As of December 31, 2011, the Company had not requested Section C coverage since no decommissioning activities are currently anticipated. The deductible for claims under Section C is \$250,000 per occurrence.

Operating Leases

The Company leases land, office space, and office and computer equipment under noncancelable operating lease agreements. Most of the leases contain renewal options of 1 to 10 years. The Company's obligations under the current terms of these leases extend through 2020.

Additionally, several of the Company’s leases contain clauses for rent escalation including, but not limited to, a pro-rata share of increased operating and real estate tax expenses. Rent expense is recognized on a straight-line basis over the lease term. The Company leases facilities located in Chandler, Arizona; Tempe, Arizona; Bethesda, Maryland; McLean, Virginia; Canada and Norway. Future minimum lease payments, by year and in the aggregate, under noncancelable operating leases at December 31, 2011, are as follows (in thousands):

Year ending December 31,	Operating Leases (In thousands)
2012	\$ 3,427
2013	3,010
2014	2,284
2015	2,073
2016	1,466
Thereafter	4,684
Total	\$ 16,944

Rent expense for the years ended December 31, 2011, 2010, and 2009 was \$3.0 million, \$4.0 million and \$1.0 million, respectively.

Contingencies

From time to time, in the normal course of business, the Company is party to various pending claims and lawsuits. The Company is not aware of any such actions that it would expect to have a material adverse impact on its business, financial results or financial condition.

12. Stock-Based Compensation

During 2009, the Company’s stockholders approved a stock incentive plan (the “2009 Stock Incentive Plan”) to provide stock-based awards, including nonqualified stock options, incentive stock options, restricted stock and other equity securities, as incentives and rewards for employees, consultants and non-employee directors. As of December 31, 2011, 8.0 million shares of common stock have been authorized for issuance as awards under the 2009 Stock Incentive Plan. As of December 31, 2011, 3.2 million shares are available for grant. The Company did not issue stock-based awards prior to the adoption of the 2009 Stock Incentive Plan.

Stock Option Awards

The stock option awards granted to employees generally (i) have a term of ten years, (ii) vest over a four-year period with 25% vesting after the first year of service and ratably on a quarterly basis thereafter, (iii) are contingent upon employment on the vesting date, and (iv) have an exercise price equal to the fair value of the underlying shares at the date of grant. The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model. Expected volatility for 2011 is based on the actual historical volatility of the Company's stock price. The expected term of the award was calculated using the simplified method as the Company currently does not have sufficient experience of its own option exercise patterns. The Company does not anticipate paying dividends during the expected term of the grants; therefore, the dividend rate was assumed to be zero. The risk-free interest rate assumed is based upon U.S. Treasury Bond interest rates with similar terms at similar dates.

The stock options granted to consultants are generally subject to service vesting and vest quarterly over a two-year service period. The fair value of the consultant options is the then-current fair value attributable to the vesting portions of the awards, calculated using the Black-Scholes option pricing model.

Assumptions used in determining the fair value of the Company's options were as follows:

	Year Ended December 31,	
	2011	2010
Expected volatility	40% - 45%	69% - 82%
Expected term (years)	5.50 - 6.25	5.50 - 6.25
Expected dividends	0%	0%
Risk free interest rate	1.16%-2.65%	1.78%-2.90%

During 2011, the Company granted approximately 2.0 million stock options to its employees and non-employee directors.

A summary of the activity of the Company's stock options as of December 31, 2011 is as follows:

Weighted- Average Exercise Price	Weighted- Average Remaining Contractual	Aggregate Intrinsic
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	Shares	Per Share	Term (Years)	Value
	(In thousands, except years and per share data)			
Options outstanding at January 1, 2011	3,049	\$ 8.69		
Granted	2,031	\$ 8.14		
Cancelled or expired	(159)	\$ 8.72		
Exercised	(5)	\$ 8.73		
Forfeited	(273)	\$ 8.59		
Options outstanding at December 31, 2011	4,643	\$ 8.45	8.53	\$ -
Options vested and exercisable at December 31, 2011	1,347	\$ 8.65	8.02	\$ -
Options exercisable and expected to vest at December 31, 2011	4,558	\$ 8.46	8.53	\$ -

The Company recognized \$5.6 million, \$4.4 million and \$0.4 million of stock-based compensation expense related to these options in the years ended December 31, 2011, 2010 and 2009, respectively. To the extent the Company's actual forfeiture rate is different from its estimate of such forfeitures, the stock-based compensation may differ in future periods.

The weighted-average grant-date fair value of options granted during the years ended December 31, 2011, 2010 and 2009 were \$3.69, \$6.13 and \$5.61 per share, respectively.

As of December 31, 2011, the total unrecognized cost related to non-vested options was approximately \$14.2 million. This cost is expected to be recognized over a weighted average period of 2.7 years. The total fair value of the shares vested during the year ended December 31, 2011 was \$4.6 million.

Restricted Stock Unit Awards

The Company granted approximately 0.1 million restricted stock units ("RSUs") to its non-employee directors during each of 2011 and 2010. The grant-date fair value of the RSUs is based on the closing stock price of the Company's Common Stock on the date of grant. The RSUs vest over a one year period with 25% vesting on the last day of each calendar quarter.

A summary of the Company's RSU activity for the year ended December 31, 2011 is as follows:

	RSUs	Weighted- Average Grant Date Fair Value Per RSU
	(In thousands)	
Outstanding at January 1, 2011	106	\$ 7.79
Granted	90	\$ 8.29
Outstanding at December 31, 2011	196	\$ 8.02
Vested at December 31, 2011	196	

All RSUs granted in 2011 were fully vested as of December 31, 2011. The Company recognized \$0.7 million of stock-based compensation expense related to these RSUs in the year ended December 31, 2011.

13. Segments, Significant Customers, Supplier and Service Providers and Geographic Information

The Company operates in one business segment, providing global satellite communications services and products.

The Company derived approximately 23%, 23% and 25% of its total revenue in the years ended December 31, 2011, 2010 and 2009 (following the Acquisition), respectively, and approximately 27% and 32% of its accounts receivable balances at December 31, 2011 and 2010, respectively, from prime contracts or subcontracts with agencies of the U.S. government. The two largest commercial customers accounted for approximately 21% of the Company's total revenue for the year ended December 31, 2011 and 19% of the Company's total revenue for both the years ended December 31, 2010 and 2009 (following the Acquisition). The two largest commercial customers represented approximately 14% and 19% of the Company's accounts receivable balance at December 31, 2011 and 2010, respectively.

The Company contracts for the manufacture of its subscriber equipment primarily from one manufacturer and utilizes other sole source suppliers for certain component parts of its devices. Should events or circumstances prevent the manufacturer or the suppliers from producing the equipment or component parts, the Company's business could be adversely affected until the Company is able to move production to other facilities of the manufacturer or secure a replacement manufacturer or an alternative supplier for such component parts.

A significant portion of the Company's satellite operations and maintenance service is provided by Boeing. Should events or circumstances prevent Boeing from providing these services, the Company's business could be adversely affected until the Company is able to assume operations and maintenance responsibilities or secure a replacement service provider.

Net property and equipment by geographic area, was as follows as of December 31:

	2011	2010
	(In thousands)	
United States	\$79,263	\$73,170
Satellites in orbit	188,263	260,293
Iridium NEXT systems under construction	569,439	226,636
All others ⁽¹⁾	6,127	6,420
Total	\$843,092	\$566,519

(1) No one other country represented more than 10% of property and equipment, net.

Revenue by geographic area was as follows for the years ended December 31:

	2011	2010
	(In thousands)	
United States	\$176,043	\$167,535
Canada	52,419	49,203
United Kingdom	48,886	40,068
Other countries ⁽¹⁾	106,959	91,367
Total	\$384,307	\$348,173

(1) No one other country represented more than 10% of revenue.

Revenue is attributed to geographic area based on the billing address of the distributor. Service location and the billing address are often not the same. The Company's distributors sell services directly or indirectly to end-users, who may be located or use the Company's products and services elsewhere. The Company cannot provide the geographical distribution of end-users because it does not contract directly with them. The Company does not have significant foreign exchange risk on sales, as invoices are generally denominated in United States dollars.

14. Employee Benefit Plan

The Company sponsors a defined-contribution 401(k) retirement plan (the “Plan”) that covers all employees. Employees are eligible to participate in the Plan on the first day of the month following the date of hire, and participants are 100% vested from the date of eligibility. The Company matches employees’ contributions equal to 100% of the salary deferral contributions up to 5% of the employees’ compensation. Company-matching contributions to the Plan were \$1.1 million, \$1.0 million and \$0.2 million for the years ended December 31, 2011, 2010 and 2009 (following the Acquisition), respectively. The Company pays all administrative fees related to the Plan.

15. Income Taxes

U.S. and foreign components of income (loss) before income taxes, as restated, are presented below:

	Year Ended December 31,		
	2011 (Restated)	2010 (Restated)	2009 (Restated)
	(In thousands)		
U.S. income (loss)	\$65,272	\$ 34,450	\$(46,376)
Foreign income	309	162	336
Total income (loss) before income taxes	\$65,581	\$ 34,612	\$(46,040)

The components of the Company’s income tax provision (benefit) are as follows:

	Year Ended December 31,		
	2011 (Restated)	2010 (Restated)	2009 (Restated)
	(In thousands)		
Current taxes:			
Federal provision (benefit)	\$82	\$ 716	\$(126)
State provision	816	89	440
Foreign provision	567	425	76
Total current tax provision	1,465	1,230	390
Current taxes:			
Federal provision (benefit)	21,089	11,339	(3,409)
State provision (benefit)	1,995	1,888	(735)
Foreign provision (benefit)	(3)	214	(47)

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Total deferred tax provision	23,081	13,441	(4,191)
Total income tax provision (benefit)	\$24,546	\$ 14,671	\$ (3,801)

A reconciliation of the U.S. federal statutory income tax expense to the Company's effective income tax provision, as restated, is as follows:

	Year Ended December 31,		
	2011 (Restated)	2010 (Restated)	2009 (Restated)
	(In thousands)		
U.S. federal statutory tax rate	\$22,955	\$ 12,114	\$(16,114)
State taxes, net of federal benefit	2,561	1,351	(192)
Arizona tax rate change	(3,126)	-	-
Warrant exchange - nondeductible expenses	-	-	11,941
Other nondeductible expenses	854	582	1,050
Foreign tax rate differential	161	270	180
Liability for uncertain tax positions	704	121	23
Provision to return and other adjustments	784	178	(583)
Other items	(347)	55	(106)
Total income tax provision (benefit)	\$24,546	\$ 14,671	\$(3,801)

The components of deferred tax assets and liabilities, as restated, at December 31, 2011 and 2010 are as follows:

	2011 (Restated)	2010 (Restated)
	(In thousands)	
Accruals and reserves	\$4,929	\$3,663
Deferred revenue	5,144	3,046
Inventory	310	892
Prepaid expenses	(948)	(747)
Other	-	(1,070)
Total net current deferred tax assets	\$9,435	\$5,784
Fixed assets and intangibles	\$(77,833)	\$(88,299)
Long-term accruals and reserves	10,460	17,603
Research and development expenditures	(152,604)	(44,872)
Net operating losses	90,568	12,406
Tax credits	3,191	1,263
Transaction costs	366	401
Foreign net operating losses	466	1,214
Other	(719)	1,167
Valuation allowance - foreign net operating losses	(441)	(1,214)
Total net non-current deferred tax liabilities	\$(126,546)	\$(100,331)
Total net deferred income tax liabilities	\$(117,111)	\$(94,547)

The Company recognizes valuation allowances to reduce deferred tax assets to the amount that is more likely than not to be realized. In assessing the likelihood of realization, management considers: (i) future reversals of existing taxable temporary differences; (ii) future taxable income exclusive of reversing temporary differences and carryforwards; (iii) taxable income in prior carryback year(s) if carryback is permitted under applicable tax law; and (iv) tax planning strategies.

As of December 31, 2011, the Company had deferred tax assets related to cumulative U.S., state and foreign net operating loss carryforwards of approximately \$82.2 million, \$8.3 million and \$0.5 million, respectively. These net operating loss carryforwards expire in various amounts in 2015 through 2031. The Company believes that the U.S. and state net operating losses will be utilized before the expiration dates and as such no valuation allowance has been established for these deferred tax assets. The timing and manner in which the Company will utilize the net operating loss carryforwards in any year, or in total, may be limited in the future as a result of alternative minimum taxes, changes in the Company's ownership and any limitations imposed by the states in which the Company operates. The Company does not expect to utilize the majority of its foreign net operating losses within the respective carryforward periods, and the Company has established a valuation allowance of \$0.4 million on this deferred tax asset of \$0.5 million. The decrease in valuation allowance is due to expiration of foreign net operating losses.

As of December 31, 2011, the Company also has approximately \$1.2 million of deferred tax assets related to research and development tax credits that expire in various amounts in 2028 through 2031, \$1.3 million of deferred tax assets related to Alternative Minimum Tax credits which do not expire, and \$0.7 million of foreign tax credits which expire in various amounts in 2020 and 2021. The Company believes that these deferred tax assets will be will be utilized within the carryforward period.

The Company's foreign subsidiary, Baralonco N.V., was a Curacao, Netherlands Antilles entity. This entity benefited from a tax holiday on its taxable income in Curacao which expired on December 31, 2010. As the company domesticated Baralonco into the U.S. as of December 31, 2010, it is no longer subject to Curacao, Netherlands Antilles income taxation and the expiration of the tax holiday did not result in any adverse tax impact to the Company.

The Company has provided for U.S. income taxes on all undistributed earnings of its material foreign subsidiaries since the Company does not permanently reinvest the undistributed earnings. The Company recognizes deferred tax assets and liabilities for future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, operating losses and tax credit carryforwards. The Company measures deferred tax assets and liabilities using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company recognizes the effect on deferred tax assets and liabilities of a change in tax rates in income in the period that includes the enactment date.

Uncertain Income Tax Positions

The Company's liability for uncertain tax positions includes unrecognized tax benefits related to certain U.S. and foreign transfer pricing adjustments and taxable presence in certain foreign and state jurisdictions.

The Company is subject to income taxes in the U.S., various states and numerous foreign jurisdictions. Significant judgment is required in evaluating tax positions and determining the provision for income taxes. The Company establishes liabilities for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes may be due. These liabilities are established when the Company believes that certain positions might be challenged despite its belief that its tax return positions are fully supportable. The Company adjusts these liabilities in light of changing facts and circumstances, such as the outcome of a tax audit. The provision for income taxes includes the impact of changes to the liability.

The amount of uncertain tax positions if recognized at December 31, 2011 was \$1.5 million, as compared to \$0.7 million at December 31, 2010. It is anticipated that the amount of unrecognized tax benefit reflected at December 31, 2011 will not materially change in the next 12 months; any changes are not anticipated to have significant impact on the results of operations, financial position or cash flows of the Company. The Company has elected an accounting policy to classify interest and penalties related to unrecognized tax benefits as a component of income tax expense. As of December 31, 2011 and 2010, any potential interest and penalties on unrecognized tax benefits were not significant.

The Company is subject to tax audits in all jurisdictions for which it files tax returns. Tax audits by their very nature are often complex and can require several years to complete. Iridium Communications Inc. is currently under audit in one of its state jurisdictions. Iridium Holdings, LLC is currently under audit by the Internal Revenue Service. As of the balance sheet date, we do not expect any significant audit adjustments. There are no other Internal Revenue Service, state or foreign jurisdiction audits. The Company's corporate U.S. tax returns for 2008, 2009 and 2010 remain subject to examination by tax authorities.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits which includes related interest and penalties:

	2011	2010
	(In thousands)	
Balance at January 1,	\$746	\$585
Change attributable to tax positions taken in a prior period	234	143
Change attributable to tax positions taken in the current period	485	40
Decrease attributable to lapse of statute of limitations	(15)	(22)

Balance at December 31,

\$1,450 \$746

16. Net Income (Loss) Per Share

The computations of basic and diluted net income (loss) per share are set forth below. The net income (loss) used in the calculation is based on the restated amounts. The restatement did not affect any other components within the calculation of net income (loss) per share.

	Year Ended December 31,		
	2011 (Restated)	2010 (Restated)	2009 (Restated)
	(In thousands, except per share data)		
Numerator:			
Net income (loss)	\$ 41,035	\$ 19,941	\$ (42,239)
Net income (loss) allocated to participating securities	(29)	(20)	-
Numerator for basic net income (loss) per share	\$ 41,006	\$ 19,921	\$ (42,239)
Numerator for diluted net income (loss) per share	\$ 41,006	\$ 19,921	\$ (42,239)
Denominator:			
Denominator for basic net income per share - Weighted average outstanding common shares	72,164	70,289	53,964
Dilutive effect of warrants	1,395	2,667	-
Denominator for diluted net income (loss) per share	73,559	72,956	53,964
Net income (loss) per share - basic	\$ 0.57	\$ 0.28	\$ (0.78)
Net income (loss) per share - diluted	\$ 0.56	\$ 0.27	\$ (0.78)

At December 31, 2011, 5.8 million warrants and 4.6 million stock options were not included in the computation of diluted net income per share as the effect would be anti-dilutive. After December 31, 2011, the Company granted approximately 0.8 million stock options and 1.0 million RSUs to employees and non-employee directors. These grants could have dilutive effects on net income per share in future periods.

At December 31, 2010, 14.4 million warrants and 3.0 million stock options were not included in the computation of diluted net income per share as the effect would be anti-dilutive.

As of December 31, 2009, the Company had approximately 28.0 million warrants and 2.6 million stock options outstanding, and because there was a loss for the year ended December 31, 2009, these warrants and options were considered to be anti-dilutive in those periods and therefore were excluded from the weighted average diluted shares outstanding calculation.

17. Selected Quarterly Information (Unaudited and Restated)

The unaudited quarterly results for the years ended December 31, 2011 and 2010 have been restated to correct errors in accounting for deferred income taxes and financing costs. The impact of the restatement on the Company's Consolidated Statement of Operations and Comprehensive Income (Loss) for the unaudited quarterly results for the years ended December 31, 2011 and 2010 and for the quarter ended December 31, 2009 is summarized as follows:

	Three Months Ended							
	March 31, 2011		June 30, 2011		September 30, 2011		December 31, 2011	
	As Filed	Restated	As Filed	Restated	As Filed	Restated	As Filed	Restated
	(In thousands, except per share data)							
Revenue	\$91,303	\$91,303	\$95,903	\$95,903	\$102,124	\$102,124	\$94,977	\$94,977
Operating income	\$16,301	\$16,301	\$20,743	\$20,743	\$24,198	\$24,198	\$15,759	\$15,759
Other income (expense):								
Undrawn credit facility fees	\$(4,298)	\$(3,298)	\$(3,204)	\$(3,204)	\$(3,063)	\$(3,063)	\$(2,959)	\$(2,959)
Total other expense	\$(4,091)	\$(3,091)	\$(2,906)	\$(2,906)	\$(2,803)	\$(2,803)	\$(2,620)	\$(2,620)
Income before income taxes	\$12,210	\$13,210	\$17,837	\$17,837	\$21,395	\$21,395	\$13,139	\$13,139
Provision for income taxes	\$(3,911)	\$(4,282)	\$(6,154)	\$(6,160)	\$(10,058)	\$(9,382)	\$(4,777)	\$(4,722)
Net income	\$8,299	\$8,928	\$11,683	\$11,677	\$11,337	\$12,013	\$8,362	\$8,417
Comprehensive income	\$8,330	\$8,959	\$11,823	\$11,817	\$10,962	\$11,638	\$8,251	\$8,306
Net income per common share								
- basic	\$0.12	\$0.13	\$0.16	\$0.16	\$0.15	\$0.16	\$0.11	\$0.11
Net income per common share								
- diluted	\$0.11	\$0.12	\$0.16	\$0.16	\$0.15	\$0.16	\$0.11	\$0.11

	Three Months Ended							
	March 31, 2010		June 30, 2010		September 30, 2010		December 31, 2010	
	As Filed	Restated	As Filed	Restated	As Filed	Restated	As Filed	Restated
	(In thousands, except per share data)							
Revenue	\$81,742	\$81,742	\$83,974	\$83,974	\$94,527	\$94,527	\$87,930	\$87,930
Operating income (loss)	\$(4,470)	\$(4,470)	\$5,958	\$5,958	\$20,836	\$20,836	\$15,036	\$15,036
Other income (expense):								
Undrawn credit facility fees	\$-	\$-	\$-	\$-	\$-	\$-	\$(2,368)	\$(3,368)
Total other expense	\$223	\$223	\$206	\$206	\$75	\$75	\$(2,252)	\$(3,252)
Income (loss) before income taxes	\$(4,247)	\$(4,247)	\$6,164	\$6,164	\$20,911	\$20,911	\$12,784	\$11,784
Benefit from (provision for) income taxes	\$2,930	\$1,553	\$(2,964)	\$(2,279)	\$(10,225)	\$(7,564)	\$(2,662)	\$(6,381)
Net income (loss)	\$(1,317)	\$(2,694)	\$3,200	\$3,885	\$10,686	\$13,347	\$10,122	\$5,403
Comprehensive income (loss)	\$(1,348)	\$(2,725)	\$3,188	\$3,873	\$10,754	\$13,415	\$10,165	\$5,446
Net income (loss) per common share - basic	\$(0.02)	\$(0.04)	\$0.05	\$0.06	\$0.15	\$0.19	\$0.14	\$0.08
Net income (loss) per common share - diluted	\$(0.02)	\$(0.04)	\$0.04	\$0.05	\$0.14	\$0.18	\$0.14	\$0.07

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	Three Months Ended	
	December 31, 2009	
	As Filed	Restated
	(In thousands, except per share data)	
Revenue	\$ 75,989	\$ 75,989
Operating loss	\$ (6,290)	\$ (6,290)
Loss before income taxes	\$ (6,013)	\$ (6,013)
Benefit from income taxes	\$ 1,038	\$ 3,185
Net loss	\$ (4,975)	\$ (2,828)
Comprehensive loss	\$ (4,953)	\$ (2,806)
Net loss per common share - basic	\$ (0.07)	\$ (0.04)
Net loss per common share - diluted	\$ (0.07)	\$ (0.04)

The quarter ended March 31, 2010 includes a \$10.9 million increase in the cost of subscriber equipment sales due to higher inventory value as a result of acquisition accounting.

The sum of the per share amounts does not equal the annual amounts due to changes in the weighted average number of common shares outstanding during the year.

The impact of the restatement on the Company's Consolidated Statement of Operations and Comprehensive Income for the unaudited results for the six months ended June 30, 2011 and 2010 and the nine months ended September 30, 2011 and 2010 is summarized as follows:

	Six Months Ended			
	June 30, 2011		June 30, 2010	
	As Filed	Restated	As Filed	Restated
	(In thousands, except per share data)			
Revenue	\$187,206	\$187,206	\$165,716	\$165,716
Operating income	\$37,044	\$37,044	\$1,488	\$1,488
Other income (expense):				
Undrawn credit facility fees	\$(7,502)	\$(6,502)	\$-	\$-
Total other expense	\$(6,997)	\$(5,997)	\$429	\$429
Income before income taxes	\$30,047	\$31,047	\$1,917	\$1,917
Provision for income taxes	\$(10,065)	\$(10,442)	\$(34)	\$(726)
Net income	\$19,982	\$20,605	\$1,883	\$1,191
Comprehensive income	\$20,153	\$20,776	\$1,840	\$1,148
Net income per common share - basic	\$0.28	\$0.29	\$0.03	\$0.02
Net income per common share - diluted	\$0.27	\$0.28	\$0.03	\$0.02

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	Nine Months Ended			
	September 30, 2011		September 30, 2010	
	As Filed	Restated	As Filed	Restated
	(In thousands, except per share data)			
Revenue	\$289,330	\$289,330	\$260,243	\$260,243
Operating income	\$61,242	\$61,242	\$22,324	\$22,324
Other income (expense):				
Undrawn credit facility fees	\$(10,565)	\$(9,565)	\$-	\$-
Total other expense	\$(9,800)	\$(8,800)	\$504	\$504
Income before income taxes	\$51,442	\$52,442	\$22,828	\$22,828
Provision for income taxes	\$(20,123)	\$(19,824)	\$(10,259)	\$(8,290)
Net income	\$31,319	\$32,618	\$12,569	\$14,538
Comprehensive income	\$31,115	\$32,414	\$12,594	\$14,563
Net income per common share - basic	\$0.44	\$0.45	\$0.18	\$0.21
Net income per common share - diluted	\$0.42	\$0.44	\$0.17	\$0.20

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The impact of the restatement on the Company's Consolidated Balance Sheets is summarized as follows:

(In thousands)	March 31, 2011 (Unaudited)		June 30, 2011 (Unaudited)		September 30, 2011 (Unaudited)		December 31, 2011	
	As Filed	Restated	As Filed	Restated	As Filed	Restated	As Filed	Restated
Assets:								
Total current assets	\$ 193,756	\$ 193,756	\$ 195,589	\$ 195,589	\$ 215,773	\$ 215,773	\$ 227,242	\$ 227,242
Total assets	\$ 1,082,316	\$ 1,082,316	\$ 1,200,193	\$ 1,200,193	\$ 1,245,126	\$ 1,245,126	\$ 1,374,186	\$ 1,374,186
Liabilities and stockholders' equity:								
Total current liabilities	\$ 112,415	\$ 112,415	\$ 118,014	\$ 118,014	\$ 79,033	\$ 79,033	\$ 95,890	\$ 95,890
Deferred tax liabilities, net	\$ 104,363	\$ 104,337	\$ 110,405	\$ 110,385	\$ 119,497	\$ 118,801	\$ 127,297	\$ 126,546
Total liabilities	\$ 416,958	\$ 416,932	\$ 521,357	\$ 521,337	\$ 553,708	\$ 553,012	\$ 672,919	\$ 672,168
Retained earnings (accumulated deficit)	\$(11,744)	\$(11,718)	\$(61)	\$(41)	\$ 11,276	\$ 11,972	\$ 19,638	\$ 20,389
Total stockholders' equity	\$ 665,358	\$ 665,384	\$ 678,836	\$ 678,856	\$ 691,418	\$ 692,114	\$ 701,267	\$ 702,018
Total liabilities and stockholders' equity	\$ 1,082,316	\$ 1,082,316	\$ 1,200,193	\$ 1,200,193	\$ 1,245,126	\$ 1,245,126	\$ 1,374,186	\$ 1,374,186

(In thousands)	March 31, 2010 (Unaudited)		June 30, 2010 (Unaudited)		September 30, 2010 (Unaudited)		December 31, 2010	
	As Filed	Restated	As Filed	Restated	As Filed	Restated	As Filed	Restated
Assets:								
Total current assets	\$ 210,381	\$ 210,381	\$ 190,203	\$ 190,203	\$ 179,980	\$ 179,980	\$ 208,729	\$ 208,729
Total assets	\$ 817,092	\$ 817,092	\$ 830,729	\$ 830,729	\$ 920,973	\$ 920,973	\$ 1,047,449	\$ 1,047,449
Liabilities and stockholders' equity:								
Current liabilities:								
Interest payable	\$-	\$-	\$-	\$-	\$-	\$-	\$ 4,062	\$ 5,062
Total current liabilities	\$ 81,348	\$ 81,348	\$ 88,211	\$ 88,211	\$ 159,230	\$ 159,230	\$ 132,841	\$ 133,841
Non-current liabilities:								
Deferred tax liabilities, net	\$ 92,894	\$ 92,124	\$ 95,254	\$ 93,799	\$ 94,112	\$ 89,996	\$ 100,728	\$ 100,331
Total liabilities	\$ 189,785	\$ 189,015	\$ 198,973	\$ 197,518	\$ 277,035	\$ 272,919	\$ 391,930	\$ 392,533

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Accumulated deficit	\$(44,051)	\$(43,281)	\$(40,851)	\$(39,396)	\$(30,165)	\$(26,049)	\$(20,043)	\$(20,646)
Total stockholders' equity	\$627,307	\$628,077	\$631,756	\$633,211	\$643,938	\$648,054	\$655,519	\$654,916
Total liabilities and stockholders' equity	\$817,092	\$817,092	\$830,729	\$830,729	\$920,973	\$920,973	\$1,047,449	\$1,047,449

The restatement had no effect on net cash flows from operating, investing or financing activities in any period. Within the operating activities section of the consolidated statements of cash flows, the effects of the errors on net income (loss) in each period as summarized above was offset by an equal change in non-cash items, a non-cash adjustment to reconcile net income (loss) to net cash from operating activities.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Iridium Communications Inc.

We have audited the accompanying consolidated balance sheets of Iridium Holdings LLC (predecessor of Iridium Communications Inc.) as of December 31, 2008 (not included herein), and the related consolidated statements of income, changes in members' deficit and comprehensive income, and cash flows for the year then ended, and for the period from January 1, 2009 to September 29, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Iridium Holdings LLC at December 31, 2008, and the consolidated results of its operations and its cash flows for the year then ended and for the period from January 1, 2009 to September 29, 2009, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

McLean, Virginia

March 16, 2010

Iridium Holdings LLC – Predecessor Company**Consolidated Statements of Income****(In thousands, except per unit data)**

	For the Period from January 1, 2009 to September 29, 2009	Year Ended December 31, 2008
Revenue:		
Services:		
Government	\$ 56,039	\$ 67,759
Commercial	120,706	133,247
Subscriber equipment	66,206	119,938
Total revenue	242,951	320,944
Operating expenses:		
Cost of subscriber equipment sales	33,265	67,570
Cost of services (exclusive of depreciation and amortization)	58,978	69,882
Selling, general and administrative	44,505	55,105
Research and development	17,432	32,774
Depreciation and amortization	10,850	12,535
Transaction costs	12,478	7,959
Total operating expenses	177,508	245,825
Operating profit	65,443	75,119
Other (expense) income:		
Interest expense, net of capitalized interest of \$324 and \$1,303 for the period January 1, 2009 to September 29, 2009 and the year ended December 31, 2008, respectively	(12,829)	(21,094)
Interest income and other income (expense), net	670	(146)
Total other (expense) income	(12,159)	(21,240)
Net income	\$ 53,284	\$ 53,879
Net income attributable to Class A Units	\$ 36,143	\$ 36,456
Weighted average Class A Units outstanding – basic	1,084	1,084
Weighted average Class A Units outstanding – diluted	1,168	1,098
Earnings per unit – basic	\$ 33.34	\$ 33.63
Earnings per unit – diluted	\$ 31.75	\$ 33.40

See accompanying notes to consolidated financial statements

Iridium Holdings LLC – Predecessor Company**Consolidated Statements of Changes in Members' Deficit and Comprehensive Income****(In thousands except unit data)**

	Class A Units		Class B Units		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Member's Deficit	Comprehensive Income
	Number of Units	Amount	Number of Units	Amount					
Balance at December 31, 2007	1,083,872	—	455,209	—	761	(3,632)	(75,576)	(78,447)	
Equity-based compensation	—	—	—	—	1,964	—	—	1,964	
Exchange of profits interests for B Units	—	—	59,382	—	1,704	—	—	1,704	
Class A and B Units distributions	—	—	—	—	—	—	(41,800)	(41,800)	
Anti-dilution adjustment	—	—	3,421	—	—	—	—	—	
Net income	—	—	—	—	—	—	53,879	53,879	\$ 53,879
Other comprehensive income—swap	—	—	—	—	—	470	—	470	470
Balance at December 31, 2008	1,083,872	\$ —	518,012	\$ —	\$ 4,429	\$ (3,162)	\$ (63,497)	\$ (62,230)	
Total for the year ended December 31, 2008									\$ 54,349
Resignation of board member	—	—	(3,958)	—	—	—	—	—	
Equity-based compensation	—	—	—	—	2,616	—	—	2,616	
Net income	—	—	—	—	—	—	53,284	53,284	\$ 53,284
Cumulative translation adjustment	—	—	—	—	—	104	—	104	104
Other comprehensive income – swap	—	—	—	—	—	2,028	—	2,028	2,028
Balance at September 29, 2009 (date of acquisition)	1,083,872	\$ —	514,054	\$ —	\$ 7,045	\$ (1,030)	\$ (10,213)	\$ (4,198)	
Total for the period-ended September 29, 2009 (date of acquisition)									\$ 55,416

See accompanying notes to consolidated financial statements

Iridium Holdings LLC – Predecessor Company**Consolidated Statements of Cash Flows****(In thousands)**

	For the Period from January 1, 2009 to September 29, 2009	For the Year Ended December 31, 2008	
Operating activities:			
Net income	\$ 53,284	\$ 53,879	
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	10,850	12,535	
Other non-cash amortization and accretion	2,537	5,425	
Equity and profits interest compensation	5,406	2,867	
Change in certain operating assets and liabilities:			
Accounts receivable, net	(5,539)	(6,193))
Inventory	8,919	(15,691))
Prepaid expenses and other current assets	2,158	(3,008))
Deferred cost of sales	—	3,408	
Other noncurrent assets	935	(3,206))
Accounts payable	(2,368)	4,289)
Accrued expenses and other liabilities	(7,134)	5,849)
Accrued compensation and employee benefits	(2,908)	2,544)
Deferred revenue	(54)	1,214)
Accrued satellite operations and maintenance expense	(1,856)	(2,474))
Net cash provided by operating activities	64,230	61,438	
Investing activities:			
Capital expenditures	(7,698)	(13,913))
Net cash used in investing activities	(7,698)	(13,913))
Financing activities:			
Payments under credit facilities	(23,327)	(27,554))
Proceeds from issuance of Convertible Subordinated Note	—	22,900	
Payment of deferred financing fees	—	(1,688))
Transfers from restricted cash for letters of credit	—	2,900	
Distributions to Class A and B members	—	(41,378))
Net cash used in financing activities	(23,327)	(44,820))
Net increase in cash and cash equivalents	33,205	2,705	
Cash and cash equivalents, beginning of period	24,810	22,105	
Cash and cash equivalents, end of period	\$ 58,015	\$ 24,810	
Supplementary cash flow information:			

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Cash paid for interest	\$ 10,704	\$ 16,991
Supplementary disclosure of non-cash investing activities:		
Leasehold incentives in the form of leasehold improvements	\$ —	\$ 1,171
Property and equipment received but not paid for at period end	\$ 2,403	\$ 581

See accompanying notes to consolidated financial statements

Iridium Holdings LLC – Predecessor Company

Notes to Consolidated Financial Statements

September 29, 2009

1. Organization and Business

Organization

Iridium Holdings LLC (“Iridium Holdings” and, together with its direct and indirect subsidiaries, “Iridium”) was formed under the laws of Delaware in 2000 and was organized as a limited liability company pursuant to the Delaware Limited Liability Company Act. On December 11, 2000, Iridium Satellite LLC, a wholly owned subsidiary of Iridium Holdings, acquired certain satellite communication assets from Iridium LLC, a non-affiliated debtor in possession, pursuant to an asset purchase agreement.

Business

Iridium is a provider of mobile voice and data communications services via satellite. Iridium holds various licenses and authorizations from the Federal Communications Commission (the “FCC”) and from international regulatory bodies that permit Iridium to conduct its business, including the operation of its satellite constellation. Iridium offers voice and data communications services and products to businesses, U.S. and international government agencies and other customers on a global basis.

On September 22, 2008, Iridium Holdings and its members entered into a transaction agreement, as amended on April 28, 2009 (the “Transaction Agreement”), with GHQ Acquisition Corp., a special purpose acquisition company (“GHQ”), whereby GHQ agreed to purchase, directly or indirectly, all of the outstanding equity of Iridium Holdings (the “Acquisition”). Following the closing of the Acquisition on September 29, 2009, GHQ changed its name to Iridium Communications Inc. Total consideration included approximately 29.4 million shares of GHQ’s common stock and \$102.6 million in cash (which included a requirement to make a payment of \$25.5 million in cash to some of the former members of Iridium Holdings for tax benefits Iridium Communications Inc. received, payable on December 29, 2009). Iridium is considered a predecessor entity to Iridium Communications Inc.

2. Significant Accounting Policies and Basis of Presentation

Principles of Consolidation and Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The accompanying consolidated financial statements include the accounts of Iridium and its wholly-owned and majority-owned subsidiaries. All intercompany transactions and balances have been eliminated.

Reclassifications

Approximately \$1.0 million of selling, general and administrative expense for the six months ended June 30, 2009 has been reclassified to cost of services (exclusive of depreciation and amortization).

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires Iridium 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 income and expenses during the reporting period. Actual results could differ materially from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject Iridium to concentrations of credit risk consist primarily of cash and cash equivalents and receivables. The majority of this cash is swept nightly into a money market fund with a diversified portfolio. Iridium performs credit evaluations of its customers' financial condition and records reserves to provide for estimated credit losses. Accounts receivable are due from both domestic and international customers (see Note 11). Iridium maintained its cash and cash equivalents with financial institutions with high credit ratings, although at times Iridium maintained deposits in federally insured financial institutions in excess of federally insured (FDIC) limits.

Cash and Cash Equivalents

Iridium considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The cash and cash equivalents balances at December 31, 2008 and 2007 consisted of cash deposited in institutional money market mutual funds and regular interest bearing and non-interest bearing depository accounts and certificates of deposits with commercial banks.

Accounts Receivable

Trade accounts receivable are generally recorded at the invoiced amount and are subject to late fee penalties. Accounts receivable are stated net of allowances for doubtful accounts. Iridium had no allowance for doubtful accounts at December 31, 2008 or 2007. Iridium develops its estimate of this allowance based on Iridium's experience with specific customers, aging of outstanding invoices, its understanding of their current economic circumstances and its own judgment as to the likelihood that it will ultimately receive payment. Iridium writes off its accounts receivable when balances are deemed uncollectible.

Foreign Currencies

The functional currency of Iridium's foreign consolidated subsidiaries is its local currency. Assets and liabilities of its foreign subsidiaries are translated to United States dollars based on exchange rates at the end of the reporting period. Income and expense items are translated at the weighted average exchange rates prevailing during the reporting period. Translation adjustments are accumulated in a separate component of members' equity. Transaction gains or losses are classified as "Interest income and other income (expense), net" in the statements of income.

Inventory

Inventory consists primarily of finished goods including Iridium OpenPort terminals, handsets, L-Band transceivers, data devices, related accessories, and replacement parts to be sold to customers to access Iridium services. Iridium also has raw materials from third-party manufacturers. Iridium outsources manufacturing of subscriber equipment primarily to a third-party manufacturer and purchases accessories from third-party suppliers. Iridium's cost of inventory includes an allocation of overhead (including salaries and benefits of employees directly involved in bringing inventory to its existing condition, scrap, tooling and freight). Inventories are valued using the average cost method, and are carried at the lower of cost or market.

Accounting for Equity-Based Compensation

Iridium accounts for equity-based compensation at fair value; accordingly Iridium expenses the estimated fair value of share-based awards made in exchange for employee services over the requisite employee service period. Share-based compensation cost is determined at the grant date using the Black-Scholes option pricing model. The value of the award that is ultimately expected to vest is recognized as expense on a straight-line basis over the employee's requisite service period and is classified in the statement of income in a manner consistent with the statement of income's

classification of the employee's salaries. No grants of equity based compensation occurred in 2009.

The expected volatility assumption used in the option pricing model was based on a review of the expected volatility of publicly traded entities similar to Iridium, which Iridium believes is a reasonable indicator of the expected volatility. The risk-free interest rate assumption is based upon U.S. Treasury Bond interest rates with terms similar to the expected term of the award. The dividend yield assumption is based on Iridium's history of not declaring and paying dividends. The expected term is based on Iridium's best estimate for the period of time for which the instrument is expected to be outstanding.

Since Iridium was a nonpublic entity, Iridium can make a policy decision regarding whether to measure all of the liabilities incurred under share-based payment arrangements at fair value or to measure all such liabilities at intrinsic value. Iridium's policy is to measure all share-based payment liabilities using the intrinsic value method. This intrinsic value is then amortized on a straight-line basis over the requisite service periods of the awards, which are generally the vesting periods.

As a result of the Acquisition, certain employee share-based awards and certain other employee benefits were automatically accelerated in vesting. The acceleration resulted in an additional \$3.8 million expense in the consolidated statement of income for the period January 1, 2009 to September 29, 2009 (the "2009 Period"). As of September 29, 2009, the closing date of the Acquisition, there were no equity based awards outstanding.

Property and Equipment

Property and equipment is carried at cost less accumulated depreciation. Leasehold improvements are depreciated over the shorter of their useful life or their remaining lease term. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Satellite system	14 years
Terrestrial system	7 years
Equipment	3 – 5 years
Gateway system	5 years
Internally developed software and purchased software	3 – 7 years
Building	39 years
Leasehold improvements	Shorter of estimated useful life or remaining lease term

Iridium capitalizes interest costs associated with the construction of capital assets and amortizes the cost over the assets' useful lives beginning when the assets are placed in service. Repairs and maintenance costs are expensed as incurred.

Depreciation expense was \$10.9 million and \$12.5 million for the 2009 Period and the year ended December 31, 2008, respectively.

Long-Lived Assets

Iridium assesses the impairment of long-lived assets when indicators of impairment are present. Recoverability of assets is measured by comparing the carrying amounts of the assets to the future undiscounted cash flows expected to be generated by the assets. Any impairment loss would be measured as the excess of the assets' carrying amount over their fair value. Fair value is based on market prices where available, an estimate of market value or various valuation techniques.

The carrying value of a satellite lost as a result of an in-orbit failure would be charged to operations upon the occurrence of the loss. Iridium recorded \$0.1 million of impairment charges in both the 2009 Period and the year ended December 31, 2008 for lost use on satellites.

Convertible Subordinated Note

In October 2008, Iridium issued to Greenhill & Co. Europe Holdings Limited (the "Holder"), a \$22.9 million 5% convertible subordinated note due October 2015 (the "Note"). Iridium has determined that the embedded derivatives contained in the Note (including the conversion option, the Holder's put options and Iridium's call option) do not require separate accounting, and therefore Iridium accounted for the Note as a conventional convertible debt instrument. There are no beneficial conversion features associated with the Note. Interest on the Note began accruing in April 2009 at 5% per year. Iridium recorded periodic interest cost using the effective interest rate method.

Deferred Financing Costs

Costs incurred in connection with securing debt financing have been deferred and are amortized as additional interest expense using the effective interest method over the term of the related debt.

Asset Retirement Obligations

Liabilities arising from legal obligations associated with the retirement of long-lived assets are required to be measured at fair value and recorded as a liability. Upon initial recognition of a liability for retirement obligations, a company must record an asset, which is depreciated over the life of the asset to be retired.

Under certain circumstances, each of the U.S. government, The Boeing Company (“Boeing”) and Motorola, Inc. (“Motorola”) has the unilateral right to require the de-orbit of Iridium’s satellite constellation. In the event Iridium was required to effect a mass de-orbit, Iridium, pursuant to the amended and restated operations and maintenance agreement with Boeing (the “O&M Agreement”), would be required to pay Boeing \$16.0 million, plus an amount equivalent to the premium for inception of Section B de-orbit insurance coverage (\$2.5 million as of December 31, 2008). Iridium has concluded that each of the foregoing de-orbit rights meets the definition of a legal obligation and currently does not believe the U.S. government, Boeing or Motorola will exercise their respective de-orbit rights. As a result, Iridium believes the likelihood of any future cash outflows associated with the mass de-orbit obligation is remote. Accordingly, Iridium has not recorded an asset retirement obligation relating to the potential de-orbit rights.

There are other circumstances in which Iridium could be required, either by the U.S. government or for technical reasons, to de-orbit an individual satellite; however, Iridium believes that such costs would not be significant relative to the costs associated with the ordinary operations of the satellite constellation.

Revenue Recognition

Iridium derives its revenue primarily as a wholesaler of satellite communications products and services. The primary types of revenue include (i) services revenue (access and usage-based airtime fees) and (ii) subscriber equipment revenue. Additionally, Iridium generates revenue by providing engineering and support services to commercial and government customers.

Wholesaler of satellite communications products and services

Pursuant to wholesale agreements, Iridium sells its products and services to service providers who, in turn, sell the products and services to other distributors or directly to the end-users. Generally, Iridium recognizes revenue when services are performed or delivery has occurred, evidence of an arrangement exists, the fee is fixed or determinable, and collection is probable, as follows:

Contracts with multiple elements

At times, Iridium sells subscriber equipment through multi-element contracts that bundle subscriber equipment with airtime services. When it sells subscriber equipment and airtime services in bundled arrangements that include guaranteed minimum orders and determines that it has separate units of accounting, Iridium allocates the bundled contract price among the various contract deliverables based on each deliverable's relative fair value. Iridium determines vendor specific objective evidence of fair value by assessing sales prices of subscriber equipment and airtime services when they are sold to customers on a stand-alone basis.

Services revenue sold on a stand-alone basis

Services revenue is generated from Iridium's service providers through usage of its satellite system and through fixed monthly access fees per user charged to service providers. Revenue for usage is recognized when usage occurs. Revenue for fixed-per-user access fees is recognized ratably over the period in which the services are provided to the end-user. Revenue from prepaid services is recognized when usage occurs or, if not used, when the customer's right to access the unused prepaid services expires. Iridium does not offer refund privileges for unused prepaid services. Deferred prepaid services revenue and access fees are typically earned and recognized as income within one year of customer prepayment. Based on historical information for prepaid scratch card services that do not have an initial expiration date, Iridium records breakage associated with prepaid scratch card account balances for which the likelihood of redemption is remote, which is generally determined after 36 months from issuance.

Subscriber equipment sold on a stand-alone basis

Iridium recognizes subscriber equipment sales and the related costs when title to the equipment (and the risks and rewards of ownership) passes to the customer, typically upon shipment.

Services and subscriber equipment sold to the U.S. government

Iridium provides airtime to U.S. government subscribers through (i) fixed monthly fees on a per user basis for unlimited voice services, (ii) fixed monthly fees per user for unlimited paging services and (iii) a tiered pricing plan (based on usage) per device for data services. Revenue related to these services is recognized ratably over the periods in which the services are provided; and costs are expensed as incurred. The U.S. government purchases its equipment from third-party service providers and not directly from Iridium.

Government engineering and support services

Iridium provides maintenance services to the U.S. government's dedicated gateway in Hawaii. This revenue is recognized ratably over the periods in which the services are provided; costs are expensed as incurred.

Other government and commercial engineering and support services

Iridium also provides certain engineering services to assist customers in developing new technologies for use on the Iridium satellite system. The revenue associated with these services is recorded when the services are rendered, typically on a percentage of completion method of accounting based on Iridium's estimate of total costs expected to complete the contract; and costs are expensed as incurred. Revenue on cost-plus-fixed-fee contracts is recognized to the extent of estimated costs incurred plus the applicable fees earned. Iridium considers fixed fees under cost-plus-fixed-fee contracts to be earned in proportion to the allowable costs incurred in performance of the contract.

Warranty Expense

Iridium generally provides its customers a warranty on subscriber equipment for one to two years from the date of activation, depending on the product. A warranty accrual is made when it is estimable and probable that a loss has been incurred. A warranty reserve is maintained based on historical experience of warranty costs and expected occurrences of warranty claims on equipment. Costs associated with warranties are recorded as cost of subscriber equipment sales and include equipment replacements, repairs and program administration.

The following is a summary of the activity in the warranty reserve account:

	For the Year Ended	
	For the 2009 December 31,	
	2008	
	(In thousands)	
Balance at beginning of period	\$ (381)	\$ (483)
Provision	(1,256)	(318)
Utilization	976	420
Balance at end of period	\$ (661)	\$ (381)

Research and Development

Research and development costs are charged as an expense in the period in which they are incurred.

Advertising Costs

Costs associated with advertising and promotions are expensed as incurred. Advertising expenses, primarily consisting of print media, were \$0.3 million, and \$0.5 million in the 2009 Period and the year ended December 31, 2008, respectively.

Income and Other Taxes

As a limited liability company that is treated as a partnership for federal income tax purposes, Iridium Holdings is generally not subject to federal or state income tax directly. Rather, each member is subject to income taxation based on the member's portion of Iridium Holdings' income or loss, as defined in Iridium Holdings' amended and restated limited liability company agreement (the "LLC Agreement"). Iridium Holdings is subject to income taxes in certain non-U.S. jurisdictions in which its foreign affiliates operate.

Accounting Developments

In February 2007, the Financial Accounting Standards Board (“FASB”) issued accounting guidance that permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. This accounting guidance does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value. Iridium has chosen not to adopt the alternative provided in this statement.

In April 2009, the FASB issued accounting guidance for other-than-temporary impairment guidance for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities. The accounting guidance is effective for interim and annual periods ending after June 15, 2009. Iridium adopted the accounting guidance in the second quarter of 2009 and the adoption did not have a material impact on its financial position or results of operations.

In May 2009, the FASB issued accounting guidance for 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 accounting guidance applies prospectively to both interim and annual financial periods ending after June 15, 2009. Iridium adopted the accounting guidance for subsequent events in the second quarter of 2009 and the adoption did not have a material impact on the reporting of its subsequent events.

3. Transition Services, Products and Asset Agreement

General

On December 11, 2000, Iridium Holdings and Iridium Satellite LLC (“Iridium Satellite”), a wholly owned subsidiary of Iridium Holdings, entered into a Transition Services, Products and Asset Agreement (“TSA”) with Motorola. Certain obligations under the TSA have been fully performed, including Motorola’s provision of services and transfers of assets, but other obligations are on-going, as described below.

The TSA requires that Iridium use Boeing to provide continuing steady-state operations and maintenance services with respect to the satellite network operations center, telemetry, tracking and control stations and the on-orbit satellites (collectively, the “Iridium System”) (see Note 4). These services include, under certain circumstances, the removal of satellites in the constellation from operational or storage orbits and preparation for re-entry into the earth’s atmosphere. In addition, Iridium must (i) obtain and pay the premium for an in-orbit insurance policy on behalf of Boeing and certain other beneficiaries, (ii) pay the premiums for an aviation products liability insurance policy obtained by Motorola, and (iii) maintain on deposit with Motorola an amount that at all times equals 150% of the current year’s annual premium, which was \$0.8 million as of December 31, 2008. In addition, pursuant to the TSA and the O&M Agreement, Motorola has the right to cause the de-orbit of the constellation upon the occurrence of certain enumerated events.

Pursuant to the TSA, Class B Units were issued to Motorola in consideration of Motorola's transfer of certain licenses and equipment. These units have certain limited anti-dilution provisions (as described in the TSA).

Motorola Payables

The TSA also provides for the payment to Motorola of up to \$8.5 million plus accrued interest on certain principal upon the occurrence of a "triggering event." A triggering event is defined as the occurrence of a change of control (as defined in the TSA), the consummation of an initial public offering by Iridium Holdings or Iridium Satellite, a sale of all or a material portion of the assets of Iridium Holdings or Iridium Satellite, or upon reaching the date of December 11, 2010. This amount consists of three components: (i) a \$6.0 million commitment fee, (ii) \$1.25 million of deferred equipment financing and (iii) a \$1.25 million product manufacturing fee (plus, in the case of clauses (ii) and (iii), accrued interest from the effective date of the TSA to the date of payment at an annual interest rate of prime plus 3%).

Iridium discounted the \$6.0 million commitment fee at an imputed rate of 12.5% over 10 years, resulting in an original issue discount of \$4.2 million. Iridium does not believe it is obligated to pay the product manufacturing fee noted above. See Note 18 for more information on the Motorola payables.

4. Boeing Operations and Maintenance Agreement

On December 11, 2000, Iridium Constellation LLC ("Iridium Constellation"), a wholly owned subsidiary of Iridium Holdings, entered into an operations and maintenance agreement with Boeing, pursuant to which Boeing agreed to provide transition services and continuing steady-state operations and maintenance services with respect to the Iridium System (including engineering, systems analysis, and operations and maintenance services). Since Iridium Constellation initially entered into the agreement, there have been a number of amendments, including the O&M Agreement. As a result of these various amendments, the period of performance has been extended to be concurrent with the useful life of the satellite constellation, the schedule of monthly payments has been revised and a cost escalation according to a prescribed formula is now included. In addition, pursuant to the O&M Agreement, Boeing has the unilateral right to commence the de-orbit of the constellation upon the occurrence of certain enumerated events.

The O&M Agreement incorporates a revised de-orbit plan, which, if exercised, would cost approximately \$16.0 million plus an amount equivalent to the premium of Section B de-orbit insurance coverage to be paid to Boeing in the event of a mass de-orbit of the satellite constellation. Iridium caused to be issued to Boeing a \$15.4 million letter of credit as collateral for de-orbit costs. This letter of credit is cash collateralized, which is included in long-term restricted cash in the accompanying consolidated balance sheets.

Under the O&M Agreement, Iridium incurred expenses of \$37.7 million and \$48.7 million relating to satellite operations and maintenance costs for the 2009 Period and for the year ended December 31, 2008, respectively.

The O&M Agreement previously provided for Boeing to receive an additional fee of 5% of any amounts distributed to Class A or Class B members of Iridium to the extent that such distributions did not constitute a return of members' capital contributions or distributions in respect of the members' tax liabilities. Boeing was entitled to receive, upon any sale or exchange of substantially all of the interests of the Class A and B members to an unrelated third party, 5% of the aggregate amount received by the Class A and B members. During the 2009 Period and for the year ended December 31, 2008, related amortization expense was \$0.9 million and \$1.2 million, respectively.

5. Credit Facility

On July 27, 2006, Iridium entered into a \$170.0 million first lien credit facility and \$40.0 million second lien credit facility (collectively, the "Credit Facility"). The Credit Facility includes a \$98.0 million four-year first lien Tranche A term loan facility, a \$62.0 million five-year first lien Tranche B term loan facility, and a \$40.0 million six-year second lien term loan facility. In addition, the facilities include a \$10.0 million three-year revolving credit facility. The proceeds of the Credit Facility were used to repay Iridium's then existing credit facilities, provide cash collateral for letters of credit, return capital to Iridium's equity investors and for general corporate purposes including development of new and advanced devices and services. Iridium elected the Eurodollar base interest rate for the calculation of interest and currently uses the London Interbank Offered Rate ("LIBOR"), which is an acceptable substitute to the Eurodollar base rate according to the Credit Facility agreement.

Mandatory principal prepayments are required based on net cash proceeds related to debt or equity issuances and certain dispositions, as is a mandatory prepayment of 75% of excess cash flow, determined by a defined formula. Iridium must also maintain hedge agreements in order to provide interest rate protection on a minimum of 50% of the aggregate principal amounts outstanding during the first three years of the Credit Facility. As a result, Iridium entered into four interest rate swap agreements upon the closing of the Credit Facility that ranged in duration from one to four years and collectively in July 2006 provided interest rate protection on \$170.0 million (see Note 12).

The Credit Facility requires Iridium to abide by various covenants primarily related to limitations on liens, indebtedness, sales of assets, investments, dispositions, distributions to members, transactions with affiliates and certain financial covenants with respect to its consolidated leverage ratio on a quarterly basis. Iridium was compliant with all covenants required by the Credit Facility at December 31, 2008 and 2007. Substantially all of Iridium's assets are pledged as collateral for the Credit Facility.

On October 17, 2008, Iridium entered into Amendment No. 1 to the first lien credit facility ("First Lien Amendment") and Amendment No. 1 to the second lien credit facility ("Second Lien Amendment"). The First Lien Amendment and Second Lien Amendment included the consent of the respective lenders to the issuance of the Convertible Subordinated Note with Greenhill & Co. Europe Holdings Limited (see Note 6).

Pursuant to the First Lien Amendment, Iridium and its requisite lenders agreed to, among other things: (i) increase the applicable margin for Eurodollar loans by 75 basis points to 5%; (ii) increase permitted capital expenditures for 2008 and 2009; (iii) permit distributions of up to \$37.9 million to the members of Iridium in 2008; (iv) require Iridium to prepay \$80.0 million of the outstanding balance if the Acquisition was consummated and \$15.0 million if the Acquisition was not consummated by June 29, 2009. \$15.0 million was paid in June 2009. If the Acquisition was consummated after June 29, 2009 Iridium was required to prepay the remaining \$65.0 million upon the Acquisition; and (v) to amend the definition of "Change of Control" to apply to the post-acquisition public company. Upon the execution of the First Lien Amendment, Iridium prepaid \$22.0 million of the outstanding balance under the first lien credit facility.

Pursuant to the Second Lien Amendment, Iridium and its requisite lenders agreed to, among other things: (i) increase the applicable margin for Eurodollar loans by 75 basis points to 9%; (ii) increase permitted capital expenditures for 2008 and 2009; (iii) permit distributions of up to \$37.9 million to the members of Iridium in 2008; and (iv) amend the definition of "Change of Control" to apply to the post-Acquisition public company. As a result of the Acquisition, Iridium Communications Inc. assumed liability for the Credit Facility and paid all outstanding amounts under the Credit Facility on September 30, 2009, which resulted in the Credit Facility being no long in effect.

\$10.0 million First Lien Revolving Credit Facility

The proceeds of the revolving credit facility may be used for general corporate purposes of Iridium. Iridium paid an up-front fee of 2% on the revolving facility (\$0.2 million) and pays an annual unused facility fee of 0.5% on the available balance of the commitment on a quarterly basis. As of December 31, 2008, Iridium had not drawn any amounts under the revolving credit facility. Notwithstanding Iridium's rights to access the credit facility, Iridium is subject to counterparty risk associated with future access to the revolving credit facility, as one of the counterparties to the revolving credit facility filed for bankruptcy during 2008. The revolving credit facility matured on July 27, 2009.

\$98.0 million First Lien Tranche A Term Loan

The Tranche A term loan matures on June 30, 2010, and requires quarterly principal payment amounts ranging from \$2.25 million to \$9.75 million. Quarterly interest payments are also made. LIBOR, including the applicable margin of 5.00% and 4.25%, was 8.47% and 9.24% at December 31, 2008 and 2007, respectively. Iridium can prepay the First Lien Tranche A term loan in its entirety for par. At December 31, 2008 and 2007, the outstanding principal balance was \$37.2 million and \$63.9 million, respectively. As a result of the Acquisition, Iridium Communications Inc. assumed the loan and the outstanding balance was paid on September 30, 2009.

\$62.0 million First Lien Tranche B Term Loan

The Tranche B term loan matures on July 27, 2011, and requires quarterly principal payment amounts starting on September 30, 2010 in the amount of \$14.9 million. Quarterly interest payments are also made. LIBOR including the applicable margin of 5.00% and 4.25%, was 8.47% and 9.24% at December 31, 2008 and 2007, respectively. Iridium can prepay the First Lien Tranche B term loan in its entirety at par. At December 31, 2008 and 2007, the outstanding balance was \$59.7 million and \$60.5 million, respectively. As a result of the Acquisition, Iridium Communications Inc. assumed the loan and the outstanding balance was paid on September 30, 2009.

\$40.0 million Second Lien Term Loan

The Second Lien term loan matures on July 27, 2012, at which time the entire \$40.0 million principal amount is due. LIBOR including the applicable margin of 9.00% and 8.25%, was 12.47% and 13.24% at December 31, 2008 and 2007, respectively. Iridium is required to make quarterly interest payments. The Second Lien term loan can be prepaid in its entirety at 101% through July 27, 2009, and at par thereafter. At December 31, 2008 and 2007, the outstanding balance was \$40.0 million. As a result of the Acquisition, Iridium Communications Inc. assumed the loan and the outstanding balance was paid on September 30, 2009.

As a result of the Acquisition, Iridium Communications Inc. assumed the Credit Facility and the outstanding balance was paid on September 30, 2009.

6. Convertible Subordinated Note

In October 2008, Iridium issued to the Greenhill & Co. Europe Holdings Limited (the “Holder”), an affiliated company of GHQ, a \$22.9 million 5% convertible subordinated note due October 2015. Interest accrues beginning in April 2009 and is payable if and when the principal balance is paid in full. Under certain circumstances as described below, the Note is convertible, at the option of the holder, into a number of Class A Units equal to the principal amount plus accrued and unpaid interest divided by the conversion price in effect at that time. The initial conversion price is \$272.87, resulting in approximately 84,000 Class A Units due to the holder upon conversion of the Note. The conversion price is adjustable in certain circumstances, including as a result of Iridium issuing additional equity or equity-linked securities at an effective price less the conversion price then in effect.

The Note is convertible in full at the option of the Holder, at any time and from time to time beginning on the later of (a) October 24, 2009, and (b) the earlier of the occurrence of a defined Termination Event or the closing of the transactions contemplated by the Transaction Agreement (if notice of exercise of the right to convert is given at least one business day before such closing).

If the closing of the Acquisition occurs prior to October 24, 2009, and the Holder has not converted the Note prior to the earlier of (i) the closing of such transactions (unless notice of exercise of the right to convert has been given by the Holder) or (ii) the closing of a defined qualified initial public offering of Iridium’s equity securities, then the Holder’s right to convert terminates and Iridium has the right to redeem the note at an amount equal to the principal amount plus any accrued and unpaid interest.

The Holder may require, at its option, Iridium to repurchase the Note (i) upon a defined change in control of Iridium and (ii) in the event of a defined Termination Event occurring after January 31, 2013, at an amount equal to the principal amount plus any accrued and unpaid interest. The Note was converted into 1,995,629 shares of Iridium Communications Inc.’s common stock on October 24, 2009 and is no longer outstanding.

7. Motorola Note Agreement

On December 11, 2000, Iridium entered into a Senior Subordinated Term Loan Agreement (the “Note Agreement”), pursuant to which Iridium borrowed \$30 million from Motorola, as evidenced by a senior subordinated term note (“Motorola Note”) dated December 11, 2000. The principal amount of, and all interest accrued on, the Motorola Note, was paid in full on May 27, 2005. However, as detailed below, certain payment obligations survive this repayment.

Under the Note Agreement, Iridium is required to pay Motorola a commitment fee of \$5.0 million upon the earlier of December 11, 2010, and the occurrence of a “trigger event.” A “trigger event” means the first to occur of: (a) the occurrence of a change of control (as defined in the Note Agreement), (b) the consummation of an initial public offering by Iridium Holdings or Iridium Satellite, or (c) the sale of all or a material portion of the assets of Iridium Holdings or Iridium Satellite. Iridium is accruing the commitment fee through December 2010 using the effective-interest method.

Additionally, in the event of a “distribution event,” Iridium is required to pay Motorola a loan success fee equal to the amount that a holder of Class B units in Iridium constituting 5% of the total number of issued and outstanding units (both Class A and B) would have received in the distribution event. A “distribution event” means the (i) direct or indirect (a) payment of any dividend or other distribution (in the form of cash or otherwise) in respect of the equity interests of Iridium or (b) purchase, conversion, redemption or other acquisition for value or otherwise by Iridium of any equity interest in Iridium or (ii) initial public or any secondary offering by Iridium Holdings or Iridium Satellite in which any holders of equity interests in Iridium are afforded the opportunity to participate as a selling equity holder in such offering. Iridium paid Motorola \$2.2 million in loan success fees as required in the year ended December 31, 2008, and \$0 in the 2009 Period (see Note 10).

Finally, in addition to the above obligations, upon the first to occur of (a) any change of control (as defined in the Note Agreement) or (b) the sale of all or a material portion of Iridium Holdings or Iridium Satellite, Iridium is required to pay a cash amount equal to the lesser of (i) an amount to be determined based on a multiple of earnings before interest, taxes, depreciation, and amortization less capital contributions not returned to Class A Unit holders and the amount of the \$5.0 million commitment fee discussed above which has been or is concurrently being paid and (ii) the value of the consideration that a holder of Class B Units in Iridium constituting 5% of the total number of issued and outstanding units (both Class A and B) would receive in the transaction. See Note 18 for information on Motorola’s complaint against Iridium in 2010.

8. Commitments and Contingencies

In-Orbit Insurance

Due to various contractual requirements, Iridium is required to maintain an in-orbit insurance policy with a de-orbiting endorsement to cover potential claims relating to operating or de-orbiting the satellite constellation. The policy covers Iridium, Boeing as operator (see Note 4), Motorola (the original system architect and prior owner), Lehman Commercial Paper, Inc., contractors and subcontractors of the insured, the U.S. government and certain other sovereign nations.

The current policy has a one-year term, which expires December 8, 2012. The policy coverage is separated into Sections A and B. Liability limits for claims under each of Sections A and B are \$500 million per occurrence and \$1 billion in the aggregate. The deductible for claims is \$250,000 per occurrence.

Section A coverage is currently in effect and covers risks in connection with in-orbit satellites. Section B coverage is effective once requested by Iridium (the "Attachment Date") and covers risks in connection with a decommissioning of the satellite system. The term of the coverage under Section B is 12 months from the Attachment Date. The premium for Section B coverage is \$2.5 million and is payable on or before the Attachment Date. As of December 31, 2008, Iridium had not requested Section B coverage since no decommissioning activities are currently anticipated.

Operating Leases

Iridium leases land, office space, and office and computer equipment under noncancelable operating lease agreements. Most of the leases contain renewal options of 1 to 10 years. Iridium's obligations under the current terms of these leases extend through 2016.

Additionally, several of Iridium's leases contain clauses for rent escalation including but not limited to a pro-rata share of increased operating and real estate tax expenses. Rent expense is recognized pursuant to the existing accounting guidance, on a straight-line basis over the lease term.

Rent expense for the 2009 Period and the year ended December 31, 2008 was \$1.4 million and \$1.5 million, respectively. In 2008, the Company commenced the lease of a new corporate facility in Tempe, Arizona. The facility will be used primarily for administrative purposes and is approximately 25,500 square feet. The lease term will expire in March 2016.

Contingencies

From time to time, in the normal course of business, Iridium is party to various pending claims and lawsuits. Other than the Motorola action described in Note 18, Iridium is not aware of any such actions that Iridium would expect to have a material adverse impact on Iridium's business, financial results or financial condition.

Iridium, a director, and a former officer were named as defendants in a lawsuit commenced in 2007 by a former member of Iridium's Board of Directors (the "Plaintiff"). The lawsuit alleges, among other things, defamation and tortious interference with the Plaintiff's economic/business relationship with his principal, an investor in Iridium. These actions seek compensatory and other damages, and costs and expenses associated with the litigation. Iridium settled this claim in May 2009.

Iridium was named as a defendant in a lawsuit commenced in December 2008 by a vendor alleging copyright infringement by Iridium of certain software owned by the vendor. The lawsuit seeks (i) actual damages and any infringer's profits of Iridium attributable to the alleged infringement, (ii) punitive damages, (iii) statutory damages, including certain enhanced damages based on Iridium's alleged willful conduct (as an alternative to the damages specified in (i) and (ii) above), (iv) a permanent injunction, and (v) costs and attorney's fees under applicable law. Iridium settled this claim in May 2009.

Iridium NEXT

Iridium has selected two contractors to participate in the final phase of its procurement process for Iridium NEXT. This final phase is expected to end with Iridium awarding a full-scale development agreement for Iridium NEXT to one prime contractor by mid-2009. The contractor not selected as the prime contractor will be paid a bonus payment if they have successfully completed all milestones and deliverables required under this phase of the contract. The potential bonus payments range from \$0 to \$10 million. As of December 31, 2008, Iridium has accrued \$3.9 million in connection with this potential bonus payment.

9. Equity Based Compensation

Interests in Iridium Employee Holdings LLC

Iridium, in its role as manager of Iridium Employee Holdings LLC ("Iridium Employee Holdings"), has granted certain key employees equity interests in Iridium Employee Holdings. Iridium Employee Holdings was created solely to own certain Class B non-voting units of Iridium and has no other operations. Each interest in Iridium Employee Holdings represents and is equivalent to ownership of 15,484 Class B Units of Iridium. Interests in Iridium Employee Holdings generally vest over a three to five year period, and Iridium Employee Holdings is only required to make distributions with respect to vested portions thereof. If an employee terminates employment with Iridium, unvested interests are forfeited. Additionally, all interests fully vest in the event of a change in control of Iridium. With respect to some of the interests granted to employees, a designated threshold amount must be exceeded before employees become entitled to receive distributions with respect to their Iridium Employee Holdings equity interests (and all distributions are first applied (without regard to vesting) against the threshold amount until it has been fully satisfied). The Class B Units of Iridium held by Iridium Employee Holdings are subject to the same vesting and threshold amount provisions that apply to Iridium Employee Holdings equity interests granted to employees. As a result of the Acquisition, all interests were accelerated in vesting and converted into shares of Iridium Communications Inc.'s common stock and

cash.

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Interests in Employee Holdings LLC

In 2008, Iridium, in its role as manager of Employee Holdings LLC (“Employee Holdings”), granted certain executive-level employees equity interests in Employee Holdings. A total of 51,466 equity interests in Employee Holdings were issued as a result of this grant. Employee Holdings was created solely to own certain Class B non-voting units of Iridium and has no other operations. Each interest in Employee Holdings is intended to represent and is equivalent to ownership of one Class B Unit of Iridium. Certain grants in Employee Holdings are fully vested on the date of grant; others vest over a three- to four-year period, in each case subject to the continued employment of the recipient. The equity interests in Employee Holdings contain restrictions on transfer and a right of first refusal and Employee Holdings has repurchase rights from the recipients in the event of a termination of service. Equity interests in Employee Holdings have a right to equivalent distributions to those paid to Class B Unit holders of Iridium, provided, however, that all such distributions are first applied toward the satisfaction of a designated threshold amount (without regard to vesting). Once the threshold amount is satisfied, distributions to holders of interests in Employee Holdings are paid with respect to vested portions of the grant and deferred with respect to unvested portions. If an employee terminates his employment with Iridium, unvested equity interests are forfeited. Additionally, equity interests fully vest in certain cases in the event of a change in control of Iridium and in other cases in the event of a termination of service as a result of such a change in control of Iridium. The Class B Units of Iridium held by Employee Holdings are subject to the same vesting and threshold amount provisions that apply to the Employee Holdings equity interests granted to employees. As a result of the Acquisition, all interests were accelerated in vesting and converted into shares of Iridium Communications Inc.’s common stock and cash.

Equity Compensation

During the 2009 Period and the year ended December 31, 2008, Iridium recognized \$2.6 million and \$2.0 million, respectively, of equity-based compensation expense related to the interests granted to certain key employees. At December 31, 2008, there was \$3.0 million of unrecognized compensation expense related to non-vested equity-based compensation awards that was to be recognized over a weighted-average period of approximately one year.

The following schedule provides a summary of Iridium’s nonvested Class B Units at September 29, 2009 and changes during the 2009 Period:

	Nonvested Class B Units	Wtd. Avg. Grant Date Fair Value Per Unit
Nonvested Class B Units at December 31, 2008	41,023	\$ 76.04
Vested	(41,023	) \$ 76.04

	Nonvested Class B Units	Wtd. Avg. Grant Date Fair Value Per Unit
Nonvested Class B Units at September 29, 2009	—	\$—

As a result of the Acquisition, certain employee share-based awards and certain other employee benefits were automatically accelerated in vesting. The acceleration resulted in \$3.8 million being expensed in the 2009 Period. As of September 29, 2009, the closing date of the Acquisition, there were no equity based awards outstanding.

Profits Interests

Iridium has granted certain key executives and non-employee members of Iridium's board of directors' (the "Board") cash payment rights, or "profits interests." These interests do not give the holder any equity ownership interest in Iridium, but are intended to convey to the holder an economic interest similar to the appreciation in value of Class B Units in Iridium. Certain profits interest grants were fully vested at the date of grant, others vest over a three to four year period, in each case subject to the continued employment or Board service of the recipient. The profits interests grants set forth a pro-rata threshold equity valuation of Iridium. All distributions received by Class B holders after the date of grant of the profits interests are aggregated, and once the pro-rata threshold value is exceeded, the recipient of the profits interests becomes entitled to receive, upon an applicable payment event, cash equal to the aggregate distributions he would have received if he had held Class B Units of Iridium from the date of grant of the profits interest through the date on which the applicable payment event occurs. Vested profits interest rights will remain outstanding following termination of employment or Board service and will become payable upon the earlier of a "change in control event," within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury regulations issued thereunder, or December 31, 2017 (at which time the profits interest rights will terminate).

During the 2009 Period and for the year ended December 31, 2008, Iridium recognized \$2.8 million and \$0.9 million, respectively, of compensation expense related to profits interests. As of December 31, 2008, there was \$1.6 million of unrecognized compensation expense related to non-vested profits interests awards that was to be recognized over a weighted-average period of approximately 1.7 years. Iridium will re-measure its liabilities under these payment arrangements at each reporting date until the profits interests are terminated or otherwise settled. As a result of the Acquisition, certain employee share-based awards and certain other employee benefits were automatically accelerated in vesting and full payment of this profits interests was made. As of September 29, 2009, the closing date of the Acquisition, there were no grants of profits interests outstanding.

In 2008, in consideration for terminating their profits interests awards, certain employees received grants in Employee Holdings, as discussed above, and two non-employee Board members received grants of Class B units in Iridium (which units are only entitled to receive distributions from Iridium once such distributions exceed a designated threshold amount and are subject to forfeiture if the Board member voluntarily resigns or is removed from the Board before the expiration of his then current term). As a result, the corresponding “profits interests” liability of \$1.7 million was reclassified to members’ deficit during 2008.

10. Members’ Equity

Classes of Membership Units

Pursuant to the LLC Agreement, the members’ interests in Iridium are divided into Class A and Class B Units. There are 1,083,872 Class A Units outstanding and 518,012 Class B Units outstanding at December 31, 2008. As a result of the Acquisition, Class A and Class B Units were converted into common stock of Iridium Communications Inc.

A description of each of the classes of membership units follows:

Class A Units—All voting rights of the members are vested in the Class A Units. Class A members whose agreed capital commitments were at least \$10.0 million or \$20.0 million are entitled to appoint, remove, or replace one or two directors to the Board, respectively. Those directors designated by a Class A member who is not in default of its obligations to make capital contributions or provide credit enhancements for the benefit of Iridium are entitled to cast, in the aggregate, such number of votes as equals the member’s agreed capital commitment divided by \$10.0 million, rounded down to the nearest whole number, allocated among the directors (if such member has appointed more than one) as the member may specify. In addition, the current Chairman of Iridium is entitled to cast one vote.

The Class A members may manage Iridium only through their designated directors and have no authority in their capacity as members to act on behalf of or bind Iridium. The Board may issue additional Class A Units, but the Class A members have the preemptive right to participate unless such offering involves a business acquisition or combination. To the extent a Class A member declines to exercise its preemptive right, the other Class A members succeed to such right on a proportionate basis. In addition, Class A members have a right of first refusal on proposed sales of both Class A and Class B Units by other members.

Each Class A member has the right to receive the return of its capital contributions before any distributions are made to Class B members. As of December 31, 2008, all capital contributions had been repaid to Class A members.

Class B Units— Pursuant to the LLC Agreement, members holding Class B Units have rights that expressly exclude any right to vote for or appoint directors. Additionally, Class B members receive no distributions until such time as the Class A members have received the return of their full capital contributions. Distributions to certain Class B members are also subject to limitations regarding vesting conditions and satisfaction of threshold amounts (see Note 9). The Board may issue additional Class B Units provided, however, that without the approval of two-thirds of the number of votes entitled to be cast by the directors, the number of Class B Units issued or reserved for issuance may not exceed a certain percentage of the total number of Class A Units and Class B Units then issued or reserved for issuance.

Allocation of Profits and Losses

The LLC Agreement provides that Iridium profits or losses for any fiscal year will be allocated among the members as follows: For losses (i) to each of the members to the extent of (1) the aggregate amount of profit allocated to such member for prior fiscal years reduced by (2) the aggregate amount of loss allocated to such member in prior fiscal years, in proportion to the aggregate net profit for prior years of all the members then, (ii) to each of the members having a positive capital account balance to the extent of and in proportion to such balances, thereafter, (iii) in accordance with the members' respective percentage interests. For profits, (i) to each of the members to the extent of (1) the aggregate amount of losses allocated to such member in prior fiscal years reduced by (2) the aggregate amount of profit allocated to such member in prior fiscal years in proportion to the aggregate net loss for prior years of all the members, thereafter (ii) in accordance with the members' respective percentage interests.

Distributions

The Board determines available cash flow for distribution, but any such distribution may be made only in accordance with the following priorities: (i) to return to the Class A members their capital contributions not previously returned in proportion to the aggregate amount then remaining unreturned, then (ii) after the capital contributions of the Class A members have been returned in full, to all of the members in accordance with their respective percentage interests.

It is Iridium's intent to distribute to all of the members such amounts as the Board from time to time determines are necessary to defray the federal, state, and local income tax liabilities incurred by the members as a result of including in their gross income their distributive share of Iridium's income and gain. However, Iridium's Credit Facility (see Note 5) contains covenants that restrict the amount of distributions Iridium can make to its members.

The net proceeds of a liquidation of Iridium's assets and properties in connection with the winding up of Iridium are applied as follows: (i) payment of the debts and liabilities of Iridium (including those owed to members) and the expenses of liquidation; (ii) setting up of such reserves as the person charged with winding up Iridium's affairs may reasonably deem necessary for any contingent liabilities or obligations. The balance of such reserves, if any, shall be distributed to the members in the priority set forth above.

No distribution was made to Class A or B members in the 2009 Period. In 2008, Iridium made distributions of \$41.8 million to Class A and B members on a pro-rata basis.

Transfer of Interests

Except for a transfer to an affiliate, no member has the right to transfer all or any part of such member's units in Iridium, and no transferee is entitled to become a substituted member or to exercise any of the rights of a member, except with the consent of two-thirds of the total number of votes entitled to be cast by all of the directors of Iridium.

Indemnification

The LLC Agreement provides that Iridium will indemnify its members, officers, directors and employees for liability and expenses incurred by any such person to the fullest extent permitted by law for actions taken in good faith on behalf of Iridium if such actions were reasonably believed to be within the scope of authority conferred to the person by Iridium or in accordance with the LLC Agreement.

Issuance/Forfeitures of Class B Units

During the year ended December 31, 2008 Iridium issued (subject to vesting requirements) an additional 59,382 Class B Units (representing 3.71% of the total outstanding units of Iridium at December 31, 2008). The Class B Units were issued in exchange for certain profits interest awards that were held by key executives and members of the Board. The exchange resulted in canceling the majority of outstanding profits interest awards and the issuance of Class B Units in return. The economic interest of the canceled profits interest awards are consistent with the replacement Class B Units.

During the 2009 Period, no Class B Units were issued.

Class B Units issued to key executives and members of the board are typically subject to designated threshold amounts. Distributions are first applied toward the satisfaction of the designated threshold (without regard to vesting). Once the threshold amount is satisfied, distributions are paid with respect to the vested portions of the grant. Designated thresholds vary by grant and are up to \$4.3 million.

Class B units granted to directors are subject to forfeiture if the director voluntarily resigns or is removed from the Board before the expiration of his then current term. As a result of a director voluntarily resigning from the Board in February 2009, 3,958 Class B units were forfeited.

11. Segments, Significant Customers, Supplier, and Service Providers and Geographic Information

Iridium operates in one segment, providing global satellite communications services and products.

Iridium derived approximately 23% and 21% of its total revenue during the 2009 Period and for the year ended December 31, 2008, respectively, from agencies of the U.S. government. Iridium's two largest commercial customers accounted for 23% and 28% of total revenue for the 2009 Period and for the year ended December 31, 2008, respectively.

Iridium acquires subscriber equipment primarily from one manufacturer. Should events or circumstances prevent the manufacturer from producing the equipment, Iridium's business could be adversely affected until Iridium is able to move production to other facilities of the manufacturer or secure a replacement manufacturer.

A significant portion of Iridium's satellite operations and maintenance services are provided by Boeing. Should events or circumstances prevent Boeing from providing these services, Iridium's business could be adversely affected until Iridium is able to assume operations and maintenance responsibilities or secure a replacement service provider.

Revenue by geographic area was as follows:

For the Year Ended
For the 2008 Periods Ended 31,
2008

	(In thousands)	
United States	\$ 115,901	\$ 155,923
Canada	37,087	55,271
United Kingdom	23,461	25,516
Other countries ⁽¹⁾	66,502	84,234
	\$ 242,951	\$ 320,944

(1) No one other country represented more than 10% of revenue for any of the periods presented.

Revenue is attributed to geographic area based on the billing address of the distributor. Service location and the billing address are often not the same. Iridium's distributors sell services directly or indirectly to end-users, who may be located or use Iridium's products and services elsewhere. Iridium cannot provide the geographical distribution of end-users because it does not contract directly with them. Iridium does not have significant foreign exchange risk on sales, as nearly all invoices are denominated in United States dollars.

12. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability that assumes an orderly transaction in the most advantageous market at the measurement date. U.S. GAAP establishes a hierarchal disclosure framework which prioritizes and ranks the level of observability of inputs used in measuring fair value. These tiers include:

- Level 1, defined as observable inputs such as quoted prices in active markets for identical assets;
- Level 2, defined as observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Interest Rate Swaps

Iridium accounts for its interest rate swaps on the balance sheet at their respective fair values. As required by Iridium's credit facilities, management executed four pay-fixed receive-variable interest rate swaps in 2006, all of which were settled on or before September 29, 2009. The interest rate swaps were designated as cash flow hedges. The objective for holding these instruments was to manage variable interest rate risk related to Iridium's \$210.0 million credit facilities, by synthetically converting a portion of the variable rate risk to fixed rate interest rate risk. The swaps were structured so that Iridium would pay a fixed rate of interest and receive a variable interest payment, which, to the extent hedged, should offset the variable interest that was being paid on its debt.

The principal market in which Iridium executes interest rate swap contracts is the retail market. For recognizing the most appropriate value, the highest and best use of Iridium's derivatives are measured using an in-exchange valuation premise that considers the assumptions that market participants would use in pricing the derivatives. Iridium has elected to use the income approach to value the derivatives, using observable Level 2 market expectations at the measurement date and standard valuation techniques to convert future amounts to a single present amount (discounted) assuming that participants are motivated, but not compelled to transact. Level 2 inputs for the swap valuations are limited to quoted prices for similar assets or liabilities in active markets (specifically futures contracts on LIBOR for the first two years) and inputs other than quoted prices that are observable for the asset or liability (specifically LIBOR cash and swap rates, and credit default swap rates at commonly quoted intervals).

Mid-market pricing is used as a practical expedient for fair value measurements. Key inputs, including the cash rates for very short term, futures rates for up to two years and LIBOR swap rates beyond the derivative maturity are compared to provide spot rates at resets specified by each swap as well as to discount those future cash flows to present value at the measurement date. Inputs are collected on the last market day of the period. The same rates used to compare the yield curve are used to discount the future cash flows. A credit default swap basis available at commonly quoted intervals is collected and applied to all cash flows when the swap is in an asset position pre-credit effect.

The variable interest rates on the swaps reset every quarter concurrent with the reset of the variable rate on the debt. The fixed rate will not change over the life of the swap. Each quarter-end, the swaps are measured against current interest rates to determine a fair market value. The fair market value is recorded on the balance sheet and the offset to the value, to the extent effective, is recorded in accumulated other comprehensive income. The effectiveness of the swaps in offsetting the gain or loss on the debt is assessed on a contract-by-contract basis quarterly, by regressing historical changes in the value of the swap against the historical change in value of the underlying debt. To establish a value for the underlying debt, a “hypothetical” derivative is created with terms that match the debt (e.g., notional amount, reset rates and terms, maturity) and which has a zero fair value at designation. Subsequent to the closing of the Acquisition, Iridium closed the outstanding interest rate swaps, which had no impact on the statements of income.

Foreign Currency Exchange Contracts

Iridium enters into foreign currency exchange contracts to mitigate foreign currency exposure on a product consulting service contract denominated in foreign currency. Given the variability of its purchase commitments and payment terms under the product consulting service contracts, Iridium has not elected hedge accounting for these foreign currency exchange contracts. Accordingly, the foreign currency exchange contracts are marked to market at each balance sheet date, with the changes in fair value being recognized as a current period gain or loss in the accompanying consolidated statements of income. The inputs used in measuring the fair value of these instruments are considered to be Level 2 in the fair value hierarchy. The fair market values are based on quoted market values for similar contracts.

Derivative Instruments and Hedging Activities

The following table summarizes the effect of derivative instruments designated as cash flow hedges (interest rate swaps) on Iridium’s results of operations for the 2009 Period:

	For the 2009 Period					
	Amount of Loss Recognized in OCI on Derivative (Effective Portion)	Location of Loss Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Loss Reclassified from Accumulated OCI into Income (Effective Portion)	Location of Loss Recognized in OCI on Derivative (Ineffective Portion)	Amount of Loss Recognized in Income on Derivative (Ineffective Portion)	
Derivatives in Cash Flow Hedging Relationships						
Accumulated other comprehensive loss	\$ (295)	Interest expense	\$ (2,323)	Interest expense	\$ (10)	
Total	\$ (295)		\$ (2,323)		\$ (10)	

(In thousands)

The following table summarizes the effect of derivative instruments not designated as hedges (foreign currency exchange contracts) on Iridium's results of operations for the 2009 Period:

Derivatives Not Designated as Hedging Instruments	For the 2009 Period Location of Gain or (Loss) Recognized in Income on Derivative (In thousands)	Amount of Gain or (Loss) Recognized in Income on Derivative
Foreign currency exchange contracts	Other income	\$ 298
Total		\$ 298

13. Employee Benefit Plan

Iridium sponsors a defined-contribution 401(k) retirement plan ("Plan") that covers all employees of Iridium. Employees are eligible to participate in the Plan on the first of the month following date of hire, and participants are 100% vested from the date of eligibility. Iridium matches employees' contributions equal to 100% of the salary deferral contributions up to 5% of the employees' compensation. Company-matching contributions to the Plan were \$0.8 million and \$0.8 million for the 2009 Period and for the year ended December 31, 2008, respectively. Iridium pays all administrative fees related to the Plan.

14. Indemnification Agreement

Iridium Satellite, Boeing, Motorola and the U.S. government entered into an indemnification agreement, effective December 5, 2000, that provides, among other things, that: (a) Iridium Satellite will maintain satellite liability insurance (see Notes 4 and 8); (b) Boeing will maintain aviation and space liability insurance; and (c) Motorola will maintain aviation products – completed operations liability insurance. Pursuant to the indemnification agreement, the U.S. government may, in its sole discretion, require Iridium, Boeing or either of them to immediately de-orbit the Iridium satellites at no expense to the U.S. government upon the occurrence of certain enumerated events. However, management does not believe the U.S. government will exercise this right.

15. Related Party Transactions

A non-voting board member served on the Board of Directors of Iridium and was an employee of Wiley Rein LLP as of December 31, 2008 and through the date of the Acquisition in 2009. Wiley Rein LLP provides services to Iridium. For the 2009 Period, total fees paid to Wiley Rein LLP were \$2.2 million. As of December 31, 2008, the amount owed to Wiley Rein LLP was \$0.3 million.

16. Earnings Per Unit Attributable to Class A Units

Basic earnings per unit is calculated by dividing net income attributable to Class A Unit holders by the weighted average of the Class A Units outstanding for the period. Net income attributable to Class A Unit holders gives effect to the net income allocable to Class B Unit holders as if such net income was distributed in the applicable period pursuant to the terms of the LLC Agreement. Diluted earnings per Class A Unit takes into account the conversion of the Note when such effect is dilutive.

	For the 2009 Period	For the Year Ended December 31, 2008
	(In thousands except per unit data)	
Numerator:		
Net income	\$ 53,284	\$ 53,879
Adjustments for Class B Units earnings participation	(17,141)	(17,423)
Net income attributable to Class A Units, basic	36,143	36,456
Adjustment for interest on Note	936	208
Net income attributable to Class A Units, diluted	\$ 37,079	\$ 36,664
Denominator:		
Weighted-average Class A Units outstanding, basic	1,084	1,084
Units from assumed conversion of Note	84	14
Weighted-average Class A Units outstanding, diluted	1,168	1,098
Earnings per unit:		
Basic	\$ 33.34	\$ 33.63
Diluted	\$ 31.75	\$ 33.40

17. Selected Quarterly Information (Unaudited)

For the 2009 Period
Quarter Ended
March 31, 2009 **Quarter Ended**
June 30, 2009 **For the Period from**
July 1, 2009 to
September 29, 2009

	(In thousands)		
Total revenue	\$75,789	\$ 82,705	\$ 84,457
Operating profit	\$14,425	\$ 32,663	\$ 18,355
Net income	\$9,718	\$ 28,600	\$ 14,966
Net income attributable to Class A Units	\$6,592	\$ 19,399	\$ 10,152
Earnings per unit - basic	\$6.08	\$ 17.90	\$ 9.37
Earnings per unit - diluted	\$5.91	\$ 16.88	\$ 8.96

The sum of the per unit amounts do not equal the annual amounts due to changes in the number of weighted average units outstanding during the year.

Iridium's results of operations are subject to seasonal usage changes for its commercial customers. April through October are typically the peak months for commercial voice service revenue and related subscriber equipment sales. Iridium's U.S. government revenue and commercial M2M revenue are less subject to seasonal usage changes.

18. Subsequent Events

Iridium Communications Inc. assumed and paid all outstanding amounts for Iridium's first and second lien credit facilities on September 30, 2009, following the Acquisition on September 29, 2009. The Note was converted into 1,995,629 shares of Iridium Communications Inc.'s common stock on October 24, 2009 and is no longer outstanding.

On February 9, 2010, Motorola filed a complaint against Iridium to seek recovery of the commitment fee (see Note 3) and the loan success fee under the Note Agreement (see Note 7) in an aggregate amount they allege is at least \$24.7 million. However, the outcome of such complaint is uncertain; therefore, an estimate of the contingency cannot be made at this time.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our chief executive officer, who is our principal executive officer, and our chief financial officer, who is our principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as of the end of the period covered by this report. In 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. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. At the time that our Annual Report on Form 10-K for the year ended December 31, 2011 was filed on March 6, 2012, our management, including our chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were effective as of December 31, 2011. Subsequent to that evaluation, as a result of the restatement described in this Form 10-K/A, our management, including the chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were not effective to provide reasonable assurance as of December 31, 2011 because of a material weakness in our internal control over financial reporting, described below. The financial statements included in this Form 10-K/A were prepared with particular attention to the material weakness described below. Accordingly, management, based in part upon the procedures performed during the restatement process, has concluded that our consolidated financial statements included in this Annual Report on Form 10-K/A are fairly stated in all material respects in accordance with U.S. generally accepted accounting principles for each of the periods presented herein.

For additional information regarding the restatements of our financial statements, see Note 3 to the Notes to Consolidated Financial Statements in this Form 10-K/A for the year ended December 31, 2011.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Such internal control includes those policies and procedures that:

Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness in internal control over financial reporting is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis by the Company's internal controls. As a result of the identification of errors related to deferred income taxes of a non-operating foreign subsidiary, which were not reflected properly in the Company's income tax provision, and undrawn credit facility fee expense, the Company restated its 2011, 2010 and 2009 consolidated financial statements. The resulting restatements are more fully described in Notes 3 and 17 to the Consolidated Financial Statements included in this Form 10-K/A.

Under the supervision and with the participation of our chief executive officer and chief financial officer, our management conducted an assessment of the effectiveness of internal control over financial reporting as of December 31, 2011 based on the criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. We previously concluded in our 2011 Annual Report on Form 10-K filed on March 6, 2012 that our internal control over financial reporting was effective as of December 31, 2011. During the preparation of our financial statements for the quarter ended September 30, 2012 we identified a deficiency in internal control over financial reporting in the area of accounting for income taxes, and further concluded that this deficiency constituted a material weakness at December 31, 2011. As a result, management concluded that the Company's internal control over financial reporting was not effective as of December 31, 2011.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2011 has been audited by Ernst & Young LLP, the Company's independent registered public accounting firm, who also audited the Company's Consolidated Financial Statements included in this Form 10-K/A. The report of Ernst & Young LLP on the Company's internal control over financial reporting is provided below.

Changes in Internal Control Over Financial Reporting

During the quarter ended December 31, 2011, there were no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting, as the circumstances that led to the restatement had not yet been identified.

Remediation of Material Weaknesses in Internal Control Over Financial Reporting

Management is committed to the remediation of the material weakness set forth above as well as the continued improvement of the Company's overall system of internal control over financial reporting. Subsequent to the period covered by this report, as a result of the identification of the errors that led to the restatement and the related reassessment of internal control over financial reporting in the fourth quarter of 2012, management implemented remediation steps to address the material weakness and to improve our internal control over financial reporting. Specifically, we expanded and improved our review of the income tax provision process, utilizing both experienced internal staff and third-party income tax professionals. As part of the Company's assessment of internal control over financial reporting for the remainder of 2012, management will test and evaluate the implemented controls to ascertain whether they are designed and operating effectively to provide reasonable assurance that they will prevent or detect a material error in the financial statements.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Iridium Communications Inc.

We have audited Iridium Communications Inc.'s internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Iridium Communications Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our report dated March 6, 2012, we expressed an unqualified opinion that Iridium Communications Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011 based on the COSO criteria. Management has subsequently determined that a deficiency in controls relating to the accounting for income taxes existed as of the previous assessment date, and has further concluded that such deficiency represented a material weakness as of December 31, 2011. As a result, management has revised its assessment, as presented in Item 9A, "Report of Management on Internal Control Over Financial Reporting", to conclude that the Company's internal control over financial reporting was not effective as of December 31, 2011. Accordingly, our present opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2011, as expressed herein, is different from that expressed in our previous report.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. In its assessment as of December 31, 2011, management identified a deficiency in internal control over financial reporting in the area of accounting for income taxes. This material weakness resulted in the restatement of the Company's financial statements as of December 31, 2011 and 2010, and for each of the three years in the period ended December 31, 2011. We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Iridium Communications Inc. as of December 31, 2011 and 2010 and the related consolidated statements of operations and comprehensive income (loss), changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2011. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audits of the 2009, 2010, and 2011 financial statements and this report does not affect our report dated March 6, 2012, except for Notes 3, 6, 15 and 16, as to which the date is November 20, 2012, which expressed an unqualified opinion on those financial statements (as restated).

In our opinion, because of the effect of the material weakness described above on the achievement of the objectives of the control criteria, Iridium Communications Inc. has not maintained effective internal control over financial reporting as of December 31, 2011, based on the COSO criteria.

/s/ Ernst & Young LLP

McLean, Virginia

March 6, 2012,

except for the effects of the material weakness described in the sixth paragraph, as to which the date is

November 20, 2012

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this Form 10-K/A:

(1) Financial Statements

Iridium Communications Inc.:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets

Consolidated Statements of Operations

Consolidated Statements of Changes in Stockholders' Equity and Comprehensive Income (Loss)

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

Iridium Holdings LLC – Predecessor Company:

Report of Independent Registered Public Accounting Firm

Consolidated Statements of Income

Consolidated Statements of Changes in Members' Deficit and Comprehensive Income

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

(2) Financial Statement Schedules

The financial statement schedules are not included here because required information is included in the consolidated financial statements.

(3) Exhibits

The exhibits that are filed or furnished with this report or that are incorporated by reference herein are set forth in the Exhibit Index below, which is incorporated by reference herein.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

IRIDIUM COMMUNICATIONS
INC.

Date: November 20, 2012 By: /s/ Thomas J. Fitzpatrick
Thomas J. Fitzpatrick
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Name	Title	Date
/s/ Matthew J. Desch	Chief Executive Officer and Director	November 20, 2012
Matthew J. Desch	(Principal Executive Officer)	
/s/ Thomas J. Fitzpatrick	Chief Financial Officer	November 20, 2012
Thomas J. Fitzpatrick	(Principal Financial Officer)	
/s/ Richard P. Nyren	Vice President and Controller	November 20, 2012
Richard P. Nyren	(Principal Accounting Officer)	
/s/ Robert H. Niehaus	Director and Chairman of the Board	November 20, 2012
Robert H. Niehaus		

/s/ J. Darrel Barros

Director

November 20, 2012

J. Darrel Barros

/s/ Scott L. Bok

Director

November 20, 2012

Scott L. Bok

/s/ Thomas C. Canfield

Director

November 20, 2012

Thomas C. Canfield

/s/ Peter M. Dawkins

Director

November 20, 2012

Peter M. Dawkins

/s/ Alvin B. Krongard

Director

November 20, 2012

Alvin B. Krongard

/s/ Eric T. Olson

Director

November 20, 2012

Eric T. Olson

/s/ Steven B. Pfeiffer

Director

November 20, 2012

Steven B. Pfeiffer

/s/ Parker W. Rush

Director

November 20, 2012

Parker W. Rush

EXHIBIT INDEX

Exhibit No.	Document
2.1	Transaction Agreement dated September 22, 2008, incorporated herein by reference to Exhibit 1.1 of the Registrant's Current Report on Form 8-K filed with the SEC on September 25, 2008.
2.2	Amendment to Transaction Agreement dated April 28, 2009, incorporated herein by reference to Exhibit 1.1 of the Registrant's Current Report on Form 8-K filed with the SEC on April 28, 2009.
3.1	Amended and Restated Certificate of Incorporation dated September 29, 2009, incorporated herein by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed with the SEC on September 29, 2009.
3.2	Amended and Restated Bylaws, incorporated herein by reference to Exhibit 3.2 of the Registrant's Current Report on Form 8-K filed with the SEC on September 29, 2009.
4.1	Specimen Common Stock Certificate, incorporated herein by reference to Exhibit 4.2 of the Registrant's Registration Statement on Form S-1 (Registration No. 333-147722) filed with the SEC on February 4, 2008.
4.2	Amended and Restated Warrant Agreement between the Registrant and American Stock Transfer & Trust Company, incorporated herein by reference to Exhibit 4.3 of the Registrant's Current Report on Form 8-K filed on February 26, 2008.
4.3	Specimen Warrant Certificate for \$7.00 Warrants, incorporated herein by reference to Exhibit 4.4 of the Registrant's Registration Statement on Form S-1 (Registration No. 333-147722) filed with the SEC on February 4, 2008.
4.4	Warrant Agreement for \$11.50 Warrants between the Company and American Stock Transfer & Trust Company, incorporated herein by reference to Exhibit 4.4 of the Registrant's Current Report on Form 8-K filed with the SEC on September 29, 2009.
4.5	Specimen Warrant Certificate for \$11.50 Warrants, incorporated herein by reference to Exhibit 4.5 of the Registrant's Current Report on Form 8-K filed with the SEC on September 29, 2009.
10.1†	COFACE Facility Agreement among Iridium Satellite LLC, the Registrant, Iridium Holdings LLC, SE Licensing LLC, Iridium Carrier Holdings LLC, Iridium Carrier Services LLC, Syncom-Iridium Holdings Corp., Iridium Constellation LLC and Iridium Government Services LLC; Deutsche Bank AG (Paris Branch), Banco Santander SA, Société Générale, Natixis, Mediobanca International (Luxembourg) S.A., BNP Paribas, Crédit Industriel et Commercial, Intesa Sanpaolo S.p.A. (Paris Branch) and Unicredit Bank Austria AG; Deutsche Bank Trust Company Americas as the security agent and U.S. collateral agent; and Société Générale as the COFACE agent, dated as of October 4, 2010, incorporated by reference to Exhibit 10.1 to the Registrant's Annual Report on Form 10-K/A filed with the SEC on July 1, 2011.
10.2†	

Amendment Letter No. 1, dated June 20, 2011, to COFACE Facility Agreement among Iridium Satellite LLC, the Registrant, Iridium Holdings LLC, SE Licensing LLC, Iridium Carrier Holdings LLC, Iridium Carrier Services LLC, Syncom-Iridium Holdings Corp., Iridium Constellation LLC and Iridium Government Services LLC; Deutsche Bank AG (Paris Branch), Banco Santander SA, Société Générale, Natixis, Mediobanca International (Luxembourg) S.A., BNP Paribas, Crédit Industriel et Commercial, Intesa Sanpaolo S.p.A. (Paris Branch) and Unicredit Bank Austria AG; Deutsche Bank Trust Company Americas as the security agent and U.S. collateral agent; and Société Générale as the COFACE agent, dated as of October 4, 2010, incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2011.

10.3 Security Agreement, dated as of October 13, 2010, between the Registrant, Iridium Satellite LLC, Iridium Holdings LLC, Iridium Carrier Holdings LLC, Iridium Carrier Services LLC, SE Licensing LLC, Iridium Government Services LLC, Iridium Constellation LLC, Syncom-Iridium Holdings Corp. and Deutsche Bank Trust Company Americas, acting as Security Agent, incorporated by reference to Exhibit 10.2 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.

10.4 Pledge Agreement, dated as of October 13, 2010, between the Registrant, Syncom-Iridium Holdings Corp., Iridium Holdings LLC, Iridium Carrier Holdings LLC, Iridium Satellite LLC, Iridium Constellation LLC and Deutsche Bank Trust Company Americas, acting as Security Agent, incorporated by reference to Exhibit 10.3 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.

Exhibit No.	Document
10.5	Stock Pledge Agreement, dated as of October 13, 2010, between the Registrant and Deutsche Bank Trust Company Americas, acting as Security Agent, incorporated by reference to Exhibit 10.4 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.
10.6†	Settlement Agreement between Iridium Holdings LLC, Iridium Satellite LLC, the Registrant and Motorola, Inc., dated as of September 30, 2010, incorporated by reference to Exhibit 10.5 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.
10.7†	Promissory Note issued by Iridium Satellite LLC to Motorola, Inc. , incorporated by reference to Exhibit 10.6 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.
10.8†	Security Agreement, dated as of September 30, 2010, between Iridium Satellite LLC and Deutsche Bank Trust Company Americas, acting as Collateral Agent, incorporated by reference to Exhibit C to Exhibit 10.5 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.
10.9	Guaranty, dated as of September 30, 2010, by Iridium Holdings LLC and the Registrant in favor of Motorola, Inc., incorporated by reference to Exhibit 10.7 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.
10.10	Amended and Restated Transition Services, Products and Asset Agreement, between Iridium Satellite LLC, Iridium Holdings LLC and Motorola, Inc., dated as of September 30, 2010, incorporated by reference to Exhibit 10.8 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.
10.11	Amendment No. 1 to Amended and Restated Transition Services, Products and Asset Agreement, between Iridium Satellite LLC, Iridium Holdings LLC and Motorola, Inc., dated as of December 30, 2010, incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.
10.12†	System Intellectual Property Rights Amendment and Agreement, between Iridium Satellite LLC and Motorola, Inc., dated as of September 30, 2010, incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.
10.13	Supplemental Subscriber Equipment Technology Amendment and Agreement, between Iridium Satellite LLC and Motorola, Inc., dated as of September 30, 2010, incorporated by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.
10.14†	Authorization to Proceed between Iridium Satellite LLC and Thales Alenia Space France, dated June 1, 2010, incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q/A filed with the SEC on October 29, 2010.
10.15†	Amendment No. 1 to the Authorization to Proceed between Iridium Satellite LLC and Thales Alenia Space France for the Iridium NEXT System, dated August 6, 2010, incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q/A filed with the SEC on January 14, 2011.
10.16†	

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Full Scale System Development Contract No. IS-10-021 between Iridium Satellite LLC and Thales Alenia Space France for the Iridium NEXT System, dated June 1, 2010, incorporated by reference to Annex 1 to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q/A filed with the SEC on October 29, 2010.

10.17† Amendment No. 1 to the Full Scale System Development Contract No. IS-10-021 between Iridium Satellite LLC and Thales Alenia Space France for the Iridium NEXT System, dated August 6, 2010, incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q/A filed with the SEC on January 14, 2011.

10.18† Amendment No. 2 to the Full Scale System Development Contract No. IS-10-021 between Iridium Satellite LLC and Thales Alenia Space France for the Iridium NEXT System, dated September 30, 2010, incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 9, 2010.

10.19† Amendment No. 3 to the Full Scale System Development Contract No. IS-10-021 between Iridium Satellite LLC and Thales Alenia Space France for the Iridium NEXT System, dated October 25, 2010, incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.

10.20† Amendment No. 4 to the Full Scale System Development Contract No. IS-10-021 between Iridium Satellite LLC and Thales Alenia Space France for the Iridium NEXT System, dated as of April 29, 2011, incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2011.

10.21† Amendment No. 5 to the Full Scale System Development Contract No. IS-10-021 between Iridium Satellite LLC and Thales Alenia Space France for the Iridium NEXT System, dated September 12, 2011, incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 8, 2011.

10.22† Amendment No. 6 to the Full Scale System Development Contract No. IS-10-021 between Iridium Satellite LLC and Thales Alenia Space France for the Iridium NEXT System, dated October 24, 2011, incorporated by reference to Exhibit 10.22 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 6, 2012.

Exhibit No.	Document
10.23†	Contract for Launch Services No. IS-10-008 between Iridium Satellite LLC and Space Exploration Technologies Corp., dated March 19, 2010, incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q/A filed with the SEC on March 29, 2011.
10.24†	Amendment No. 1 to the Contract for Launch Services No. IS-10-008 between Iridium Satellite LLC and Space Exploration Technologies Corp., dated September 17, 2010, incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 9, 2010.
10.25†	Contract for Launch Services No. IS-11-032 between Iridium Satellite LLC and International Space Company Kosmotras, dated as of June 14, 2011, incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2011.
10.26†	Iridium NEXT Support Services Agreement No. IS-10-019, by and between Iridium Satellite LLC and The Boeing Company for Support Services for Iridium NEXT, dated as of May 28, 2010, incorporated by reference to Exhibit 10.9 to the Registrant's Quarterly Report on Form 10-Q/A filed with the SEC on March 29, 2011.
10.27	Indemnification Contract, dated December 5, 2000, among Iridium Satellite LLC, The Boeing Company, Motorola, Inc. and the United States, incorporated herein by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the SEC on September 29, 2009.
10.28†	Terms and Conditions for De-Orbit Postponement Modification for Contract DCA100-01-C-3001, by and between Iridium Satellite LLC, The Boeing Company and the United States Government, dated September 7, 2010, incorporated herein by reference to Exhibit 10.7 of the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 9, 2010.
10.29	Intellectual Property Rights Agreement, dated December 11, 2000, among Motorola Inc. and Iridium Satellite LLC, incorporated herein by reference to Exhibit 10.3 of the Registrant's Current Report on Form 8-K filed with the SEC on September 29, 2009.
10.30	Subscriber Equipment Technology Agreement (Design), dated as of September 30, 2002, by and among Motorola Inc. and SE Licensing LLC, incorporated herein by reference to Exhibit 10.4 of the Registrant's Current Report on Form 8-K filed with the SEC on September 29, 2009.
10.31	Subscriber Equipment Technology Agreement (Manufacturing), dated as of September 30, 2002, by and among Motorola Inc. and SE Licensing LLC, incorporated herein by reference to Exhibit 10.5 of the Registrant's Current Report on Form 8-K filed with the SEC on September 29, 2009.
10.32†	Amended and Restated Contract Boeing No. BSC-2000-001 between Iridium Constellation LLC and The Boeing Company for Transition, Operations and Maintenance, Engineering Services, and Re-Orbit of the Iridium Communications System, dated as of May 28, 2010, incorporated herein by reference to Exhibit 10.8 of the Registrant's Quarterly Report on Form 10-Q/A filed with the SEC on March 29, 2011.
10.33	Form of Registration Rights Agreement, incorporated by reference to Annex D of the Registrant's Proxy Statement filed with the SEC on August 28, 2009.

- 10.34† Amendment No. 1 to Registration Rights Agreement, dated as of March 29, 2011, by and among Iridium Communications Inc. and the parties listed on the signature pages thereto, incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed with the SEC on March 30, 2011.
- 10.35† Amended and Restated Agreement for Manufacture, dated January 1, 2007, among Iridium Satellite LLC and Celestica Corporation, incorporated herein by reference to Exhibit 10.9 of the Registrant's Current Report on Form 8-K filed with the SEC on September 29, 2009.
- 10.36* Amended and Restated Employment Agreement, dated as of March 30, 2011, by and between the Registrant and Matthew J. Desch, incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on April 5, 2011.
- 10.37* Employment Agreement, dated as of March 31, 2010, by and between the Registrant and Thomas J. Fitzpatrick, incorporated herein by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q filed with the SEC on May 10, 2010.
- 10.38* Amendment to Employment Agreement by and between the Registrant and Thomas J. Fitzpatrick, dated as of December 31, 2010, incorporated by reference to Exhibit 10.34 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.

Exhibit No.	Document
10.39*	Employment Agreement between the Registrant and S. Scott Smith, dated as of March 2010, incorporated by reference to Exhibit 10.39 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 6, 2012.
10.40*	Amendment to Employment Agreement between the Registrant and S. Scott Smith, dated as of December 31, 2010, incorporated by reference to Exhibit 10.40 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 6, 2012.
10.41*	Employment Agreement between the Registrant and Gregory Ewert, dated as of December 31, 2010, incorporated herein by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed with the SEC on January 6, 2011.
10.42*	Employment Agreement between the Registrant and John Roddy, dated as of December 31, 2010, incorporated herein by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the SEC on January 6, 2011.
10.43*	2009 Iridium Communications Inc. Stock Incentive Plan, incorporated by reference to Annex E of the Registrant's Proxy Statement filed with the SEC on August 28, 2009.
10.44	Form of Indemnity Agreement between the Registrant and each of its directors and officers, incorporated by reference to Exhibit 10.5 to the Registrant's Form S-1/A filed with the SEC on February 4, 2008.
10.45*	Form of Stock Option Award Agreement for use in connection with the 2009 Iridium Communications Inc. Stock Incentive Plan, incorporated by reference to Exhibit 10.42 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.
10.46*	Form of Stock Appreciation Right Agreement for use in connection with the 2009 Iridium Communications Inc. Stock Incentive Plan, incorporated by reference to Exhibit 10.43 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.
10.47*	Form of Restricted Stock Award Agreement for use in connection with the 2009 Iridium Communications Inc. Stock Incentive Plan, incorporated by reference to Exhibit 10.44 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.
10.48*	Form of Restricted Stock Unit Agreement for use in connection with the 2009 Iridium Communications Inc. Stock Incentive Plan, incorporated by reference to Exhibit 10.48 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 6, 2012.
10.49*	Performance Share Program established under the 2009 Iridium Communications Inc. Stock Incentive Plan, incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on February 24, 2012.
10.50*	Form of Performance Share Award Agreement for use in connection with the Performance Share Program established under the 2009 Iridium Communications Inc. Stock Incentive Plan, incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on February 24, 2012.

- 10.51* Non-Employee Director Compensation Plan, incorporated herein by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the SEC on December 22, 2009.
- 10.52* Form of Stock Option Agreement for Non-Employee Directors for use in connection with the 2009 Iridium Communications Inc. Stock Incentive Plan, incorporated by reference to Exhibit 10.46 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.
- 10.53* Form of Restricted Stock Award Agreement for Non-Employee Directors for use in connection with the 2009 Iridium Communications Inc. Stock Incentive Plan, incorporated by reference to Exhibit 10.47 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.
- 10.54* Form of Restricted Stock Unit Agreement for Non-Employee Directors for use in connection with the 2009 Iridium Communications Inc. Stock Incentive Plan, incorporated by reference to Exhibit 10.48 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.
- 10.55* Summary of approved 2010 compensation, incorporated herein by reference to Exhibit 99.1 of the Registrant's Current Report on Form 8-K filed with the SEC on April 5, 2010.
- 10.56* 2011 Executive Bonus Plan, incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on April 5, 2011.
- 21.1 List of Subsidiaries, incorporated by reference to Exhibit 21.1 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 6, 2012.

Exhibit No.	Document
23.1	Consent of Ernst & Young LLP, independent registered public accounting firm.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of The Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of The Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

Confidential treatment has been granted for certain portions omitted from this exhibit pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended. Confidential portions of this exhibit have been separately filed with the Securities and Exchange Commission.

* Denotes compensatory plan, contract or arrangement.