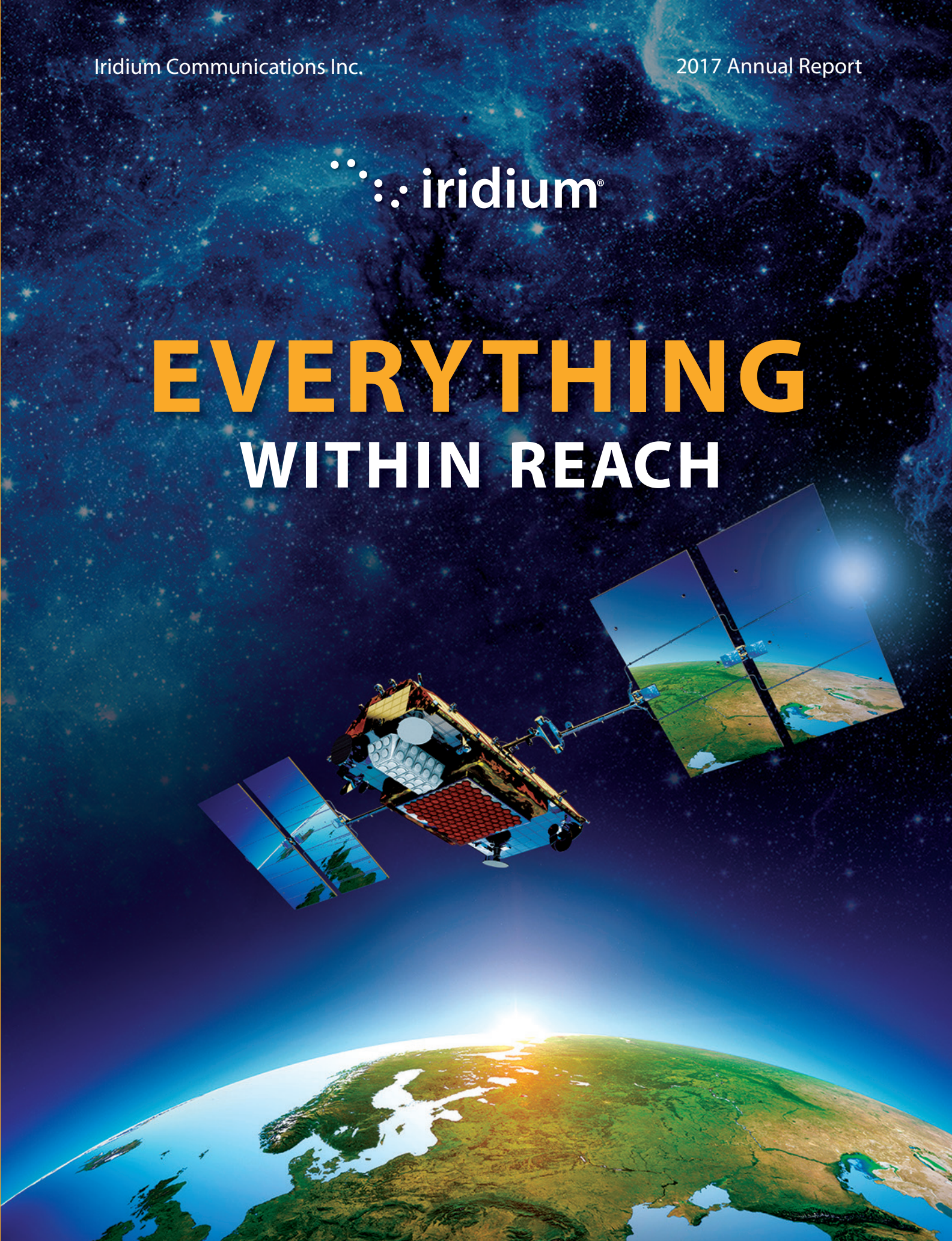
Iridium Communications Inc. 2017 Annual Report

iridium®

EVERYTHING
WITHIN REACH

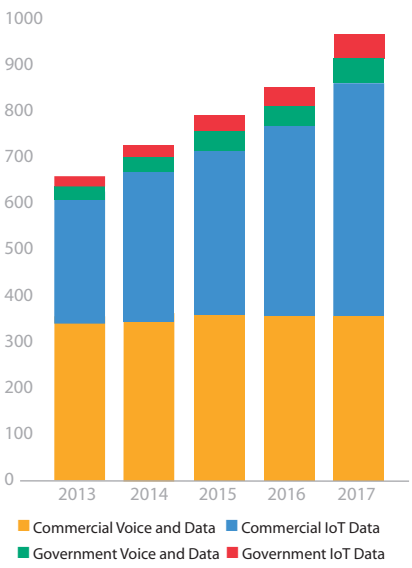


Financial Highlights

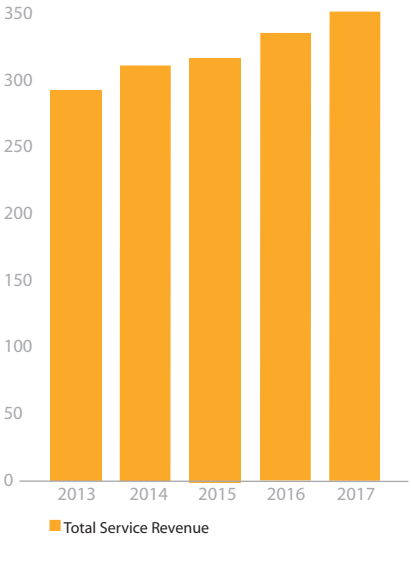
(in millions, except for subscriber data)	2013	2014	2015	2016	**2017**
Iridium Communications Inc.					
Total Revenue	$382.6	$408.6	$ 411.4	$ 433.6	**$ 448.0**
Total Service	$292.1	$309.4	$ 317.0	$ 334.8	**$ 349.7**
Subscriber Equipment	$ 73.3	$ 78.2	$ 73.6	$ 74.2	**$ 77.1**
Engineering and Support Service	$ 17.3	$ 21.0	$ 20.7	$ 24.6	**$ 21.2**
Net Income	$ 62.5	$ 75.0	$ 7.1	$ 111.0	**$ 233.9**
Adjusted Net Income*	$ 62.5	$ 75.0	$ 94.2	$ 111.0	**$ 233.9**
Operational EBITDA (OEBITDA)*	$201.1	$216.5	$ 234.0	$ 254.2	**$ 265.6**
OEBITDA Margin*	52.6%	53.0%	56.9%	58.6%	**59.3%**
Subscribers	664,000	739,000	782,000	850,000	**969,000**
Capital Expenditures	$403.5	$441.1	$ 494.8	$ 405.7	**$ 400.1**
Net Debt	$695.2	$733.0	$1,041.8	$1,254.3	**$1,455.6**
Commercial					
Service Revenue	$232.9	$243.9	$ 241.9	$ 246.8	**$ 261.7**
Voice and Data	$184.0	$185.3	$ 178.4	$ 177.7	**$ 177.7**
IoT Data	$ 48.9	$ 58.4	$ 61.3	$ 65.5	**$ 74.1**
Hosted Payload and Other Data Services	—	$ 0.1	$ 2.2	$ 3.6	**$ 9.9**
Subscribers	613,000	679,000	710,000	766,000	**869,000**
Voice and Data	340,000	354,000	351,000	353,000	**359,000**
IoT Data	273,000	325,000	359,000	413,000	**510,000**
Government					
Service Revenue	$ 59.2	$ 65.5	$ 75.1	$ 88.0	**$ 88.0**
Subscribers	51,000	60,000	72,000	84,000	**100,000**
Voice and Data	31,000	35,000	40,000	44,000	**52,000**
IoT Data	20,000	25,000	32,000	40,000	**48,000**

* See inside back cover and Investor Relations webpage at www.iridium.com for a discussion and reconciliation of this and other non-GAAP financial measures.

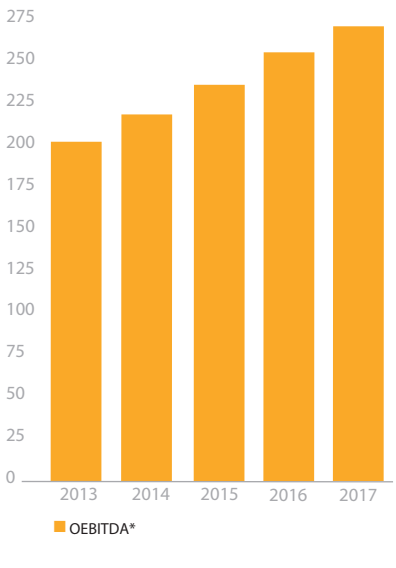
Robust Subscriber Growth
(subscribers in thousands)



Quality Service Revenue
(dollars in millions)



Significant Operating Leverage
(dollars in millions)



Company Profile

The world's only truly global mobile satellite communications company

Iridium Communications Inc. owns the only mobile voice and data satellite communications network that spans the entire globe. A technology innovator and market leader, Iridium enables connections between people, organizations and assets to and from anywhere, in real time.

Iridium's architecture of 66 low-earth orbiting (LEO) satellites operates as a fully meshed, cross-linked network and is the world's largest commercial constellation. The company has a major development program underway for its next-generation network – Iridium® NEXT.

Reaching over oceans, through airways and across the polar regions, Iridium solutions are ideally suited for industries such as maritime, aviation, emergency services, mining, forestry, oil and gas, heavy equipment, transportation and utilities. Iridium also provides service to subscribers from the U.S. Department of Defense, as well as other civil and government agencies around the world.

Together with its ecosystem of partner companies, Iridium delivers an innovative and rich portfolio of reliable solutions for markets that require truly global communications.

Who is Iridium?

- We compete in attractive and growing markets with high barriers to entry and favorable competitive dynamics.
- We operate the world's furthest reaching telecommunications network with 100% global coverage. Our unique network architecture provides a sustainable competitive advantage. We have a comprehensive business plan for our next-generation satellite constellation, Iridium NEXT, which we began deploying in January 2017.
- We benefit from an extensive, efficient ecosystem of more than 300 partners and a robust product portfolio.
- We benefit from a large, highly profitable recurring service revenue base, which along with the significant operating leverage created by a largely fixed-cost infrastructure, has us poised to transform our cash flow profile in 2019.

2017 Operating Highlights

- Generated 2017 net income of $233.9 million and delivered operational EBITDA of $265.6 million.
- Surpassed 969,000 worldwide subscribers, a five-year compound annual growth rate of 10%.
- IoT data subscribers have grown at a 24% compound annual growth rate since 2010, and now represent 59% of our commercial customer base.
- U.S. government subscribers surpassed 100,000 total users with 19% subscriber growth over the past year.
- Aireon LLC completed successful in-orbit testing of its space-based ADS-B payload and conducted multiple successful flight tests with air traffic control agencies.
- Reached total investment of approximately $2.6 billion in the ongoing development of Iridium NEXT.

A spectacular exhaust plume was visible from hundreds of miles away during the fourth successful launch of Iridium NEXT satellites on December 22, 2017. The rocket's southward trajectory from Space Launch Complex 4 (SLC-4) at Vandenberg Air Force Base provided many Angelenos with a dazzling view of the Falcon 9's glowing plume, which prompted some city officials to issue public alert statements in response to a deluge of calls about "mysterious light in the sky."

Dear Fellow Shareholders:

The satellite and space industry is witnessing unprecedented investment as new competition in the launch industry is reducing the cost to get to space, and satellites are getting smaller and more affordable. This environment is attracting dozens of satellite upstarts to the sector with promises of delivering new services for consumers and commercial enterprises. There is no shortage of ideas, and entrepreneurs are eagerly lining up to design satellites and launch vehicles, develop innovative applications, and pioneer new business models with hopes of generating meaningful returns to support these projects.

Industry consultants, like EuroConsult, report that "the global MSS (Mobile Satellite Service) market is in transition, with significant changes in competitive landscape, market demand and economic environments." Some of Iridium's MSS competitors are challenged – they find themselves without funded continuity plans to replace their aging satellites or have opted to repurpose spectrum in the face of mounting competition.

While commercial opportunities abound in this era of "NewSpace," large investors have generally remained cautious given the considerable capital requirements and not too distant history of failures in this sector. Still, it's exciting to see a resurgence of interest in space and many innovative ideas targeting consumer applications.

Overall, this surge in satellite activity is a positive development for Iridium. It heightens awareness of the Iridium® network and brings attention to the many unique features that differentiate our network offering from others. Iridium has a premier position in safety services and mobile satellite IoT (Internet of Things). We do not see many upstarts encroaching on these segments.

Instead, Iridium finds itself as a sought after partner with complementary technology. Some of the most publicized investments in NewSpace call for launching satellite constellations in low-earth orbit, where Iridium's constellation operates. However, these projects are focused on communications services targeting commodity broadband service using Ku- or Ka-band spectrum, rather than the reliable and scarce L-band spectrum we use.

"It's exciting to see a resurgence of interest in space and many innovative ideas targeting consumer applications."

Matthew J. Desch
Chief Executive Officer

Ten Iridium NEXT satellites are placed in the 13-meter tall nose cone which sits atop the Falcon 9 rocket. This fairing protects the satellite payload during the launch into space. Once the rocket has cleared the atmosphere and enters low-earth orbit, the clamshell fairing opens to release the Iridium NEXT satellites into their orbital planes.

First responders depend on Iridium's reliable service to organize and operate in regions impacted by natural disasters, as well as when telephone and cellular connections are unavailable.

Even in remote areas, Iridium's global network can monitor critical national infrastructure and provide real-time data to enhance operations management.

As activity in polar regions grows, Iridium is uniquely positioned to provide critical, reliable connectivity through its constellation of 66 inter-linked satellites.

From its inception, our Company has invested in research and development and supported third-party developers that create applications and find novel uses for our unique network. The resurging interest in space is emerging just as we complete our brand new constellation. In fact, we are launching a new specialty broadband service in 2018, which pairs well with many of the technologies being proposed by industry newcomers. We see a bright future for Iridium and are well positioned to extend our market leadership for years to come.

After many years of work and investment, our Iridium NEXT constellation is nearing the final stages of full deployment. We completed four successful launches in 2017, which placed 40 new Iridium NEXT satellites into orbit, and we plan to complete the remaining four launches of this program in 2018.

The Iridium NEXT mission is historic in both its size and scope. Upon completion of this $3 billion program, Iridium will have retired a 20-year old satellite constellation that has flown more than 245 billion miles. The technical achievements of the Iridium NEXT mission are unparalleled. Not only is Iridium NEXT the largest launch program in the satellite industry today, it is arguably the largest technology refresh in space history. The one-for-one transition of 66 new satellites into an existing constellation has never been done on this scale. Each satellite moves at a rate of approximately 17,000 miles per hour in orbit and is being "swapped" into the constellation to replace an aging satellite in a well-choreographed process that ensures uninterrupted performance and service to our nearly one million Iridium subscribers. The sheer scope of this mission and our strong progress to date reflects the vision and determination of our talented family of employees, one of the most experienced satellite engineering teams in the space industry, and the unwavering support of our broad ecosystem of launch, mission and business partners.

With much of our new constellation now in orbit, momentum around our new business offerings is building quickly. Iridium NEXT is enabling the development of new and innovative products and services including Iridium Certus[SM], the Company's next-generation communications platform.

"We completed four successful launches in 2017, which placed 40 new Iridium NEXT satellites into orbit, and we plan to complete the remaining four launches of this program in 2018."

History was made on December 22 with the launch of ten Iridium NEXT satellites into orbit. Not only did the Falcon 9 launch mark the fourth successful launch for the Iridium NEXT program, but it also reused a first-stage rocket that had previously ferried Iridium NEXT satellites to orbit earlier in the year. The use of SpaceX "flight proven" vehicles is helping to maintain the launch cadence of the Iridium NEXT program and encouraging rocket reusability to reduce launch costs.

SpaceX's launch program was developed for rocket reusability. The images directly above and below show the landing of the first-stage rocket following the successful launch of Iridium NEXT satellites on June 25. This same first-stage was used on December 22 to launch another batch of Iridium NEXT satellites to space.

Maritime vessels depend on Iridium's global coverage for navigational charts, weather monitoring and ship-to-shore communications, especially in arctic waters where no other network can reach.

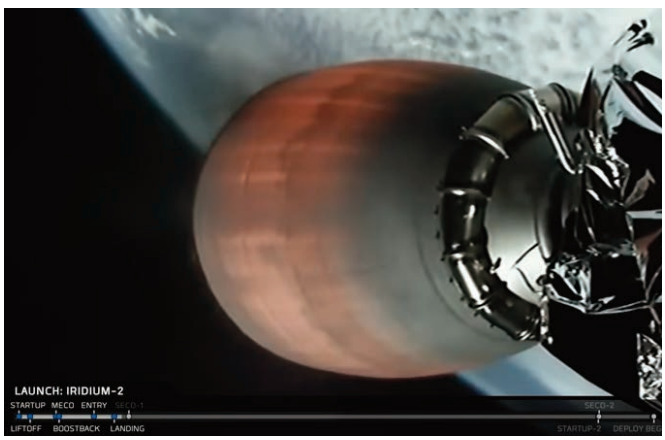
Pilots rely on Iridium's suite of connectivity services to enhance flight deck communications, situational awareness, aircraft operations and flight safety. Broadband services via Iridium Certus℠ will round out this offering with the completion of the Iridium NEXT constellation.

Iridium Certus will deliver faster speeds and better value to Iridium's ecosystem of partners that provides services for aviation, maritime, IoT, terrestrial and government organizations. There is a lot of excitement around our new offering, which will launch commercially in 2018. It's poised to disrupt the current market status quo in L-band with smaller terminals, faster data speeds, and reliable, global safety certifications. Another groundbreaking technology hosted by Iridium NEXT is the Aireon℠ aircraft tracking and surveillance system. This particular payload is poised to change the future of air traffic management by providing air traffic control organizations with real-time surveillance of aircraft operating in even remote areas of their respective flight regions. We expect this service will create significant value for our Company and shareholders.

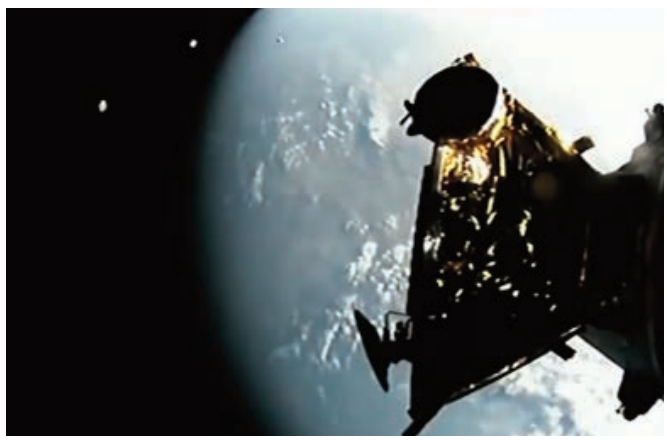
The completion of Iridium NEXT will mark a turning point for our Company. It ushers in a financial transformation as we move from investing significant capital on the new network, to generating cash flows that will benefit our shareholders and provide us the flexibility to grow even faster. As I reflect on the progress made in 2017 and the long strides taken since our legacy network's launch, I know Iridium is uniquely positioned to meet the growing needs for mobility far into the future.

2017 Financial Review

Strong subscriber momentum fueled Iridium's financial results in 2017, leading to operational EBITDA growth of 4%, which exceeded our full-year guidance. A 14% increase in our subscriber base, to 969,000 customers, was Iridium's best subscriber growth in five years and lays a strong



The Falcon 9's second-stage rocket fires one engine to position the Iridium NEXT payload in the correct orbital plane. Operational satellites orbit at an altitude of approximately 483 miles above the earth.



Each Iridium NEXT satellite is secured to a dispenser ring that sits atop the second-stage rocket. At predetermined intervals, satellites are released from the ring to begin their sequenced drift into orbit.

foundation as we complete the deployment our new satellite constellation.

Our commercial business has continued to recover from the economic and currency headwinds that slowed growth over the last two years. A weakening U.S. dollar has made our premium products less expensive around the world, and strong demand for IoT solutions is fueling growth for our data-based services. Cost-effective products introduced in 2017, like Iridium Edge®, are also helping to attract new customers who want to get their applications to market faster, with lower implementation costs.

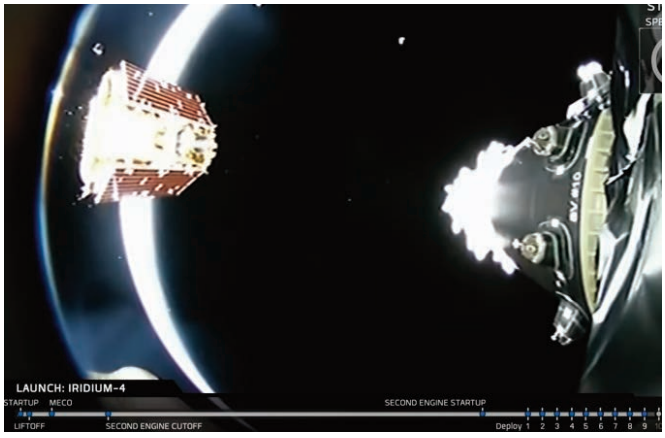
Another bright spot for our commercial business has been our alignment with large, growth-oriented partners. Many of these business partners depend on real-time connectivity to improve the management of their global assets, which helped to fuel a 23% rise in Iridium's IoT subscribers in 2017. In recent years, we have had great success with heavy-equipment manufacturers whose equipment is used in agriculture, construction and excavation. High-profile contract wins with manufacturers like Caterpillar, Hitachi Construction Machinery and Komatsu Ltd. are allowing Iridium's IoT services to gain market share, where we are now used by eight of the world's top 20 heavy-equipment OEMs.

Maritime and aviation are sectors where Iridium is coming into its own. We have long been a player in the maritime crew voice and connectivity market, where Iridium provides Internet and VSAT companion service on about 8,500 ships. We anticipate an acceleration of business in these sectors with the launch of Iridium Certus. With significant industry growth tied to broadband services, we project annual revenue from Iridium Certus, our new "specialty broadband" offering, will reach $100 million in the next few years.

Hurricane activity also fueled incremental demand for Iridium equipment in 2017, as three major storms hit the U.S. and Caribbean. This activity drove

Iridium IoT solutions allow users to monitor assets and receive timely telemetry and operational data for real-time decision making.

Regardless of aircraft orientation or global topography, rotary-wing aircraft take advantage of Iridium's pole-to-pole coverage. Reliable in-flight connectivity is enabled by the many transmission angles of Iridium's 66-satellite, low-earth orbit constellation.



As satellites fall away from the dispenser ring, they travel at a speed of approximately 17,000 miles per hour and will begin several weeks of testing in orbit prior to insertion in the Iridium network, where they will carry live customer traffic.

Following release, each satellite takes its position in an orbital plane of eleven satellites that fully encircle the earth. The entire Iridium constellation is comprised of six planes of eleven satellites. These 66 satellites form a cross-linked mesh to enable the hand-off of traffic in space with minimal need for ground infrastructure.

Iridium's global network is ideal for monitoring agricultural sensors in remote regions and aiding precision farming through the use of dual-mode communications.

Iridium's encrypted solutions enable governments and militaries to conduct mission-critical operations, from training exercises to combat and humanitarian relief.

Aireon's revolutionary surveillance technology will make air travel safer and more efficient by allowing real-time management of global airspace by air traffic controllers.

a 4% rise in subscriber equipment revenue during the year to $77.1 million, while equipment margins rose to 42% on elevated sales of our high-margin handsets. Our Push-to-Talk service was utilized in storm coordination and recovery during the season, and continues to demonstrate its value for organizations involved in disaster relief.

Our contract with the U.S. government continues to provide significant value for both parties. Our government business revenue held steady at $88 million in 2017, while total subscribers grew 19% to a record 100,000 users. Our enduring relationship with the U.S. government has broadened the use of Iridium's global services within the military, and the fixed-priced nature of our 5-year contract has generated value for the U.S. government by reducing their average cost per subscriber.

Finally, Iridium started to recognize hosted payload revenue from new Iridium NEXT satellites that were put into service in 2017. This revenue reflects Iridium's data service and hosting fee revenues tied to contracts with Aireon and Harris Corporation, which totaled $2.3 million this past year. We expect revenues from these customers to continue to ramp as new Iridium NEXT satellites are placed in service, until we reach hosted payload revenue of approximately $47 million per year.

I am very excited about the progress Iridium made in 2017. We executed well in our core business and planted the seeds for strong market share gains with the deployment of Iridium NEXT.

As Iridium moves to complete the Iridium NEXT mission in 2018, the heightened level of activity in the satellite industry underscores the commercial and consumer opportunities offered by space-based technologies. Enthusiasm for innovative satellite applications is palpable, and the breadth of business opportunities is large. This remains an exciting time to be involved in NewSpace. Our Company enters 2018 with great pride in the path we've traveled and tremendous opportunity to grow our strong market position.

Matthew J. Desch
Chief Executive Officer
April 2018

"I am very excited about the progress Iridium made in 2017. We executed well in our core business and planted the seeds for strong market share gains with the deployment of Iridium NEXT."

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2017

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 incorporation or organization)	**(I.R.S. Employer 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**
6.75% Series B Cumulative Perpetual Convertible Preferred Stock, $0.0001 par value	**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, a smaller reporting company, or emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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 ☐

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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, 2017 was approximately $930.6 million.

The number of shares of the registrant's common stock, par value $0.001 per share, outstanding as of February 15, 2018 was 98,211,433.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2018 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, 2017, are incorporated by reference into Part III of this Form 10-K.

IRIDIUM COMMUNICATIONS INC.

ANNUAL REPORT ON FORM 10-K
Year Ended December 31, 2017

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Forward-Looking Statements

This report 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 developments 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 this Form 10-K 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 I

Item 1. Business

Corporate Background

We were formed as GHL Acquisition Corp., a special purpose acquisition company, in November 2007, for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar business combination. On February 21, 2008, we consummated our initial public offering. On September 29, 2009, we acquired, directly and indirectly, all the outstanding equity of Iridium Holdings LLC, or Iridium Holdings, and changed our name from GHL Acquisition Corp. to Iridium Communications Inc.

Iridium Holdings was formed under the laws of Delaware in 2000, and on December 11, 2000, Iridium Holdings, through its wholly owned subsidiary Iridium Satellite LLC, or Iridium Satellite, acquired certain satellite assets from Iridium LLC, a non-affiliated debtor in possession, pursuant to an asset purchase agreement.

Business Overview

We are the only commercial provider of communications services offering true global coverage, connecting people, organizations and assets to and from anywhere, in real time. Our unique L-band satellite network provides reliable communications services to regions of the world where terrestrial wireless or wireline networks do not exist or are limited, including remote land areas, open ocean, airways, 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 via our satellite network, which has an architecture of 66 operational satellites with in-orbit spares and related ground infrastructure. We utilize an interlinked mesh architecture to route traffic across our satellite constellation using radio frequency crosslinks between satellites. This unique architecture minimizes the need for local 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 are in the process of replacing our first-generation constellation with our Iridium® NEXT satellite constellation, which will support more bandwidth and higher speeds for new products. We have completed four of eight planned launches, and we expect to complete the four remaining launches in 2018. Iridium NEXT will maintain the same interlinked mesh architecture of our first-generation constellation, with 66 operational satellites, as well as in-orbit and ground spares. Thales Alenia Space France, or Thales, is producing the Iridium NEXT satellites, which are compatible with our first-generation constellation and current end-user equipment, so that as we replace each first-generation satellite in our constellation with an Iridium NEXT satellite, we do not affect service to our end users. In addition to the 40 satellites we have already launched on four dedicated rockets, we plan to deploy 35 additional satellites on three dedicated Falcon 9 rockets and one shared Falcon 9 rocket, each launched by Space Exploration Technologies Corporation, or SpaceX. We estimate the costs associated with the design, build and launch of Iridium NEXT and related ground infrastructure upgrades through 2018 to be approximately $3 billion. Our funding plan for these costs includes the substantial majority of the funds under our $1.8 billion credit facility, or the Credit Facility, which was fully drawn in February 2017, together with cash on hand and internally generated cash flows, including cash flows from hosted payloads. As described in this report, we also anticipate raising additional capital through the issuance of debt, which may take the form of debt securities, credit facilities or other forms of indebtedness.

The Iridium NEXT constellation will also host the Aireon℠ system to provide a global air traffic surveillance service through a series of automatic dependent surveillance-broadcast, or ADS-B, receivers on the Iridium NEXT satellites. We formed Aireon LLC in 2011, with subsequent investments from the air navigation service providers, or ANSPs, of Canada, Italy, Denmark and Ireland, to develop and market this service. Aireon has contracted to provide the service to our co-investors in Aireon, as well as NATS (En Route) PLC,

the ANSP of the United Kingdom, and other ANSPs around the world. Aireon is offering the service to ANSP customers worldwide, including the U.S. Federal Aviation Administration, or FAA. Aireon has contracted to pay us a fee to host the ADS-B receivers on Iridium NEXT, as well as data service fees for the delivery of the air traffic surveillance data over the Iridium NEXT system. In addition, we have entered into an agreement with Harris Corporation, the manufacturer of the Aireon hosted payload, pursuant to which Harris pays us fees to allocate the remaining hosted payload capacity to its customers and data service fees on behalf of these customers.

Our commercial business, which we view as our primary source of long-term growth, is diverse and includes markets such as emergency services, maritime, aviation, government, utilities, oil and gas, mining, recreation, forestry, heavy equipment, construction and transportation. Many of our end users view our products and services as critical to their daily operations and integral to their communications and business infrastructure. For example, multinational corporations in various sectors use our services for business telephony, e-mail and data transfer, including telematics, and to provide mobile communications services for employees in areas inadequately served by other telecommunications networks. Commercial enterprises use our services to track assets in remote areas and provide telematics information such as location and engine diagnostics. Ship crews and passengers use our services for ship-to-shore calling, as well as to send and receive e-mail and data files, and to receive electronic media, weather reports, emergency bulletins and electronic charts. Shipping operators use our services to manage operations on board ships and to transmit data, such as course, speed and fuel stock. Aviation end users use our services for air-to-ground telephony and data communications for position reporting, emergency tracking, weather information, electronic flight bag updates and fleet information.

The U.S. government, directly and indirectly, has been and continues to be our largest single customer, generating $106.1 million in service and engineering and support service revenue, or 24% of our total revenue, for the year ended December 31, 2017. This does not include revenue from the sale of equipment that may be ultimately purchased by U.S. or non-U.S. government agencies through third-party distributors, or airtime services purchased by U.S. or non-U.S. government agencies that are provided through our commercial gateway, as we lack specific visibility into these activities and the related revenue. We have a multi-year, fixed-price contract with the U.S. government to provide satellite airtime services for an unlimited number of U.S. Department of Defense, or DoD, and other federal government subscribers, with a total contract value of $400 million over its five-year term through October 2018.

The DoD owns and operates a dedicated gateway in Hawaii that is only compatible with our satellite network. The U.S. armed services, State Department, Department of Homeland Security, Federal Emergency Management Agency, or FEMA, Customs and Border Protection, and other U.S. government agencies, as well as other nations' governmental agencies, use our voice and data services for a wide variety of applications. Our voice and data products are used for numerous primary and backup communications solutions, including logistical, administrative, morale and welfare, tactical, and emergency communications. In addition, our products are installed in ground vehicles, ships, rotary and fixed-wing aircraft and are used for command-and-control and situational awareness purposes. Our satellite network provides increased network security to the DoD because traffic is routed across our satellite constellation before being brought down to earth through the dedicated, secure DoD gateway. The DoD has made, and continues to make, significant investments to upgrade its dedicated gateway for Iridium NEXT and to purchase our voice and data devices, all of which are only compatible with our satellite network. In addition, the DoD continues to invest directly and indirectly in additional services on our network such as Distributed Tactical Communications Services, or DTCS.

We sell our products and services to commercial end users primarily through a wholesale distribution network, encompassing approximately 140 service providers, approximately 220 value-added resellers, or VARs, and approximately 85 value-added manufacturers, or VAMs, which create and sell technology that uses the Iridium network either 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 using our products and services to target specific lines of business. We expect that demand for our services will increase as more applications are developed and deployed that utilize our technology.

At December 31, 2017, we had approximately 969,000 billable subscribers worldwide, representing a 14% increase compared to December 31, 2016. Total revenue increased from $433.6 million in 2016 to $448.0 million in 2017.

Industry

We compete in the mobile satellite services sector of the global communications industry. Mobile satellite services operators provide voice and data services to people and machines using a network of satellites and ground facilities. Mobile satellite services are intended to meet users' needs for connectivity in all locations where terrestrial wireline and wireless communications networks do not exist, do not provide sufficient coverage, or are impaired. Further, many regions of the world benefit from satellite networks, such as rural and developing areas that lack adequate wireless or wireline networks, airways, ocean and polar regions where few alternatives exist, and regions where the telecommunications infrastructure has been affected by political conflicts or natural disasters.

Government organizations, including military and intelligence agencies and disaster response agencies, non-governmental organizations, and industrial operations and support teams depend on mobile and fixed voice and data satellite communications

services on a regular basis. Businesses with global operations require reliable communications services when operating in remote locations around the world. Mobile satellite services users span many sectors, including emergency services, maritime, aviation, government, utilities, oil and gas, mining, recreation, forestry, heavy equipment, construction and transportation, among others. Many of our customers view satellite communications services as critical to their daily operations.

We believe that increasing mobile penetration creates additional demand for the mobile satellite services industry. According to a 2017 study by the GSM Association, total mobile connections reached 7.9 billion throughout the world as of the end of 2016 and are projected to reach 9.7 billion by 2020.

We believe that growth in the terrestrial wireless industry has increased awareness of the need for reliable mobile voice and data communications services. In addition, despite significant penetration and competition, terrestrial wireless systems only serve a small fraction of the earth's surface and are focused mainly in those areas where people live, excluding oceans and other remote regions where ships, airplanes and other remote assets may travel or be located. By offering mobile communications services with global voice and data coverage, mobile satellite service providers address the demand from businesses, governments and individuals for connectivity and reliability in locations not consistently served by wireline and wireless terrestrial networks.

The mobile satellite services industry also benefits from the continued development of innovative, lower-cost technology and applications integrating mobile satellite products and services, including the continued advancement of the Internet of Things, or IoT. We believe that growth in demand for mobile satellite services is driven in large part by the declining cost of these services, the diminishing size and lower costs of voice, data and IoT devices, the rollout of new applications tailored to the specific needs of customers across a variety of markets, and a more favorable regulatory environment in international markets.

Communications industry sectors include:

- mobile satellite services, which provide customers with voice and data connectivity to mobile and fixed devices using ground facilities and networks of geostationary, or GEO, satellites, which are located approximately 22,300 miles above the equator, medium earth orbit satellites, which orbit between approximately 6,400 and 10,000 miles above the earth's surface, or low earth orbit, or LEO, satellites, such as those in our constellation, which orbit between approximately 300 and 1,000 miles above the earth's surface;
- fixed satellite services, which use GEO satellites to provide customers with broadband communications links between fixed points on the earth's surface; and
- terrestrial services, which use a network of land-based equipment, including switching centers and radio base stations, to provide wireless or wireline connectivity and are complementary to satellite services.

Within the major satellite sectors, fixed satellite services and mobile satellite services operators differ significantly from each other with respect to size of antenna and types of services offered. Fixed satellite services providers, such as Intelsat S.A., Eutelsat Communications S.A. and SES S.A., are characterized by large, often stationary or fixed ground terminals that send and receive high-bandwidth signals to and from the satellite network for video and high-speed data customers and international telephone markets. By contrast, mobile satellite services providers, such as us, Inmarsat plc, Globalstar, Inc., and ORBCOMM Inc. focus more on voice and data services, where mobility and small-sized terminals are essential.

A LEO system, such as the system we operate, generally has lower transmission delays than a GEO system, such as that operated by Inmarsat, due to the shorter distance signals have to travel, which also enables the use of smaller antennas on mobile devices. We believe the unique interlinked mesh architecture of our constellation, combined with the global footprint of our satellites, distinguishes us from regional LEO satellite operators such as Globalstar and ORBCOMM, by allowing us to route voice and data transmissions to and from anywhere on the earth's surface without the need for local infrastructure. As a result, we are the only mobile satellite services operator offering real-time, low-latency services with true global coverage, including full coverage of the polar regions.

Our Competitive Strengths

- *Iridium NEXT.* We expect to complete our Iridium NEXT constellation replacement in 2018. Iridium NEXT enables new products and services, including our planned global broadband offering, Iridium Certus℠, supports more bandwidth and higher speeds for new products, provides service continuity and backwards compatibility to our first-generation constellation, and supports Aireon's aircraft tracking service, as well as other hosted payload missions.
- *Attractive and growing markets.* We believe that the mobile satellite services industry will continue to experience growth driven by the increasing awareness of the need for reliable mobile voice and data communications services, the lack of coverage by terrestrial wireless systems of most of the earth's surface, and the continued development of innovative, lower cost technology, applications integrating mobile satellite products and services and the continued development of the IoT. Only satellite providers can offer global coverage, and the satellite industry is characterized by significant financial, technological and regulatory barriers to entry.

- *True global coverage.* Our network provides true global coverage, which none of our competitors, whether LEO or GEO, can offer. Our network design of 66 operational satellites relies on an interlinked mesh architecture to transmit signals from satellite to satellite, which reduces the need for multiple local ground stations around the world and facilitates the global reach of our services. GEO satellites orbit above the earth's equator, limiting their visibility to far northern or southern latitudes and polar regions. LEO satellites from operators like Globalstar and ORBCOMM use an architecture commonly referred to as "bent pipe," which requires voice and data transmissions to be immediately routed to ground stations in the same region and can only provide real-time service when they are within view of a ground station, limiting coverage to areas near where they have been able to license and locate ground infrastructure. The LEO design of our satellite constellation produces minimal transmission delays compared to GEO systems due to the shorter distance our signals have to travel. Additionally, LEO systems typically have smaller antenna requirements and are less prone to signal blockage caused by terrain and other environmental factors than GEO satellite networks. As a result, we believe that we are well-positioned to capitalize on the growth in our industry from end users who require reliable, easy-to-use communications services in all locations.
- *Wholesale distribution network.* The specialized needs of our global end users span many markets, including emergency services, maritime, aviation, government, utilities, oil and gas, mining, recreation, forestry, heavy equipment, construction and transportation. We sell our products and services to commercial end users primarily through a wholesale distribution network of service providers, VARs and VAMs, which often specialize in a particular line of business. Our distributors use our products and services to develop innovative and integrated communications solutions for their target markets, often combining our products with other technologies, such as GPS and terrestrial wireless technology. In addition to promoting innovation, our wholesale distribution model allows us to capitalize on the research and development expenditures of our distribution partners, while lowering overall customer acquisition costs and mitigating some risks, such as consumer relationship risks. By supporting these distributors as they develop new products, services and applications, we believe we create additional demand for our products and services and expand our target markets at a lower cost than would a more direct marketing model. We believe our distribution network can continue to grow with us and increase our market penetration.
- *Strategic relationship with the U.S. government.* The U.S. government is our largest single customer, and we have had a relationship with the DoD since our inception. We believe the DoD views our IoT devices, encrypted handset, DTCS and other products as mission-critical services and equipment. The DoD continues to make significant investments in a dedicated gateway on a U.S. government site to provide operational security and allow DoD handset and IoT users to communicate securely with other U.S. government communications equipment. This gateway is only compatible with our satellite network. In October 2013, we entered into a five-year, fixed-price contract with the U.S. government to provide satellite airtime services for an unlimited number of DoD and other federal government subscribers, with a total contract value of $400 million. We have seen significant annual increases in the number of federal government subscribers during the term of this agreement. As a result, the average cost per user under this agreement has fallen, increasing the value of Iridium services to U.S. government customers.

Our Business and Growth Strategies

- *Complete the deployment of the Iridium NEXT constellation.* We have completed four of eight scheduled launches to deploy our next-generation satellite constellation, Iridium NEXT, which is replacing our first-generation constellation with a more powerful satellite network while maintaining backward compatibility with our first-generation system and end-user devices. A fifth launch is scheduled for March 2018. Iridium NEXT maintains our first-generation system's key attributes, including the capability to upload new software, while providing new and enhanced capabilities, such as higher data speeds and increased capacity. We believe Iridium NEXT will expand our target markets by enabling us to develop and offer a broader range of products and services, including a wider array of cost-effective and competitive broadband and IoT data services through Iridium Certus technology.
- *Leverage our largely fixed-cost infrastructure by growing our service revenue*. Our business model is characterized by high capital costs, primarily incurred every 10 to 15 years, in connection with designing, building and launching new generations of our satellite constellation, but the incremental cost of providing service to additional end users is relatively low. We believe that service revenue will be our largest source of future growth and profits, and we intend to focus on growing both our commercial and government service revenue in order to leverage our largely fixed-cost infrastructure. In particular, we believe that competitive broadband data services through Iridium Certus and IoT services, where we are engaging large, global enterprises as long-term customers for telematics solutions, represent our greatest opportunities for service revenue growth.
- *Accelerate the development of personal communications capabilities*. Part of our strategy for the development of personal mobile satellite communications is to allow users to connect to our network in more ways, including from devices such as smartphones, tablets and laptops through our Iridium GO!® device; by making our technology more accessible and cost-effective for our distribution partners to integrate by licensing our core technologies; by adding new functionality, such as

push-to-talk, or PTT, capability, allowing multiple users to participate in talk groups worldwide; by providing rugged, dependable devices and services; and by developing new services, such as Iridium Certus, that will take advantage of the improved capabilities of the Iridium NEXT constellation.

- *Continue to expand our distribution network*. We believe our wholesale distribution network lowers our costs and risks, and we plan to continue to selectively expand our network of service providers, VAMs and VARs and to expand our sales and distribution efforts geographically. We expect that our current and future value-added partners will continue to develop customized products, services and applications targeted to the land mobile, IoT, maritime, aviation and government markets. We believe these markets represent an attractive opportunity for continued subscriber growth.
- *Continued growth in services provided to the DoD*. In October 2013, we executed a five-year Enhanced Mobile Satellite Services, or EMSS, contract with the Defense Information Systems Agency, or DISA. Under the terms of this agreement, we provide Iridium airtime and airtime support to U.S. government and other authorized customers, including voice, low- and high-speed data, paging, broadcast, and distributed tactical communication services. The service fee under the EMSS contract is $88 million per year for the remaining term, and we have begun discussions with the U.S. government on a new EMSS contract, which we expect to enter into later in 2018 or in early 2019. In addition, other services we are developing, such as Iridium Certus and Satellite Time and Location service, provide us with opportunities to offer new products and services to the DoD for an additional fee.
- C*ontinue to develop Aireon*. Aireon, which we formed in 2011, is our primary hosted payload customer. Aireon received subsequent investments from four ANSPs, NAV CANADA, Enav (Italy), Naviair (Denmark) and the Irish Aviation Authority. Aireon has developed an ADS-B receiver which is hosted on Iridium NEXT and gathers ADS-B position information from aircraft to provide a global air traffic surveillance service. Aireon has contracted to offer its service to our co-investors in Aireon, as well as NATS and other ANSPs, and plans to offer it to other customers worldwide, including the FAA. Aireon has contracted to pay us a fee to host the ADS-B receivers on Iridium NEXT and pays us data service fees for the delivery of the air traffic surveillance data over the Iridium NEXT system. We will also continue to hold an equity stake in Aireon.

Distribution Channels

We sell our products and services to customers through a wholesale distribution network of approximately 140 service providers, approximately 220 VARs and approximately 85 VAMs. These distributors sell our products and services to end users, either directly or indirectly through service providers, VARs or dealers. Of these distributors, 34 sell primarily to U.S. and international government customers. Our distributors often integrate our products and services with other complementary hardware and software and have developed individual solutions targeting specific lines of business. We also sell airtime services directly to the U.S. government, including the DoD, for resale to other government agencies. The U.S. government and international government agencies may purchase additional services as well as our products and related applications through our network of distributors.

We provide our distributors with support services, including assistance with coordinating end user sales and marketing, strategic planning and training, and second-tier customer support, as well as helping them respond to new opportunities for our products and services. We have representatives covering three regions around the world to better manage our distributor relationships: the Americas, which includes North, South and Central America; Asia Pacific, which includes Australia and Asia; and Europe, the Middle East, Africa and Russia. We have also established a global service program to provide portside service for our maritime customers at major ports worldwide. In addition, we maintain various online management tools that allow us to communicate efficiently with our distributors, and allow them to manage their customers' Iridium devices from anywhere in the world. By relying on our distributors to manage end user sales, we believe that we reduce some of the risks and costs related to our business, such as consumer relationship risks and sales and marketing costs, while providing a broad and expanding distribution network for our products and services with access to diverse and geographically dispersed niche markets. We are also able to benefit from the specialized expertise of our distributors, who continue to develop innovative and improved solutions and applications integrating our product and service offerings, providing us with an attractive platform to support our growth.

Commercial Markets

We view our commercial business as our primary source of long-term growth. Service providers and VARs serve as our main distribution channel by purchasing our products and services and marketing them directly to their customers or indirectly through independent dealers. They are each responsible for customer billing, end user customer care, managing credit risk and maintaining all customer account information. If our service providers or VARs provide our services through dealers, these dealers will often provide such services directly to the end user. Service providers typically purchase our most basic products and services, such as mobile voice services and related satellite handsets, and offer additional services such as voice mail. Unlike service providers, our VARs typically focus more on data applications and provide a broader array of value-added services specifically targeted to the niche markets they serve, such as IoT, maritime, aviation and government markets, where high-use customers with specialized needs are concentrated. These VARs integrate our handsets, transceivers, high-speed data devices and

Short-Burst Data®, or SBD®, modems with other hardware and software to create packaged solutions for end users. Examples of these applications include cockpit voice and data solutions for use by the aviation sector and voice, data and tracking applications for industrial customers, such as Caterpillar Inc., the DoD and other U.S. and foreign government agencies. Our service providers include satellite service providers such as Marlink SAS, Applied Satellite Technology Limited and Network Innovations, as well as some of the largest telecommunications companies in the world, including Telstra Corporation Limited, KDDI Corporation and Singapore Telecommunications Limited. Our VARs include ARINC Incorporated, Blue Sky Network, LLC, Caterpillar Inc., Garmin Ltd., General Dynamics Corporation, Gogo Business Aviation LLC, Komatsu Limited, Kore Telematics Inc., MetOcean Telematics Limited, Mix Telematics International (Pty) Ltd., NAL Research Corporation, OnixSat Rastreamento de Veículos Ltda. and Zunibal S.A.

We also sell our products to VAMs, who integrate our transceivers into their proprietary hardware. These VAMs produce specialized end-user equipment, including integrated ship, vehicular and aviation communications systems, and global asset tracking devices, which they offer to end users in IoT, maritime, aviation and government markets. As with our service providers and VARs, VAMs sell their products either directly or through other distributors, including some of our service providers and VARs. Our VAMs include Applied Satellite Engineering, Inc., Beam Communications Pty Ltd., Calamp Wireless Networks Corporation, Cobham plc, Garmin Ltd., Gilat Satcom Ltd., Honeywell and Quake Global, Inc.

In addition to VARs and VAMs, we maintain relationships with approximately 45 value-added developers, or VADs. We typically provide technical information to these companies on our products and services, which they then use to develop software and hardware that complements our products and services in line with the specifications of our VARs and VAMs. These products include handset docking stations, airline tracking and flight management applications and crew e-mail applications for the maritime industry. We believe that working with VADs allows us to create new platforms for our products and services and increases our market opportunity while reducing our overall research and development, marketing and support expenses. Our VADs include Global Marine Networks, LLC, Hirschmann Automation and Controls, Inc., Maxtena, Inc. and Two10degrees Limited.

We maintain a pricing model for our commercial products and services with a wholesale rate structure. Under our distribution agreements, we charge our distributors wholesale rates for commercial products and services, subject to discount and promotional arrangements and geographic pricing. We also charge fixed monthly access fees per subscriber for some of our services. Our distributors are in turn responsible for setting their own pricing to their customers. Our agreements with distributors typically have terms of one year and are automatically renewable for additional one-year terms, subject to termination rights. We believe this business model provides incentives for distributors to focus on selling our commercial product and service portfolio and developing additional applications. An additional benefit of this model is simplicity. This model reduces back-office complexities and costs and allows distributors to remain focused on revenue generation.

Government Markets

We provide mission-critical mobile satellite products and services to all military branches of the DoD as well as other U.S. government departments and agencies. These users require voice and two-way data capability with global coverage, low latency, mobility and security and often operate in areas where no other terrestrial or wireless means of communications are available. We believe we are well-positioned to satisfy demand from these users. Our 9575A satellite handset is the only commercial, mobile handheld satellite phone that is capable of Type I encryption accredited by the U.S. National Security Agency for Top Secret voice communications. In addition, the DoD continues to make significant investments in a dedicated gateway that provides operational security and allows users of encrypted DoD handsets to communicate securely with other U.S. government communications equipment. These investments include upgrading the gateway to take advantage of the enhanced capabilities of Iridium NEXT, including new products. This gateway is only compatible with our satellite network.

We provide airtime and airtime support to U.S. government and other authorized customers pursuant to our five-year EMSS contract, which is effective through October 21, 2018, but can be unilaterally extended by the government for a period of six months. Under the terms of this agreement, authorized customers utilize our airtime services through the DoD's dedicated gateway. These services include unlimited global secure and unsecure voice, low and high-speed data, paging, broadcast, and DTCS services for an unlimited number of DoD and other federal subscribers. Other services may be purchased at an additional cost. The fixed-price rate for the contract is $88 million per year. While we sell airtime directly to the U.S. government for resale to end users, our hardware products are sold to U.S. government customers through our network of distributors, which typically integrate them with other products and technologies. Pursuant to federal acquisition regulations, the U.S. government may terminate the EMSS contract, in whole or in part, at any time. We have begun discussions with the U.S. government on a new EMSS contract, and we expect that we will be successful in renewing this agreement.

We also provide maintenance services for the DoD gateway pursuant to our Gateway Maintenance and Support Services, or GMSS, contract managed by DISA. This agreement, effective September 2013, provides for a one-year base term and up to four additional one-year options, all of which have been exercised, for a total value of the contract to us of approximately $38 million.

Pursuant to federal acquisition regulations, the U.S. government may terminate the GMSS contract, in whole or in part, at any time. In addition, it may be unilaterally extended by the government for a period of six months. We have begun discussions with the U.S. government on a new GMSS contract and we expect that we will be successful in renewing this agreement.

In October 2012, we were also awarded a five-year indefinite-delivery/indefinite-quantity contract from DISA to upgrade the DoD gateway and ensure its compatibility with Iridium NEXT. This contract has a one-year base period and four one-year options, all of which have been exercised, and has a value of $47 million to us over the full five-year period. Currently the DoD is working under a continuing statement of work.

U.S. government services accounted for approximately 24% of our total revenue for the year ended December 31, 2017. Our reported U.S. government revenue includes airtime revenue derived from the EMSS contract and services provided through the GMSS contract and other engineering and support contracts with the U.S. government. This revenue does not include airtime services purchased by U.S. or non-U.S. government agencies that are provided through our commercial gateway, which we report as commercial service revenue, or equipment purchased by government customers from third-party distributors. We are unable to determine the specific amount of U.S. government revenue derived from these commercial sources.

Lines of Business

The specialized needs of our global customers span many markets. Our system is able to offer our customers cost-effective communications solutions with true global coverage in areas unserved or underserved by existing telecommunications infrastructure. Our mission-critical communications solutions have become an integral part of the communications and business infrastructure of many of our end users. In many cases, our service is the only connectivity for these critical applications or is used to complement terrestrial communications solutions. We expect our planned 2018 introduction of Iridium Certus to impact our opportunities in each of our lines of business by providing end users an additional competitive broadband communication solution.

Our current principal lines of business include land mobile, IoT, maritime, aviation and government.

Land Mobile

We are the leading provider of mobile satellite communications services to the land mobile sector, providing handset services to areas not served or inconsistently served by existing terrestrial communications networks. In a 2017 report, Euroconsult estimated that there were approximately 645,000 active satellite handsets in the market in 2016. Mining, forestry, construction, oil and gas, utilities, heavy industry and transport companies as well as the military, public safety and disaster relief agencies constitute the largest portion of our land mobile end users. We also include sales of Iridium GO! and Iridium push-to-talk, or PTT, services in the land mobile sector. We believe that demand for mobile communications devices operating outside the coverage of terrestrial networks, combined with our small, lightweight, durable handsets with true global coverage, will allow us to capitalize on growth opportunities among these users.

Our land mobile end users utilize our satellite communications services for:

- *Voice and data*: Multinational corporations in various sectors use our services for business telephony, e-mail and data transfer services, location-based services, and to provide telephony services for employees in areas inadequately served by terrestrial networks. Oil and gas and mining companies, for example, provide their personnel with our equipment solutions while surveying new drilling and mining opportunities and while conducting routine operations in remote areas that are not served by terrestrial wireless communications networks. In addition, a number of recreational, scientific and other outdoor segments rely on our mobile handheld satellite phones and services for use when beyond terrestrial wireless coverage. In addition, Iridium PTT offers military, first responder, oil and gas, civil government and other users the ability to hold group calls using the Iridium Extreme® PTT handset. Our VAMs and VARs can also develop their own land mobile, fixed, aviation or maritime Iridium PTT devices using the Iridium 9523 PTT core transceiver.
- *Mobile and remote office connectivity*: A variety of enterprises use our services to make and receive voice calls and to establish data, e-mail, internet and corporate network connections.
- *Public safety and disaster relief*: Relief agencies, such as FEMA, and other agencies, such as the Department of Homeland Security, use our products and services in their emergency response plans, particularly in the aftermath of natural disasters such as Hurricane Harvey, Hurricane Irma, Hurricane Maria and the Mexican earthquake and in places like Puerto Rico after the 2017 hurricanes. These agencies generate significant demand for both our voice and data products, especially in advance of the hurricane season in North America.
- *Public telephone infrastructure*: Telecommunications service providers use our services to satisfy regulatory mandates and government expectations regarding the availability of communications services for rural populations currently not served by terrestrial infrastructure. Telstra Corporation, for example, uses our services to provide communications services in some of Australia’s most remote locations.

Internet of Things

We are one of the leading providers of satellite-based IoT services. We believe the early stage of this market and its low penetration present opportunities for future growth. As with land mobile, our largest IoT users include mining, construction, oil and gas, utilities, heavy industry, maritime, forestry and transport companies, as well as the military, public safety and disaster relief agencies. We believe increasing demand for automated data collection processes from mobile and remote assets operating outside the coverage of terrestrial wireline and wireless networks, as well as the continued need to integrate the operation of such assets into enterprise management and information technology systems, will likewise increase demand for our IoT applications. For example, our IoT devices have been adopted as standard equipment and as factory options by heavy equipment manufacturers such as Caterpillar Inc., to provide telematics solutions for end users.

Our IoT services are used for:

- *Heavy equipment monitoring:* Large, global heavy equipment original equipment manufacturers, such as Caterpillar Inc., Komatsu Limited, Hitachi Construction Machinery Co. Ltd., CNH Global N.V. and AGCO Corporation, use our global IoT services to monitor their off-road heavy equipment in markets such as construction, mining, agriculture and forestry.
- *Fleet management*: Our global coverage permits our products and services to be used to monitor the location of vehicle fleets, hours of service and engine telemetry data, as well as to conduct two-way communications with drivers around the world. Fleet management companies, such as Trimble Transportation & Logistics, Mix Telematics and Zatix, use our service to provide distance drivers with reliable communication to their dispatchers and their destinations to coordinate changing business needs, and our satellite network provides continuous communications coverage while they are in transit. We expect that the need for more efficient, cost-effective and safer fleet operations, as well as the imposition of regulatory mandates related to driver safety, such as drive-time monitoring, will increase demand for our services in this area.
- *Fixed-asset monitoring*: Multinational corporations, such as oil-field service companies like Schlumberger Limited and ConocoPhillips Company, use our services to run applications that allow remote monitoring and operation of equipment and facilities around the globe, such as oil pipelines and offshore drilling platforms.
- *Asset tracking*: Leveraging IoT applications developed by several of our distributors, companies use our services and related devices to track assets, including personnel, for logistics, theft-prevention and safety purposes. Companies and organizations that have fleets of vehicles use IoT solutions from Iridium distributors to improve the efficiency of their operations. For example, customers use inthinc's waySmart IoT solution to reduce accidents and increase vehicle uptime, and the Department of Homeland Security Office of Enforcement and Removal uses Fleet Management Solutions' IoT solution to transmit position, direction, speed and other data for management of its vehicle fleet.
- *Resource management*: Our global coverage and data throughput capabilities support natural resource management applications, such as fisheries management systems. CLS and FW Telematics, two of our VARs, have developed applications for the fishing industry that enable regulatory compliance of fishing practices in a number of countries around the world.
- *Scientific data monitoring*: The global coverage of our network supports many scientific data collection applications such as the Argo float program of the National Oceanographic and Atmospheric Administration, or NOAA, and the Global Ocean Observation project Challenger, operated by Rutgers University. These programs rely on our IoT services to collect scientific data from buoys and ocean gliders located throughout the world's oceans for monitoring and analysis. We believe the increased need for monitoring climate and environmental data associated with global climate change and human impact on the planet will increase demand for these services.
- *Personal Tracking Devices and Location-Based Services*: Several of our VAMs and VARs, such as Garmin, NAL Research and Track24, have introduced small, portable personal tracking devices that will provide personal tracking and data communications services to consumers and commercial end users. In addition, Iridium GO! and the Iridium Extreme handsets offer personal tracking and location-based services. These devices use IoT data services to send location information and other data to web-based portals for tracking of and messaging with users.

Maritime

We serve the commercial maritime market with a variety of products including broadband terminals, embedded devices and handsets. This market space includes merchant shipping, fishing, research vessels and specialized watercraft. The majority of our revenue in this segment is derived from shipboard data terminals including the Iridium Pilot®. While some Iridium Pilot equipment serves the terrestrial market, the vast majority of Iridium Pilot service revenue comes from the commercial maritime market. Our products and services targeting the maritime market typically have high average revenue per subscriber. Once a system is installed on a vessel, it often generates a multi-year recurring revenue stream from the customer. As a consequence, from time to time we may offer promotions or rebates to accelerate new customer acquisitions and solidify this expected long-term revenue stream.

We believe demand for higher-speed, low-cost data services will allow us to capitalize on opportunities in this market. We believe Iridium Pilot, which uses our Iridium OpenPort® service to offer uncompressed data speeds of up to 134 kilobits per second, or kbps, and three independent voice lines, presents a competitive communication solution at this speed to users in the maritime market. Iridium Certus, which we expect to introduce this year, will provide increased throughput using our Iridium NEXT constellation, along with a portfolio of voice and data services that we expect to increase the addressable market for our maritime services.

Maritime end users utilize our satellite communications services for the following:

- *Business critical data applications*: Ship operators use our services to exchange e-mail and data files and to receive other information such as meteorological reports, emergency bulletins, cargo and voyage data and electronic chart updates. We believe Iridium Pilot provides attractively priced options for shipping operators and fishing fleets seeking increased functionality, as well as for yachts, work boats and other vessels for which traditional marine satellite systems have typically been costly and underperforming.
- *Voice services*: Maritime global voice services are used for both vessel operations and communications for crew welfare. Merchant shipping companies use prepaid phone cards for crew use at preferential around-the-clock flat rates.
- *Vessel management and asset tracking*: Shipping operators, such as China Ocean Shipping Company (COSCO) and Zodiac Shipping Ltd., use our services to manage operations on ships and to transmit data, such as course, speed and fuel stock. Our services are commonly integrated with GPS to provide a real-time position reporting capability. Many fishing vessels are required by law to carry terminals using approved mobile satellite services for tracking purposes as well as to monitor catches and to ensure compliance with geographic fishing restrictions. European Union regulations, for example, require EU-registered fishing vessels of over 15 meters to carry terminals for the purpose of positional reporting of those vessels. Furthermore, new security regulations in some jurisdictions are expected to require tracking of merchant vessels in territorial waters, which would provide an additional growth opportunity for us.
- *Safety and Security applications*: Ships in distress, including as a result of potential piracy, hijack or terrorist activity, rely on mobile satellite voice and data services. The Ship Security and Alert Systems and Long Range Identification Tracking regulations were adopted by the International Maritime Organization, or IMO, to enhance maritime security in response to the threat from terrorism and piracy. Most deep-sea passenger and cargo ships must be fitted with a device that can send an alert message containing the ship's ID and position whenever the ship is under threat or has been compromised. In addition, the IMO and a NATO advisory group have recommended the installation of a safe room equipped with a standalone secure communication link the crew can use from inside the room to communicate with rescuing forces. Our distribution partners have developed several product solutions using our network to meet these requirements for merchant and fishing vessels.

  The Global Maritime Distress and Safety System, or GMDSS, is a maritime service built to alert a maritime rescue coordination center of each vessel's situation and position, information that can then be used to coordinate search and rescue efforts among ships in the area. The IMO requires all vessels flagged by signatories to the International Convention for the Safety of Life at Sea (SOLAS) over 300 gross tons and certain passenger vessels, irrespective of size, that travel in international waters to carry distress and safety terminals that use GMDSS applications. We are working through the authorization process with the IMO for inclusion in the GMDSS. Upon completing this process, we expect our maritime terminals, which will include GMDSS service capabilities developed by our manufacturing licensees, to be available to vessel operators.

Aviation

We are one of the leading providers of mobile satellite communications services to the aviation sector. Our services are increasingly used in commercial and global government aviation applications, principally by corporate jets, corporate and government helicopter fleets, specialized general aviation fleets, such as medevac companies and fire suppression fleets, and high-end personal aircraft. Our services are also employed by commercial airline operators for flight deck voice and data link services for aircraft operational and safety communications. As a result of authorizations by the FAA and U.S. Federal Communications Commissions, or FCC, for us to provide air traffic datalink communications, commercial operators are installing avionics that use the Iridium network on the flight deck to comply with international air navigation communications requirements to operate in oceanic and remote airspace. Voice and data avionics platforms from our VAMs and VARs have been adopted as standard equipment and as factory options for a range of airframes in business aviation and air transport, such as Gulfstream Aerospace Corporation, Bombardier Inc., Cessna Aircraft Company, Boeing and Airbus. Avionics platforms that utilize our network are also retrofitted on thousands of corporate and commercial aircraft already in operation.

Aviation end users utilize our satellite communications services for:

- *Aviation operational communications*: Aircraft crew and ground operations use our services for air-to-ground telephony and data communications. This includes the automatic reporting of an aircraft's position and mission-critical condition

data to the ground and controller-pilot data link communication for clearance and information services. We provide critical communications applications for numerous airlines and air transport customers including Hawaiian Airlines, United Airlines, UPS, Cathay Pacific Airways and El Al Airlines. These operators rely on our services because other forms of communication may be unaffordable or unreliable in areas such as the polar regions. Rockwell Collins and SITA, SC, the two leading providers of voice and data link communications services and applications to the commercial airline industry, integrate our products and services into their offerings.

- *Aviation passenger communications*: Corporate and private fleet aircraft passengers use our services for air-to-ground telephony and data communications. Operators are currently using our services to enable passengers to e-mail using their own Wi-Fi-enabled mobile devices, including smartphones, without causing interference with aircraft operation. We believe our distributors' small, lightweight, cost-effective solutions offer an attractive option for aircraft operators, particularly small fleet operators. With the introduction of Iridium Certus, we expect that users in the corporate aviation market, and original equipment manufacturers (OEMs) for business jets, will increase adoption of Iridium for in-flight, passenger data communications. We believe this presents a significant opportunity to increase market penetration and revenues in this market.
- *Rotary and general aviation applications*: We are also a major supplier for rotary aviation applications to end users in a number of markets, including medevac, law enforcement, oil and gas, and corporate work fleets. Companies such as Air Logistics, EagleMed and Air Evac Lifeteam rely on applications from our distributors for traditional voice communications, fleet tracking and management, and real-time flight diagnostics. VARs and VAMs such as Flightcell International Ltd., Garmin International, Inc., Honeywell International, Inc., SkyTrac and Spider Tracks Limited incorporate Iridium products and services into applications for this market.
- *Air traffic control communications and safety applications*: The International Civil Aviation Organization, or ICAO, has approved standards and recommended practices allowing us to provide Aeronautical Mobile Satellite (Route) Services to commercial aircraft on long-haul routes. This allows member states to evaluate and approve our services for safety communications on flights in oceanic and remote airspace. The FAA has approved Iridium for use in the Future Air Navigation Services (FANS) and Automatic Dependent Surveillance—Contract (ADS-C) datalink communications with air traffic control. We are currently conducting an operational evaluation of our voice communications services for air traffic control communications in coordination with the Performance Based Aviation Rules Making Committee (PARC). Aircraft crew and air traffic controllers will be able to use our services for data and voice communications between the aircraft flight deck and ground-based air traffic control facilities. We are the only satellite provider capable of offering such critical flight safety applications around the entire globe, including the polar regions. We believe this particular sector of the market will present us with significant growth opportunities, as our services and applications can serve as a cost-effective alternative to systems currently in operation.

Government

We are one of the leading providers of mobile satellite communications services to the U.S. government, principally the DoD. We provide mobile satellite products and services to all branches of the U.S. armed forces. Our voice products are used for a variety of primary and backup communications solutions, including tactical operations, logistical, administrative, morale and welfare, and emergency communications. In addition, our products and related applications are installed on ground vehicles, ships, rotary- and fixed-wing aircraft, embedded in unattended sensors and used for command and control and situational awareness purposes. Global security concerns are among the factors driving demand for our products and services in this sector. See "—U.S. Government Services" for more information.

Seasonality

Our business is subject to seasonal usage changes for commercial customers, and we expect it to be affected by similar seasonality going forward. March through October are typically the peak months for commercial voice traffic and related subscriber equipment sales, given the predominance of population and outdoor activity in the northern hemisphere. U.S. government usage and commercial IoT usage have been less subject to seasonal changes.

Services and Products

At December 31, 2017, we had approximately 969,000 billable subscribers worldwide. Our principal services are mobile satellite services, including mobile voice and data services, IoT services and high-speed data services and engineering services. Sales of our commercial services collectively accounted for approximately 59% of our total revenue for the year ended December 31, 2017. We also sell related voice and data equipment to our customers, which accounted for approximately 17% of our total revenue for the year ended December 31, 2017. In addition, we offer services to U.S. government customers, including the DoD. U.S. government services, including engineering services, accounted for approximately 24% of our total revenue for the year ended December 31, 2017.

Commercial Services

Postpaid Mobile Voice and Data Satellite Communications Services

We sell our mobile voice and data services to service providers and VARs who in turn offer such services to end users, either directly or indirectly through dealers, using various packaged solutions such as monthly plans with differing price levels that vary depending upon expected usage. In exchange for these services, we typically charge service providers and VARs a monthly access fee per subscriber, as well as usage fees for airtime resources consumed by their respective subscribers.

Prepaid Mobile Voice Satellite Communications Services

We also offer mobile voice services to service providers and VARs through prepaid plans. Service providers and VARs pay us in advance for defined blocks of airtime minutes with expiration periods in various configurations, ranging from 30 days to two years. These services are then generally sold to subscribers in the form of prepaid scratch cards and e-vouchers that enable subscribers to use our services on a per-minute basis. Unused minutes generally are forfeited on the applicable expiration date. We believe service providers and VARs are drawn to these services because they enable greater cost control by eliminating the need for monthly billings and reducing collection costs, and can be sold in countries where credit may not be readily available for end users. Our distributors often offer our prepaid voice services through fixed devices to subscribers in rural villages, at remote industrial, commercial and residential sites, and on ships at sea, among other places. Fixed voice satellite communications services are in many cases an attractive alternative to handheld mobile satellite communications services in situations where multiple users will access the service within a defined geographic area and terrestrial wireline or wireless service is not available. Fixed phones, for example, can be configured as pay phones that accept prepaid scratch cards and can be installed at a central location, for example in a rural village or on a maritime vessel.

Iridium PTT Service

Building on the foundation of DTCS, which provides regional tactical radio service to DoD users, our Iridium PTT service enables regional PTT calls, or global PTT calls among users on the same talkgroup in up to 10 geographically disparate locations around the world, providing a fast and robust communication experience. Iridium PTT can be used via the Iridium Extreme PTT satellite phone or the Iridium 9523 PTT core transceiver, which gives our VAMs the ability to build Iridium PTT into existing land mobile, maritime and aviation communications platforms. We and our partners are also developing interoperability solutions for existing terrestrial Land Mobile Radio systems, which will further extend the utility of the service.

Broadband Data Services

Our broadband data service, Iridium OpenPort, offers maritime, aviation and terrestrial users speeds of up to 134 kbps and three independent voice lines. For our Iridium OpenPort service, we typically charge service providers usage fees for airtime consumed by the respective subscribers for voice and data communications. In conjunction with our distributors, we also offer additional services that permit service providers and VARs to offer complete integrated solutions for prepaid calling, e-mail and IP-based data communications. For example, we offer a product with one of our distribution partners, KVH Industries, Inc., that integrates Iridium Pilot with its mini-VSAT℠ broadband service to provide backup connectivity when the mini-VSAT terminal is out of its coverage area or out of service.

We are also developing a new broadband service, Iridium Certus, with enhanced capabilities that will be enabled by the more powerful Iridium NEXT satellites. Iridium Certus, which we expect to commercially introduce during 2018, will support a variety of data speeds, antenna types, and cost points ranging from 22kbps to 704 kbps, and eventually up to 1.4Mbps. We have licensed the Iridium Certus technology to an initial group of terminal manufacturers who are developing products for the maritime, aviation and land mobile markets, and we are in the process of designating distribution partners for the Iridium Certus service in each of these vertical markets. We believe Iridium Certus will provide a competitive, cost-effective and reliable range of narrowband and broadband services to the market, in standalone applications or as a complement to other wireless technologies.

Internet of Things Services

Our IoT services are designed to address the market need for a small and cost-effective solution for sending and receiving data, such as location, from fixed and mobile assets in remote locations to a central monitoring station. This service operates through a two-way SBD transmission or circuit-switched data, between our network and a transceiver, which may be located, for example, on a container in transit or a buoy monitoring oceanographic conditions. The small size of our devices and their low-cost, omnidirectional antennas make them attractive for use in applications such as tracking asset shipments, monitoring unattended remote assets including oil and gas assets, vehicle tracking, and mobile security. We sell our IoT services to our distributors, who incorporate them and in turn provide a solution package to commercial and government customers. Increasingly, our IoT transceivers are being built into products for consumer markets, such as personal location devices that

provide two-way messaging. As with our mobile voice and data offerings, we typically charge service providers and VARs a monthly access fee per subscriber as well as usage fees for data used by their respective subscribers.

Other Services

In addition to access and usage fees, we generate revenue from several ancillary services related to our core service offerings. In conjunction with Satelles, Inc., we offer Satellite Timing and Location services which helps augment GPS and provides reliable location, timing and positioning data. We provide inbound connections from the public switched telephone network, or PSTN, short message services, or SMS, subscriber identity module, or SIM, activation, customer reactivation, and other peripheral services. We also provide research and development services to assist customers in developing new technologies compatible with our system, which we may leverage for use in service and product offerings in the future. We charge our distributors fees for these services.

U.S. Government Services

We provide U.S. government customers bulk access to our services, including voice, netted voice, data, messaging and paging services, as well as maintenance services for the DoD's dedicated gateway. We provide airtime to U.S. government subscribers through DoD's gateway, under the EMSS contract, which is a fixed-price contract covering voice, low-speed data, paging, broadcast and DTCS services. Additional services, such as broadband capabilities utilizing Iridium Certus technology, would be provided at an additional fee. To comply with U.S. government requirements, we ensure handsets sold for use by the U.S. government are manufactured in the United States. U.S. government customers procure our voice and data devices through specific, approved distributors from our network of VARs and service providers. Our VARs and VAMs typically integrate our products with other products, which they then offer to U.S. government customers as customized products. They are typically provisioned then by DISA. Our voice and data solutions for the U.S. government include:

- personnel tracking devices;
- asset tracking devices for equipment, vehicles and aircraft;
- beyond-line-of-sight aircraft communications applications;
- submarine communications applications;
- specialized communications solutions for high-value individuals; and
- specialized, secure, mobile communications and data devices for the military and intelligence community, such as secure satellite handsets with U.S. National Security Agency Type I encryption capability.

With funding support from the DoD, we continue to invest in research and development to develop new products and applications for use by all branches of the U.S. armed forces. For example, in conjunction with DISA, we and select distribution partners offer DTCS, which provides critical, secure, PTT, netted communications using lightweight, handheld tactical radios, or add-ons to existing government tactical radios. In addition, in 2017 we introduced a next-generation secure satellite phone based on the Iridium Extreme, which we have also developed with funding support from the DoD which was accredited by the National Security Agency, or NSA, to provide Type-1 encryption, enabling communications up to Top Secret from anywhere in the world.

Our Products

We offer a broad array of voice and data products for customers that work worldwide. In most cases, our devices or an antenna must be located outside and within view of a satellite to be able to access our network.

Satellite Handsets

Our principal handset offerings are the Iridium 9555 and Iridium Extreme satellite handsets, which are similar in functionality to ordinary cellular phones but with the solid, durable feel that satellite phone users demand. We believe our reputation for industrial-strength products is critical for customers, many of whom are located in the most inhospitable spots on the planet and require rugged and reliable communications equipment.

Iridium 9555. The Iridium 9555 provides voice, SMS and data connectivity. This model introduced several features including a larger, brighter screen, improved SMS and e-mail capabilities, an integrated antenna and speakerphone. The Iridium 9555 weighs 9.4 ounces and offers up to 3.1 hours of talk time. The Iridium 9555 has an industrial feel, with a rugged housing to protect its sophisticated satellite transceiver.

Iridium Extreme. The Iridium Extreme adds to the Iridium 9555's capabilities by providing a rugged exterior that meets DoD Military Standard 810F for durability, a dedicated, two-way emergency SOS button, and fully integrated GPS and location-based services. These extra features are provided in a handset that is even smaller than the Iridium 9555, weighing 8.7 ounces and offering up to four hours of talk time. An emergency response service provided by GEOS

Travel Safety Group, or GEOS, is included with the purchase of the phone and airtime usage. The two-way emergency SOS button initiates a phone call and an emergency message via SMS to GEOS, which then coordinates with local emergency responders.

Iridium Extreme PTT. We also offer the Iridium Extreme PTT, which enhances the Iridium Extreme with an intelligently designed push-to-talk mode, expanded loudspeaker, reinforced PTT button, and extended capacity battery. The user interface provides access to multiple communication services, including voice calling, SMS and SOS in phone mode and PTT mode, allowing users to connect to a talkgroup located in up to 10 geographic regions worldwide. The Iridium Extreme PTT weighs 9.5 ounces and offers up to 6.5 hours of talk time in phone mode and five hours of talk time in PTT mode.

We expect these devices to maintain our competitive position as premium offerings in the market due to their capabilities, mobility, reliability and global coverage. In addition to these devices, we offer variants of the Iridium 9555 handset and the Iridium Extreme handset that are qualified for sale to U.S. government customers.

Iridium GO!

We also offer Iridium GO!, a small, rugged, personal connectivity device that connects to the Iridium network to create a Wi-Fi hotspot, enabling the use of smartphones and tablets to make voice calls, send text messages and emails, post to social networking sites, and limited use of optimized mobile websites. Iridium GO! also has an emergency SOS button and GPS and location-based services. Smartphone or tablet access is provided through special applications downloaded for free from the Apple App Store or through Google Play for Android smartphones or tablets. A software development kit is available to enable the creation of additional applications or integrate Iridium GO! connectivity into existing applications, targeted to specific customer segments.

Voice and Data Modems

We also offer a combined voice transceiver and data modem, which our distributors integrate into a variety of communications solutions that are deployed in different applications around the world. Our principal offering in this space is the Iridium Core 9523 L-Band transceiver, which utilizes the transceiver core of our Iridium Extreme satellite handset. The Iridium Core 9523 provides a small voice and data module that can be integrated with other components to create a modem tailored for typical VAM applications as well as specific applications, such as a dual-mode terrestrial radio and satellite phone or IoT applications that require more efficient data throughput through circuit switched data transmission. The Iridium 9523 PTT adds PTT capability, allowing development partners to design and build land mobile, fixed, aviation and maritime devices with Iridium PTT. We also offer the 9522B L-Band transceiver, which utilizes the same transceiver core that is used in our Iridium 9555 satellite handset to provide voice and circuit-switched data services. Our principal customers for our L-Band transceivers are VAMs and VARs, who integrate them into specialized devices that access our network.

Broadband Data Devices

Our Iridium Pilot terminal provides up to three independent voice lines and an internet connection for data communications of up to 134kbps, using our Iridium OpenPort service. All voice and data capabilities can be used simultaneously. Our principal customers for Iridium Pilot are service providers who integrate the device with their own hardware and software products to provide a suite of customer-focused voice and IP-based data packages for ship operation, crew calling and e-mail. We believe our Iridium Pilot terminal, with its higher bandwidth and flexible service options, provides an excellent low-cost option to the maritime market, including market sectors such as luxury yachts, tug boats, and other fishing and cruising vessels. Iridium Pilot also offers a low-cost solution as a complement to maritime Ku- and Ka- Band Very Small Aperture Terminal, or VSAT, systems providing broadband and data services for ships, where Iridium Pilot can fill in coverage gaps and operate during significant rain fade events that impair K-band service, provide services where the VSAT terminal is not licensed to operate, and provide an alternate channel for VSAT maintenance and configuration. We also offer Iridium Pilot Land Station, which allows remote individuals and businesses from off-the-grid terrestrial locations to obtain reliable internet connections and voice calling no matter where they are located.

We have selected several VAMs to manufacture terminals for use with our Iridium Certus broadband service, which we expect will begin to be commercially available during 2018 when the Iridium Certus service is launched. Iridium Certus terminals will be available for the maritime, aviation and land mobile markets and will offer a variety of significantly enhanced data speeds and antenna types.

Internet of Things Data Devices

Our principal IoT devices are the Iridium 9602 and 9603 full-duplex SBD transceivers. The Iridium 9602 is a small data device with two-way transmission, capable of sending packet data to and from any point in the world with low latency. The

principal customers for our Iridium 9602 data modems are VARs and VAMs, who embed the device into their tracking, sensor, and data applications and systems, such as asset tracking systems. Our partners often combine the Iridium 9602 with a GPS receiver to provide location information to customer applications. We also offer the Iridium 9603, an even smaller transceiver that is functionally identical to the Iridium 9602. In addition, a number of VARs and VAMs include a cellular modem as part of their Iridium applications to provide low-cost cellular data transmission when available. These types of multimode applications are adopted by end users who require the ability to regularly transfer data but operate in areas with inconsistent cellular coverage. We provide gap-filler coverage for these applications, allowing users to operate anywhere on the globe.

We also offer Iridium Burst®, our one-to-many global data broadcast service, which enables enterprises to send data to an unlimited number of devices anywhere in the world, even inside buildings, vehicles or aircraft, and Iridium Edge®, an off-the-shelf, environmentally sealed, rugged device that complements existing cellular solutions to create dual-mode connectivity for the most remote and inaccessible areas of the world. Iridium Edge reduces the cost and complications associated with hardware development, manufacture and certification of satellite-specific terminals, which we expect to enable greater adoption of our IoT services.

Device Development and Manufacturing

We contract with Cambridge Consulting Ltd. and other suppliers to develop all of our devices, and with Benchmark Electronics Inc., or Benchmark, to manufacture our devices in facilities in Thailand and the U.S. Pursuant to our contract with Benchmark, we may be required to purchase excess materials at cost plus a contractual markup if the materials are not used in production within the periods specified in the agreement. Benchmark generally repurchases the materials from us at the same price we paid, as required for the production of the devices. Our agreement with Benchmark is automatically renewable for additional one-year terms unless terminated by either party.

We generally provide our distributors with a warranty on subscriber equipment for one to five years from the date of activation, depending on the product. We also utilize other suppliers, some of which are the sole source, to manufacture some of the component parts of our devices.

In addition to our principal products, we also offer a selection of accessories for our devices, including extended-life batteries, holsters, earbud headphones, portable auxiliary antennas, antenna adaptors, USB data cables and charging units, among others. We purchase these products from several third-party suppliers either pursuant to contractual agreements or off the shelf at market prices.

Our Spectrum

We hold licenses to use 8.725 MHz of contiguous spectrum in the L-Band, which operates at 1.6 GHz, and allows for two-way communication between our devices and our satellites. In addition, we are authorized to use 200 MHz of K-Band (23 GHz) spectrum for satellite-to-satellite communications, known as inter-satellite links, and 400 MHz of Ka-Band spectrum (19.4 GHz to 19.6 GHz and 29.1 GHz to 29.3 GHz) for two-way communication between our satellites and our gateways, known as feeder links. Our license for the launch and operation of our Iridium NEXT constellation also authorizes our use of the 156.0125-162.0375 MHz spectrum for reception of Automatic Identification System transmissions from maritime vessels and the 1087.7-1092.3 MHz spectrum for reception of Automatic Dependent Surveillance-Broadcast transmissions from aircraft. Access to this spectrum enables us to design satellites, network and terrestrial infrastructure enhancements cost effectively because each product and service can be deployed and sold worldwide. Our products and services are offered in over 100 countries, and we and our distributors continue to seek authorizations in additional countries.

Our use of spectrum is globally coordinated and recorded by, and subject to the frequency rules and regulations of, the International Telecommunication Union, or ITU. The ITU is the United Nations organization responsible for worldwide co-operation in the telecommunications sector. In order to protect satellite systems from harmful radio frequency interference from other satellite systems, the ITU maintains a Master International Frequency Register of radio frequency assignments. Each ITU administration is required to give notice of, coordinate and record its proposed use of radio frequency assignments with the ITU's Radiocommunication Bureau. The coordination negotiations are conducted by the national administrations with the assistance of satellite operators. When the coordination process is completed, the ITU formally notifies all proposed users of frequencies and orbital locations in order to protect the recorded assignments from subsequent nonconforming or interfering uses by member states of the ITU. Only member states have full standing within this inter-governmental organization. Filings to the ITU for our first-generation constellation were made on our behalf by the United States.

The ITU also controls the assignment of country codes used for placing telephone calls between different countries. Our network has been assigned the 8816 and 8817 country codes and uses these numbers for calling and communications between terminals.

Domestic and Foreign Revenue

We supply services and products to customers in a number of foreign countries. We allocate revenue geographically based on where we invoice our distributors, whom we bill for mobile satellite services and related equipment sales, and not according to the location of the end user. These distributors sell services directly or indirectly to end users, who may be located elsewhere. It is not possible for us to determine the geographical distribution of revenue from end users, as we do not contract directly with them. Substantially all of our revenue is invoiced in U.S. dollars. The table below sets forth the percentage of our revenue by country for the last three years.

	Year Ended December 31,		
	2017	**2016**	**2015**
United States	51%	52%	50%
Canada	10%	10%	10%
United Kingdom	10%	11%	11%
Other Countries [(1)]	29%	27%	29%

(1) No single country in this group represented more than 10% of our revenue for any of the periods indicated.

For more information about our revenue from sales to foreign and domestic customers, see Note 11 to our consolidated financial statements included in this annual report.

Traffic Originating Outside the United States

A significant portion of our voice and data traffic originates outside the United States. The table below sets forth the percentage of our commercial voice and data traffic originating outside the United States, excluding Iridium OpenPort traffic, for the last three years.

	Year Ended December 31,		
	2017	**2016**	**2015**
Commercial voice traffic (minutes)	88%	88%	88%
Commercial data traffic (kilobytes)	75%	72%	67%

Our Network

Our Constellation

Both our first-generation satellite network and our next-generation satellite constellation, Iridium NEXT, have an architecture of 66 operational LEO satellites in six orbital planes of eleven vehicles each in nearly circular polar orbits, in addition to in-orbit spares. Our operational satellites orbit at an altitude of approximately 483 miles (778 kilometers) above the earth and travel at approximately 16,689 mph, resulting in a complete orbit of the earth approximately every 100 minutes. The design of our constellation ensures that generally at least one satellite is visible to subscribers from any point on the earth's surface, covering all of the world's population. While our constellation offers true global coverage, most of our devices and antennas must have a direct line of sight to a satellite to transmit or receive a signal, and services on those devices are not available in locations where a satellite signal cannot be transmitted or received, which for some devices includes inside a building.

We have begun launching our Iridium NEXT system, and through the full deployment of Iridium NEXT, which we expect to occur during 2018, we will operate a hybrid constellation. In addition, during 2017 we began de-orbiting some of our first-generation satellites on an individual basis after they were replaced by Iridium NEXT vehicles, although as permitted by our FCC license, some first-generation satellites will remain in orbit as spares until the completion of the Iridium NEXT deployment. In addition, we also have some Iridium NEXT satellites, which we refer to as "drifters," which move from their initial orbital plane after launch to their designated operational orbital plane over a period of months.

Our first-generation constellation and Iridium NEXT are unique among commercial constellations in the usage of radio frequency crosslinks between our satellites, which eliminates the need for local ground infrastructure. These crosslinks enable each satellite to communicate with up to four other satellites in space, two in the same orbital plane and two in adjacent planes. Our traffic is routed on a preplanned route between satellites to a predetermined satellite that is in contact with one of the Iridium teleport network, or TPN, locations. The TPN sites then transmit the traffic to and from the gateways which provide the interface to terrestrial-based networks such as the PSTN or the internet. The use of a TPN allows grounding traffic at multiple locations within our ground network infrastructure. This flexibility allows for rapid reconfiguration of grounding traffic from the satellites in the event of a space, antenna or ground routing anomaly and results in greater reliability of our network. The design of our space and ground control system also facilitates the real-time monitoring and management of the satellite constellation and facilitates service upgrades via software enhancements. All our ground infrastructure, including gateway and teleport technology and satellite control systems, was upgraded in advance of the launch of Iridium NEXT.

We believe our interlinked satellite infrastructure provides several advantages over low earth orbiting “bent-pipe” satellite networks that rely on multiple terrestrial gateways, such as Globalstar’s and ORBCOMM’s networks. We have the only satellite network with true global coverage, and our constellation is less vulnerable to single points of failure, since traffic can be routed around any one satellite problem to complete the communications path to the ground. In addition, the small number of ground stations increases the security of our constellation, a factor that makes our network particularly attractive to government institutions and large enterprises. The low orbit of our constellation also allows our network to operate with low latency and with smaller antennas due to the proximity of our satellites to the earth.

Our constellation is designed to provide significant coverage overlap for mitigation of service gaps from individual satellite outages, particularly at higher northern and southern latitudes. Each satellite, both in our first-generation constellation and our Iridium NEXT system, was designed with a high degree of on-board subsystem robustness, an on-board fault detection system, and isolation and recovery capabilities for safe and quick risk mitigation. Our ability to reposition our satellites provides us with operating flexibility and enhances our ability to maintain a commercially acceptable level of service. If a satellite should fail or become unusable, in most cases we will be able to reposition one of our in-orbit spare satellites to take over its functions within days, with minimal impact on our services. If there is no in-orbit spare located in the relevant orbital plane, we will replace it with a newly launched Iridium NEXT satellite, when available.

Our primary commercial gateway is located in Tempe, Arizona, with a second dedicated gateway located in Russia. A gateway processes and terminates calls and generates and controls user information pertaining to registered users, such as geo-location and call detail records. The DoD owns and operates a dedicated gateway for U.S. government users, which provides an interface between voice and data devices and the Defense Information Systems Network and other terrestrial infrastructure, providing DoD users with secure communications capabilities. Our network has multiple antennas, located at the TPN facilities, including the Tempe gateway, that communicate with our satellites and pass calls between the gateway and the satellites as the satellites traverse our antennas, thereby connecting signals from the terminals of end users to our gateways. This system, together with our satellite crosslinks, enables communications that are not dependent on a ground station in the region where the end user is using our services.

We operate our satellite constellation from our satellite network operations center (SNOC) in Leesburg, Virginia. This facility manages the performance and status of each of our satellites, developing and distributing routing tables for use by the satellites, TPN facilities and gateways, directing traffic routing through the network and controlling the formation of coverage areas by the satellites’ main mission antennas. We also operate TPN facilities in Fairbanks, Alaska and Tempe, Arizona in the United States, and in northern Canada and Norway that perform telemetry, tracking and control functions and route commercial services.

From time to time, individual satellites in our constellation experience operating problems that may result in a satellite outage, but due to the overlapping coverage within our constellation and the dynamic nature of our LEO system, the individual satellite outages typically do not negatively affect our customers’ use of our system for a prolonged period. In addition, most system processing related to our service is performed using software on board each satellite instead of on the ground. We believe this provides us with significant flexibility and has contributed to the longevity of the system by enabling engineers to develop additional functionality and software-based solutions to occasional faults and anomalies in the system.

Based on the failures and anomalies we have experienced to date, and considering the potential for future anomalies, we believe our first-generation constellation will provide a commercially acceptable level of service through the completion of Iridium NEXT, which we expect during 2018. We expect to be able to mitigate most satellite failures through placement of Iridium NEXT satellites, the implementation of software solutions, and by landing communications traffic using the sites within the TPN infrastructure and backhauling traffic to the Tempe gateway for processing and termination.

We selectively replace parts for our gateway and TPN facilities as necessary and maintain an inventory of spare parts, which we continuously monitor. When we do not have necessary spares in inventory or our spares become obsolete, we rely on third parties to develop necessary parts.

Pursuant to an amended and restated transition services, products and asset agreement, or the TSA, entered into with Motorola, and a separate agreement with Motorola, the U.S. government and Boeing, which previously operated and maintained our satellite constellation, we are required to maintain an in-orbit liability insurance policy, which also covers planned or unplanned de-orbits of individual first-generation satellites, with a de-orbiting endorsement to cover the mass de-orbit of our first-generation satellite constellation in the amount of $500.0 million per occurrence, and $1.0 billion in the aggregate. The current policy together with the de-orbiting endorsement covers amounts that we and other specified parties may become liable to pay for bodily injury or property damage to third parties related to processing, maintaining and operating our first-generation satellite constellation, including an unlimited number of satellite de-orbits, and, in the case of the de-orbiting endorsement, a mass de-orbit of the first-generation satellite constellation, although it contains exceptions for third-party damages which may result from an in-orbit satellite collision that occurred in 2009. The policy covers us, the U.S. government, Boeing, as the former operator of our system, Motorola Solutions, Inc., or Motorola Solutions, as successor to Motorola, and other named beneficiaries. The policy has been

renewed annually since the expiration of the original policy's three-year term in 2003 and currently expires on December 8, 2018. We expect to continue to renew this policy annually through the life of our first-generation constellation. We will continue to de-orbit satellites as Iridium NEXT satellites replace those in our first-generation constellation.

In addition, we maintain a separate $1.0 billion product liability policy to cover Motorola Solutions' potential liability as manufacturer of the first-generation satellites. Given the flexibility of our satellite constellation, we do not maintain in-orbit insurance covering losses from satellite failures or other operational problems affecting our first-generation constellation, although the terms of our Credit Facility require us to do so for a period of time with respect to our Iridium NEXT satellites. See "—Iridium NEXT" below.

Our first-generation satellite constellation license from the FCC has been extended until July 31, 2019, and we also hold a space station license for the launch and operation of our Iridium NEXT constellation. Our U.S. gateway earth station licenses expire between 2018 and 2026, and our U.S. government customer's and commercial subscribers' earth station licenses for end user devices will expire in 2021. We must file renewal applications for earth station licenses between 30 and 90 days prior to expiration.

Iridium NEXT

We are in the process of replacing our first-generation constellation with our Iridium NEXT satellite constellation, which will support new services and higher data speeds for new products. To date, we have deployed a total of 40 Iridium NEXT satellites on four Falcon 9 rockets launched by SpaceX, carrying ten satellites each, and we plan to launch an additional 30 satellites on three dedicated Falcon 9 rockets. We have also contracted separately with SpaceX for an eighth Falcon 9 launch, which we will share with the GFZ German Research Centre for Geosciences, or GFZ, to launch five Iridium NEXT satellites and NASA's two Gravity Recovery and Climate Experiment (GRACE) Follow-On satellites. Additionally, we had contracted to launch two satellites on a Dnepr rocket launched by Kosmotras, but we do not believe that Kosmotras will be successful in obtaining the permits or authorizations to launch our satellites on a Dnepr rocket.

The Iridium NEXT constellation also hosts the Aireon system. The Aireon system is being developed by Aireon LLC, which we formed in 2011, with subsequent investments from the ANSPs of Canada, Italy, Denmark and Ireland, to provide a global air traffic surveillance service through a series of ADS-B receivers on the Iridium NEXT satellites, which are activated on an individual basis as the Iridium NEXT satellite begins carrying traffic in our constellation. Aireon has contracted to offer this service to our co-investors in Aireon, as well as NATS and other ANSPs, and plans to offer the service to other customers worldwide, including the FAA. These ANSPs will use the service to provide improved air traffic control services over the oceans, as well as polar and remote regions. Aireon also plans to market the data to airlines and other users. Under our agreements with Aireon, Aireon will pay us fees of $234 million to host the ADS-B receivers on Iridium NEXT, as well as data services fees of up to approximately $20 million per year, once the system is fully operational, for the delivery of the air traffic surveillance data over the Iridium NEXT system.

While the Aireon ADS-B receivers are the primary hosted payload on the Iridium NEXT satellites, we have also entered into an agreement with Harris for it to utilize the remaining space for payloads it has constructed for its customers. We expect this agreement to result in an additional $76 million in hosting and data service fees.

We estimate the aggregate costs associated with the design, build and launch of Iridium NEXT and related infrastructure upgrades through 2018 to be approximately $3 billion. We believe the Credit Facility, as described in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Credit Facility," together with cash on hand, and internally generated cash flows, 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 2018. As described in this report, we also expect to raise additional capital through the issuance of debt securities as part of our funding plan.

The Credit Facility requires us to obtain insurance covering the launch and first 12 months of operation of the Iridium NEXT satellites. We finished placing this insurance during 2017.

These insurance policies use nine ground spares and a prepaid relaunch right with SpaceX to self-insure a portion of our launch and in-orbit risks, as permitted under the Credit Facility. While we believe this enabled us to obtain insurance at a substantially lower cost than would have been possible without the ground spares and relaunch right, if we use our ground spares to replace lost satellites, we will likely choose to purchase additional satellites to maintain a backup supply of ground spares. The cost of such additional ground spares is not included in the $3 billion estimated cost for the design, build and launch of Iridium NEXT and related infrastructure upgrades through 2018.

Full Scale Development and Launch Services Agreements

In June 2010, we executed a primarily fixed price full scale development contract, or FSD, with Thales for the design and manufacture of satellites for Iridium NEXT. The total price under the FSD will be approximately $2.3 billion, and we expect

our payment obligations under the FSD to extend through 2018. As of December 31, 2017, we had made total payments of $1.9 billion to Thales, of which $1.5 billion were from borrowings under the Credit Facility. We used the Credit Facility to pay 85% of each invoice received from Thales under the FSD with the remaining 15% funded from cash on hand until the Credit Facility was fully drawn in February 2017. As previously reported, during 2017 we entered into an amendment to the FSD providing for the deferral of approximately $100.0 million in payments due by us under the FSD for specified milestones that were completed in 2017 or that we expect to be completed in 2018. We make these milestone payments using bills of exchange due in March 2019. With the exception of the invoices to be paid with these bills of exchange, we expect to pay 100% of each remaining invoice received from Thales from cash and marketable securities on hand, proceeds from a potential debt issuance and internally generated cash flows, including cash flows from hosted payloads.

In March 2010, we entered into an agreement with SpaceX as the primary launch services provider for Iridium NEXT. The contract price under the SpaceX agreement is $453.1 million, which includes the exercise of our reflight option in the event of launch failure. The SpaceX Falcon 9 rocket is configured to carry ten Iridium NEXT satellites to orbit with each launch. In November 2016, we entered into an additional agreement with SpaceX for an eighth Falcon 9 launch for a contract price of $67.9 million. Although we are the customer of record with SpaceX, we have contracted separately with GFZ for $31.8 million to share the launch of NASA's two Gravity Recovery and Climate Experiment Follow-On satellites on a specially designed dispenser on the Falcon 9 rocket. As of December 31, 2017, we had made aggregate payments of $463.9 million to SpaceX, and received $28.6 million from GFZ.

Aireon LLC Agreement

On November 19, 2012, Iridium Satellite and Aireon entered into an Amended and Restated Limited Liability Company Agreement with NAV CANADA, the ANSP of Canada, and a wholly owned subsidiary of NAV CANADA. On February 14, 2014, we entered into a Second Amended and Restated Limited Liability Company Agreement, or the Aireon LLC Agreement, with NAV CANADA; Enav S.p.A., the ANSP of Italy; Naviair, the ANSP of Denmark; Irish Aviation Authority Limited, the ANSP of Ireland; and wholly owned subsidiaries of NAV CANADA, Enav and Naviair.

Under the Aireon LLC Agreement, NAV CANADA's subsidiary will acquire up to a 51% interest in Aireon and the other ANSP investors or their subsidiaries will acquire up to a 24.5% interest, collectively, with Iridium retaining a 24.5% interest. The Aireon LLC Agreement provides for the purchase by these investors of preferred membership interests in multiple tranches for an aggregate purchase price of $270 million, all of which has already been invested. Following the completion of the investments by the new investors and NAV CANADA's subsidiary, Aireon is required, if and when funds are available, to redeem a portion of our ownership interest for a payment of $120 million.

The Aireon LLC Agreement provides for Aireon to be managed by a board of directors consisting of 11 members. Currently, Iridium Satellite may nominate two directors, NAV CANADA may nominate six directors, Enav may nominate one director and the other two investors may together nominate one director. The chief executive officer of Aireon serves as the eleventh director. The Aireon LLC Agreement also provides the minority-interest holders with several protective provisions.

Constellation De-Orbiting Obligations

When Iridium Satellite purchased the assets of Iridium LLC out of bankruptcy, Boeing, Motorola and the U.S. government required specified de-orbit rights as a way to control potential liability risk arising from future operation of our first-generation constellation, and to provide for the U.S. government's obligation to indemnify Motorola pursuant to the Indemnification Agreement described below. As a result, Iridium Satellite, Boeing, Motorola and the U.S. government entered into the Indemnification Agreement, as subsequently amended in September 2010, giving the U.S. government the right, in its sole discretion, to require us to de-orbit our first-generation constellation in the event of: (a) Iridium Satellite's failure to maintain certain insurance and pay certain insurance premiums; (b) Iridium Satellite's bankruptcy; (c) Iridium Satellite's sale or the sale of any major asset in our satellite system; (d) Boeing's replacement as the operator of our satellite system; (e) Iridium Satellite's failure to provide certain notices as contemplated by the Indemnification Agreement; or (f) at any time after January 1, 2015. Prior to the September 2010 amendment of the Indemnification Agreement, the U.S. government had the right to require us to de-orbit our first-generation constellation at any time after June 5, 2009. Pursuant to the September 2010 amendment, the U.S. government may withdraw its agreement to postpone the exercise of its de-orbit right: (i) on or after January 1, 2015; (ii) if Iridium Satellite violates any terms of the Indemnification Agreement or fails to comply with any terms of the September 2010 amendment; (iii) if more than four satellites have insufficient fuel to execute a 12-month de-orbit; (iv) if Iridium Satellite fails to comply with the de-boost plans; (v) upon a finding by the FCC, not remedied by Iridium Satellite in the time set forth by the FCC, that Iridium Satellite has failed to comply with the terms of the Iridium Orbital Debris Mitigation Plan filed with the FCC and then in effect; (vi) upon the cancellation, non-renewal or refusal to provide any insurance required by the Indemnification Agreement; or (vii) upon the termination or completion of the current or any successor agreement between Iridium Satellite and the DoD pursuant to which Iridium Satellite provides mobile satellite services to the DoD. Because it is after January 1, 2015, more than four of our satellites currently have insufficient fuel to execute a 12-month de-orbit and due to the Boeing insourcing

transaction described above in "Our Network", the U.S. government currently has the right to require us to de-orbit our first-generation constellation. In addition, the U.S. government also has the right to require us to de-orbit any of our individual functioning first-generation constellation satellites, including in-orbit spares that have been in orbit for more than seven years. All of our functioning first-generation constellation satellites have been in orbit for more than seven years. We believe the probability that the U.S. government will exercise these rights is remote.

Motorola Solutions, as successor to Motorola, also has the right to require us to de-orbit our first-generation constellation pursuant to the TSA and pursuant to our previous operations and maintenance agreement, or O&M Agreement, with Boeing. Under these agreements, Motorola Solutions may require the de-orbit of our first-generation constellation upon the occurrence of any of the following: (a) the bankruptcy of our company, Iridium Holdings, Iridium Constellation LLC or Iridium Satellite; (b) Iridium Satellite's breach of the TSA; (c) Boeing's breach of the O&M Agreement or a related agreement between Boeing and Motorola Solutions; (d) an order from the U.S. government requiring the de-orbiting of our satellites; (e) Motorola Solutions' determination that changes in law or regulation may require it to incur specified costs relating to the operation, maintenance, re-orbiting or de-orbiting of our first-generation constellation; or (f) our failure to obtain, on commercially reasonable terms, product liability insurance to cover Motorola Solutions' position as manufacturer of the first-generation constellation satellites, provided the U.S. government has not agreed to cover what would have otherwise been paid by such policy.

We have certain de-orbit obligations under our FCC licenses. Specifically, pursuant to an orbital debris mitigation plan incorporated into our FCC satellite constellation license in 2002, we are required to lower each satellite to an orbit with a perigee of approximately 250 kilometers as it reaches the end of its useful life and to coordinate these orbit-lowering maneuvers with the United States Space Command. In August 2014, we received a license modification from the FCC permitting us to operate up to ten satellites pursuant to the less stringent 600 kilometer de-orbit standards for non-geostationary satellites that the FCC acknowledged in 2004 would serve the public interest and has been utilized for other satellite constellations since that time.

Our FCC license requires us to de-orbit a first-generation satellite following its replacement with an Iridium NEXT constellation satellite and to notify the FCC within 30 days following removal of a first-generation satellite from its operational orbit for purposes of de-orbit. We have begun de-orbiting individual satellites as they are replaced with Iridium NEXT satellites. We must seek additional FCC authorization to retain a first-generation satellite as a spare following its replacement with an Iridium NEXT satellite. In January 2018, the FCC granted us an authority to modify our license to keep up to 18 first-generation satellites as spares. The number of first-generation satellites actually in the spare satellite storage orbit will fluctuate as Iridium NEXT satellites are launched and ultimately will decrease as they are de-orbited under our approved orbital debris mitigation plan.

Competition

The mobile satellite services industry is highly competitive but has significant barriers to entry, including the cost and difficulty associated with obtaining spectrum licenses and successfully building and launching a satellite network. In addition to cost, there is a significant amount of lead-time associated with obtaining the required licenses, building and launching the satellite constellation, and deploying the ground network technology. We currently face substantial competition from other service providers that offer a range of mobile and fixed communications options. Currently, our principal mobile satellite services competitors are Inmarsat, Globalstar, Thuraya Telecommunications Co., or Thuraya, and ORBCOMM. We compete primarily on the basis of coverage, quality, mobility and pricing of services and products.

Inmarsat owns and operates a fleet of GEO satellites. Unlike LEO satellites, GEO satellites orbit the earth at approximately 22,300 miles above the equator. GEO operators require substantially larger and more expensive antennas, and typically have higher transmission delays than LEO operators. Due to its GEO system, Inmarsat's coverage area extends and covers most bodies of water except for a majority of the polar regions. Inmarsat is the leading provider of satellite communications services to the maritime sector. Inmarsat also offers land-based and aviation communications services.

Globalstar owns and operates a fleet of LEO satellites. Globalstar's service is available only on a multi-regional basis as a result of its "bent pipe" architecture, which requires that voice and data transmissions be routed from satellites immediately to nearby ground stations. This design requires the use of multiple ground stations, which are impractical in extreme latitudes or over oceans. Unlike Inmarsat and us, Globalstar sells a higher percentage of its products and services directly to end users. Globalstar completed its most recent launch campaign in February 2013. It has currently arranged to replace only 24 of its original 48 satellites.

ORBCOMM also provides commercial services using a fleet of LEO satellites. Like Globalstar, ORBCOMM's network also has a "bent pipe" architecture, which limits its real-time coverage area. ORBCOMM's principal focus is low-cost data and IoT services, where it directly competes with our IoT offerings. Because a ground station may not be within view of a satellite, ORBCOMM's services may have a significant amount of latency, which may limit their use in some mission-critical applications. It does not offer voice service or high-speed data services.

We also compete with regional mobile satellite communications services in several geographic markets. In these cases, the majority of our competitors' customers require regional, not global, mobile voice and data services, so our competitors may present a viable

alternative to our services. All of these regional competitors operate or plan to operate GEO satellites. Our regional mobile satellite services competitors currently include Thuraya, principally in Europe, the Middle East, Africa, Australia and several countries in Asia.

While we view our services as largely complementary to terrestrial wireline and wireless communications networks, we also compete with them indirectly. We provide service in areas that are inadequately covered by these ground systems. To the extent that terrestrial communications companies invest in underdeveloped areas, we will face increased competition in those areas. We believe that local telephone companies currently are reluctant to invest in new switches, landlines and cellular towers to expand their networks in rural and remote areas due to high costs and limited usage. Many of the underdeveloped areas are sparsely populated, making it difficult to generate the necessary returns on the capital expenditures required to build terrestrial wireless networks in those areas. We believe that our solutions offer a cost-effective and reliable alternative to terrestrial-based wireline and wireless systems in these remote regions.

Research and Development

Our research and development efforts have focused on the development, design and testing of new products and services, such as Iridium Edge, Iridium PTT, Iridium Burst, Iridium Pilot Land Station and Iridium GO!, and the planning and development of the Iridium NEXT constellation, ground infrastructure and chipsets, as well as new products and services to be offered on Iridium NEXT, such as Iridium Certus. We also develop product and service enhancements and new applications for our existing products and services. Our research and development expenses were $15.2 million, $16.1 million and $16.1 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Employees

As of December 31, 2017, we had 414 full-time employees and 6 part-time employees, none of whom are subject to any collective bargaining agreement. We consider our employee relations to be good.

Intellectual Property

At December 31, 2017, we held 21 U.S. patents and one foreign patent. These patents cover several aspects of our satellite system, our global network, our communication services, and our devices.

In addition to our owned intellectual property, we also license critical system technology from Motorola Solutions, including software and systems to operate and maintain our network as well as technical information for the design and manufacture of our devices. This intellectual property is essential to our ability to continue to operate our constellation and sell our devices. We also have licensed technology from Motorola Solutions relating to the development and operation of Iridium NEXT and related ground infrastructure, products and services. We maintain our licenses with Motorola Solutions pursuant to several agreements, which can be terminated by Motorola Solutions upon the commencement by or against us of any bankruptcy proceeding or other specified liquidation proceedings or upon our material failure to perform or comply with any provision of the agreements. If Motorola Solutions were to terminate any such agreement, it may be difficult or, under certain circumstances, impossible to obtain the technology from alternative vendors. Motorola Solutions has assigned to a third party a portion of the patents that are covered by some of these licenses.

We license additional system technology from other third parties and expect to do so in the future both in connection with our first-generation network, products and services and with the development and operation of Iridium NEXT and related ground infrastructure, products and services. If any such third party were to terminate its agreement with us or cease to support and service this technology, or if we are unable to renew such licenses on commercially reasonable terms or at all, it may be difficult, more expensive or impossible to obtain substitute technology from alternative vendors. Any substitute technology may also have lower quality or performance standards, which would adversely affect the quality of our products and services. For more information, see "Risk Factors—We are dependent on intellectual property licensed from third parties to operate our constellation and sell our devices and for the enhancement of our existing products and services."

Available Information

Copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments, if any, to those reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge through our website at www.iridium.com and on the website of the Securities and Exchange Commission, or SEC, at www.sec.gov. A request for any of these reports may also be submitted to us by writing: Investor Relations, Iridium Communications Inc., 1750 Tysons Boulevard, Suite 1400, McLean, VA 22102, or by calling our Investor Relations line at 703-287-7570.

Item 1A. Risk Factors

Our business plan depends on increased demand for mobile satellite services, among other factors.

Our business plan is predicated on growth in demand for mobile satellite services. Demand for mobile satellite services may not grow, or may even contract, either generally or in particular geographic markets, for particular types of services or during particular time periods. A lack of demand could impair our ability to sell products and services, develop and successfully market new products and services and could exert downward pressure on prices. Any decline in prices would decrease our revenue and profitability and negatively affect our ability to generate cash for capital expenditures, investments and other working capital needs.

Our ability to successfully implement our business plan will also depend on a number of other factors, including:

- our ability to maintain the health, capacity and control of our first-generation satellites through the deployment of Iridium NEXT;
- our ability to operate a hybrid constellation and to successfully replace individual first-generation satellites with their Iridium NEXT replacements;
- our ability to complete the Iridium NEXT constellation and related products and services, and, once fully deployed, our ability to maintain the health, capacity and control of the new satellite constellation;
- the level of market acceptance and demand for our products and services;
- our ability to introduce innovative new products and services that satisfy market demand, including new product and service offerings on Iridium NEXT;
- our ability to expand our business using our existing spectrum resources both in the United States and internationally;
- our ability to sell our products and services in additional countries;
- our ability to maintain our relationship with U.S. government customers, particularly the DoD;
- the ability of our distributors to market and distribute our products, services and applications effectively and their continued development of innovative and improved solutions and applications for our products and services;
- the effectiveness of our competitors in developing and offering similar services and products;
- our ability to de-orbit our first-generation satellites; and
- our ability to maintain competitive prices for our products and services and to control our costs.

Our business plan depends in large part on the success of Aireon LLC, which is our primary hosted payload customer.

In June 2012, we announced our plans to host a payload being developed by Aireon LLC as our primary hosted payload on Iridium NEXT. We currently expect to use the cash flows generated from this hosted-payload arrangement with Aireon to satisfy a portion of our capital requirements for the development and deployment of Iridium NEXT. Aireon's payload is a satellite-based automatic dependent surveillance-broadcast, or ADS-B, system for global air traffic monitoring, and Aireon's success will depend on its ability to successfully deploy this system. Deploying an ADS-B system on satellites is a new and unproven method for providing this service.

In addition, Aireon's ability to pay us hosting fees will depend on the development of the market for a space-based ADS-B service among air navigation service providers, or ANSPs, particularly the FAA. Aireon does not have a contract to provide commercial, operational ADS-B services to the FAA, and there can be no assurance that it will be successful in securing such a contract. The FAA's activities to date have been limited to preparing to use space-based ADS-B, and no funds have been allocated by the FAA for a commercial, operational commitment to Aireon. If Aireon is not successful in entering into a contract for the provision of operational ADS-B services to the FAA, it may not be able to make its hosting reimbursement payments to us when we currently anticipate or at all.

Aireon will itself require significant additional capital to complete the successful deployment and operation of its system. The Aireon LLC Agreement provided for the purchase by NAV CANADA Satellite and three other ANSP investors of additional membership

interests in multiple tranches for an aggregate investment of $270 million, all of which has been funded. Further, Aireon is in the process of raising additional operating capital. If Aireon issues equity to raise such capital, we may experience dilution of our ownership interest in Aireon, and if Aireon raises debt, the terms of the debt may limit Aireon's ability to pay distributions in respect of equity, including to us.

The management of Aireon is not within our control given that we only have rights to appoint two of the 11 members of the Aireon board of directors, as well as significant veto rights and other protective provisions provided to NAV CANADA and the other investors. As a result, we may not be able to cause Aireon to take actions that we believe are necessary for its ultimate success.

If Aireon is unable to pay its hosting reimbursement costs, our ability to pursue our business plan would be compromised unless we were able to replace those amounts with revenue or capital from other sources. In addition, Aireon's failure to pay our data fees and make the anticipated redemption of a portion of our equity interest would negatively affect our expected future results of operations.

We may need additional capital to complete Iridium NEXT, develop and launch new products and services, and pursue additional growth opportunities. If we fail to maintain access to sufficient capital, our liquidity could be compromised and we will not be able to successfully implement our business plan.

Our business plan calls for the continued deployment of Iridium NEXT, the development of new product and service offerings, upgrades to our current services, and upgrades to our business systems. We estimate the costs associated with the design, build and launch of Iridium NEXT and related ground infrastructure upgrades through 2018 to be approximately $3 billion. Our funding plan for these costs includes the substantial majority of the funds under our $1.8 billion Credit Facility which was fully drawn as of February 2017, together with cash on hand, internally generated cash flows, including cash flows from hosted payloads, and a potential debt issuance.

There can be no assurance that our internally generated cash flows will meet our current expectations, or that we will not encounter increased costs. For example, Aireon may be unable to pay its hosting reimbursement costs. If internally generated cash flows, including potential cash from Aireon, are less than we expect, we might need to finance the remaining cost of Iridium NEXT by raising additional debt or equity financing. In addition, we may need additional capital to design and launch new products and services on Iridium NEXT. We would have to seek the permission of the lenders under the Credit Facility in order to obtain many alternative sources of financing, including a potential debt issuance, and there can be no assurance that we would obtain such lenders' consent and, even if obtained, that we would have access to other sources of financing on acceptable terms, or at all.

If we are unable to generate sufficient cash flows or to raise additional capital for one or more of these needs, our ability to maintain our network, complete Iridium NEXT, develop new products and services, and pursue additional growth opportunities will be impaired, which would significantly limit the development of our business and impair our ability to provide a commercially acceptable level of service. We expect our overall liquidity levels in the coming years to be lower than our recent liquidity levels, as we have fully drawn our Credit Facility and expect to begin principal repayments in early 2018. Inadequate liquidity could compromise our ability to pursue our business plans and growth opportunities, delay the continued deployment of Iridium NEXT, or otherwise impair our business and financial position, or we might need to satisfy our liquidity needs by raising additional debt or equity financing.

If we default under the Credit Facility, the lenders may require immediate repayment in full of amounts borrowed or foreclose on our assets.

The Credit Facility contains events of default, including:

- non-compliance with the covenants under the Credit Facility, including financial covenants and covenants relating to hosted payloads;
- cross-default with other indebtedness;
- insolvency of any obligor under the Credit Facility;
- revocation of the BPIAE insurance policy;
- failure to maintain our first-generation satellites or complete Iridium NEXT by a specified date; and
- a determination by the lenders that we have experienced a material adverse change in our business.

Some of these events of default are outside of our control or otherwise difficult to satisfy. If we experience an event of default, the lenders may require repayment in full of all principal and interest outstanding under the Credit Facility. It is unlikely we would have adequate funds to repay such amounts prior to the scheduled maturity of the Credit Facility. If we fail to repay such amounts, the lenders may foreclose on the assets we have pledged under the Credit Facility, which includes substantially all of our assets and those of our domestic subsidiaries.

The Credit Facility restricts the manner in which we may operate our business, which may prevent us from successfully implementing our business plan.

The Credit Facility contains restrictions on the operation of our business, including limits on our ability to:

- make capital expenditures;
- carry out mergers and acquisitions;
- dispose of, or grant liens on, our assets;
- enter into transactions with our affiliates;
- pay dividends or make distributions to our stockholders;
- incur indebtedness;
- prepay indebtedness; and
- make loans, guarantees or indemnities.

The Credit Facility also prohibits us from paying dividends to holders of our preferred stock, including our Series A Preferred Stock and Series B Preferred Stock, if we are unable to certify that we anticipate being able to comply with the financial covenants of the Credit Facility for the next twelve months each time we declare a dividend. If we are unable to make that certification, we will not be able to pay the dividends on our outstanding preferred stock. As required by our amended Credit Facility, during the three months ended June 30, 2017, we began a five-quarter deferral of dividends on both the Series A Preferred Stock and Series B Preferred Stock. If we do not pay dividends on our preferred stock for six quarterly periods (whether or not consecutive), the holders of the Series A Preferred Stock and Series B Preferred Stock collectively will have the power to elect two members of our board of directors. The interests of the holders of our preferred stock may differ from those of our other stockholders. In addition, any dividend we fail to pay will accrue, and the holders of our Series A Preferred Stock and Series B Preferred Stock will be entitled to a preferential distribution of the original purchase price per share plus all accrued and unpaid dividends before any distribution may be made to holders of our common stock in connection with any liquidation event.

Complying with these restrictions may cause us to take actions that are not favorable to holders of our common stock and may make it more difficult for us to successfully execute our business plan and compete against companies who are not subject to such restrictions.

If we are unable to effectively deploy Iridium NEXT before our first-generation satellites cease to provide a commercially acceptable level of service, our business will suffer.

We are currently launching Iridium NEXT. While we expect our first-generation satellites to provide a commercially acceptable level of service through the completion of the transition to Iridium NEXT, we cannot guarantee it will do so. If we are unable to effectively complete the deployment of Iridium NEXT for any reason, whether as a result of insufficient funds, manufacturing or launch delays, launch failures, in-orbit satellite failures, inability to achieve or maintain orbital placement, failure of the satellites to perform as expected, interference between any hosted payload and our network, or otherwise, before our first-generation satellites cease to provide a commercially acceptable level of service, or if we experience backward compatibility problems with our new constellation, we would likely lose customers and business opportunities to our competitors, resulting in a potentially material decline in revenue and profitability and the inability to service our debt.

Iridium NEXT may not be completed on time, and the costs associated with it may be greater than expected.

We estimate that the costs associated with the design, build and launch of Iridium NEXT and related ground infrastructure upgrades through 2018 will be approximately $3 billion, although our actual costs could substantially exceed this estimate. We may not

complete Iridium NEXT on time, on budget or at all. Our first launch, originally scheduled for the first quarter of 2015, was delayed until January 2017 because of delays by our satellite manufacturer, the failure of one of our launch providers, Kosmotras, to obtain the permits or authorizations for launch, and delays by our other launch provider, SpaceX, and we may experience further delays. The design, manufacture and launch of satellite systems are highly complex and historically have been subject to delays and cost overruns. Deployment of Iridium NEXT may suffer from additional delays, interruptions or increased costs due to many factors, some of which may be beyond our control, including:

- lower than anticipated internally generated cash flows, including from Aireon and other hosted payloads;
- inadequate liquidity;
- operating and other requirements imposed by the lenders under the Credit Facility;
- Thales's ability to manufacture the Iridium NEXT satellites on time and on budget, including issues that might be found late in the process, for example during systems-level testing;
- interference between any hosted payload and our network;
- complex integration of our ground segment with the Iridium NEXT satellites and the transition from our first-generation satellites;
- denial or delays in receipt of regulatory approvals or non-compliance with conditions imposed by regulatory authorities;
- the breakdown or failure of equipment or systems;
- non-performance by third-party contractors, including the prime system contractor;
- the inability to license necessary technology on commercially reasonable terms or at all;
- use of the SpaceX launch vehicle, which has a limited operating history, or the failure of SpaceX to sustain its business;
- launch delays or failures or in-orbit satellite failures once launched or the decision to manufacture additional replacement satellites for future launches;
- labor disputes or disruptions in labor productivity or the unavailability of skilled labor;
- increases in the costs of materials;
- changes in project scope;
- additional requirements imposed by changes in laws; or
- severe weather or catastrophic events, such as fires, earthquakes or storms.

If the manufacture and deployment of Iridium NEXT costs more or takes longer than we anticipate, our ability to continue to develop Iridium NEXT could be compromised.

Loss of any Iridium NEXT satellite during launch or delays in our launch schedule could delay or impair our ability to offer our services or increase our costs.

The future launches of our Iridium NEXT satellites will be subject to the inherent risk of launch failures, which could result in the loss or destruction of one or more satellites. We have entered into two launch services agreements with SpaceX, pursuant to which SpaceX will provide launch services to us in connection with our deployment of Iridium NEXT. The SpaceX agreements contemplate seven launches of ten satellites, four of which have been completed, and one shared launch of five satellites, each on SpaceX's Falcon 9 rocket, over a two-year period. SpaceX is a rapidly growing company in a technically complicated industry, is working to meet an aggressive launch manifest and has experienced failures leading to launch delays in the past. In the event of a launch failure resulting in the destruction of our satellites, we may not be able to have enough replacement satellites manufactured in time to conduct all contracted launches. A failure by SpaceX to maintain its launch schedule could expose us to delay or the need to utilize an alternate launch services provider, which could substantially increase our launch costs.

Our launch insurance contains significant elements of self-insurance and some variability in premiums and only covers the first twelve months of operations of our Iridium NEXT satellites, as a result of which we may be subject to increased costs.

The launch and in-orbit insurance we have obtained contains, consistent with the terms of the Credit Facility, elements of self-insurance and deductibles, providing reimbursement only after a specified number of satellite failures. Further, some policies covering launches three through seven require the payment of additional premiums if there are losses on the first two launches. Further, our insurance only covers in-orbit failures of our satellites for a period of twelve months from the date of launch. As a result, a failure of one or more of our satellites, or the occurrence of equipment failures and other related problems, could constitute an uninsured loss or require the payment of additional premiums and could harm our financial condition. Furthermore, launch and in-orbit insurance does not cover lost revenue.

Both our first-generation and our Iridium NEXT satellites have a limited life and may fail prematurely, which would cause our network to be compromised and materially and adversely affect our business, prospects and profitability.

Our first-generation satellites have exceeded their original design lives. While actual useful life typically exceeds original design life, the useful lives of our satellites may be shorter than we expect, and satellites may fail or collide with space debris or other satellites in the future. Similarly, we may experience in-orbit malfunctions of Iridium NEXT satellites, which could adversely affect the reliability of their service or result in total failure of the satellite. If we experience a failure in an orbital plane other than a plane in which we have a spare, we do not expect to replace the failure until we have an Iridium NEXT satellite available to do so. As a result, while we expect our constellation to provide a commercially acceptable level of service through the completion of the transition to Iridium NEXT, we cannot guarantee it will be able to do so.

In-orbit failure of a satellite may result from various causes, including component failure, loss of power or fuel, inability to control positioning of the satellite, solar or other astronomical events, including solar radiation and flares, and space debris. Other factors that could affect the useful lives of our satellites include the quality of construction, gradual degradation of solar panels and the durability of components. Radiation-induced failure of satellite components may result in damage to or loss of a satellite before the end of its expected life. As our first-generation satellites have aged, some of our satellites have experienced individual component failures affecting their coverage or transmission capacity, and other satellites may experience such failures in the future, which could adversely affect the reliability of their service or result in total failure of the satellite. Although we do not incur any direct cash costs related to the failure of a satellite, if a satellite fails, we record an impairment charge in our statement of operations to reduce the remaining net book value of that satellite to zero, and any such impairment charges could depress our net income for the period in which the failure occurs.

From time to time, we are advised by our customers and end users of temporary intermittent losses of signal cutting off calls in progress, preventing completions of calls when made or disrupting the transmission of data. If the magnitude or frequency of such problems increase and we are no longer able to provide a commercially acceptable level of service, our business and financial results and our reputation would be hurt and our ability to pursue our business plan would be compromised.

We may be required in the future to make further changes to our constellation to maintain or improve its performance. Any such changes may require prior FCC approval, and the FCC may subject the approval to other conditions that could be unfavorable to our business. In addition, from time to time we may reposition our satellites within the constellation in order to optimize our service, which could result in degraded service during the repositioning period. Although we have some ability to remedy some types of problems affecting the performance of our satellites remotely from the ground, the physical repair of our satellites in space is not feasible.

We will have to de-orbit all of our first-generation satellites, and we may not be able to obtain or maintain adequate de-orbit insurance.

Our FCC license requires us to de-orbit a first-generation satellite following its replacement with an Iridium NEXT constellation satellite and to notify the FCC within 30 days following removal of a first-generation satellite from its operational orbit for purposes of de-orbit, subject to the license modification that we have been granted with respect to up to 18 first-generation satellites we may keep as spares.

Our current insurance policy covers amounts that we and other specified parties may become liable to pay for bodily injury and property damages to third parties related to a de-orbit of our first-generation satellites. Our current policy has a one-year term, which expires on December 8, 2018, and covers all remaining first-generation satellites. The price, terms and availability of insurance have fluctuated significantly since we began offering commercial satellite services. The cost of obtaining insurance can vary as a result of either satellite failures or general conditions in the insurance industry. Higher premiums on insurance policies would increase our cost.

De-orbit liability insurance policies on satellites may not continue to be available on commercially reasonable terms or at all or in sufficient amount to cover the planned de-orbit, over time, of all satellites in our first-generation constellation. In addition to higher premiums, insurance policies may provide for higher deductibles, shorter coverage periods and additional policy exclusions. For example, our current de-orbit insurance covers only twelve months from attachment and therefore would not cover losses arising outside that timeframe. In addition, even if we continue to maintain a de-orbit liability insurance policy, the coverage may not protect us against all third-party losses, which could be material.

Our agreements with U.S. government customers, particularly the DoD, which represent a significant portion of our revenue, expire in 2018 and are also subject to termination.

The U.S. government, through a dedicated gateway owned and operated by the DoD, has been and continues to be, directly and indirectly, our largest customer, representing 24% of our revenue for each of the years ended December 31, 2017 and 2016. We provide the majority of our services to the U.S. government pursuant to our Gateway Maintenance and Support Services, or GMSS, and EMSS contracts. We entered into these contracts in September 2013 and October 2013, respectively. The GMSS contract provides for a one-year base term and up to four additional one-year options exercisable at the election of the U.S. government, all of which have been exercised so far, and the EMSS contract provides for a five-year term. These agreements expire in the second half of 2018, although based on federal acquisition regulations, the government has the ability to extend each agreement for an additional six months. We are currently negotiating renewals of these contracts, but we can provide no assurance that we will be able to do so on favorable terms, or at all. Further, the U.S. government may terminate these agreements, in whole or in part, at any time for its convenience. Our relationship with the U.S. government is also subject to the overall U.S. government budget and appropriation decisions and processes. U.S. government budget decisions, including with respect to defense spending, are based on changing government priorities and objectives, which are driven by numerous factors, including geopolitical events and macroeconomic conditions, and are beyond our control. If the U.S. government terminates or fails to renew either of the agreements, we would lose a significant portion of our revenue.

We are dependent on intellectual property licensed from third parties to operate our constellation and sell our devices and for the enhancement of our existing products and services.

We license critical system technology, including software and systems, to operate and maintain our network as well as technical information for the design, manufacture and sale of our devices. This intellectual property is essential to our ability to continue to operate our constellation and sell our services and devices. In addition, we are dependent on third parties to develop enhancements to our current products and services even in circumstances where we own the intellectual property. If any third-party owner of such intellectual property were to terminate any license agreement with us or cease to support and service this technology or perform development on our behalf, or if we are unable to renew such licenses on commercially reasonable terms or at all, it may be difficult, more expensive or impossible to obtain such technology or services from alternative vendors. Any substitute technology may also be costly to develop and integrate, or could have lower quality or performance standards, which would adversely affect the quality of our products and services. In connection with the manufacture and operation of Iridium NEXT and the development of new products and services to be offered on Iridium NEXT, we may be required to obtain additional intellectual property rights from third parties. We can offer no assurance that we will be able to obtain such intellectual property rights on commercially reasonable terms or at all. If we are unable to obtain such intellectual property rights on commercially reasonable terms, we may not be able to complete Iridium NEXT on budget or at all or may not be able to develop new products and services to be offered on Iridium NEXT.

Our products could fail to perform or could perform at reduced levels of service because of technological malfunctions or deficiencies or events outside of our control, which would seriously harm our business and reputation.

Our products and services are subject to the risks inherent in a large-scale, complex telecommunications system employing advanced technology. Any disruption to our satellites, services, information systems or telecommunications infrastructure could result in the inability of our customers to receive our services for an indeterminate period of time. These customers include government agencies conducting mission-critical work throughout the world, as well as consumers and businesses located in remote areas of the world and operating under harsh environmental conditions where traditional telecommunications services may not be readily available. Any disruption to our services or extended periods of reduced levels of service could cause us to lose customers or revenue, result in delays or cancellations of future implementations of our products and services, result in failure to attract customers, or result in litigation, customer service or repair work that would involve substantial costs and distract management from operating our business. The failure of any of the diverse elements of our system, including our satellites, our commercial gateway, our satellite teleport network facilities or our satellite network operations center, to function as required could render our system unable to perform at the quality and capacity levels required for success. Any system failures, repeated product failures or shortened product life, or extended reduced levels of service could reduce our sales, increase costs, or result in warranty or liability claims or litigation, cause us to extend our warranty period, and seriously harm our business.

Our failure to effectively manage the expansion of our product portfolio could impede our ability to execute our business plan, and we may experience increased costs or disruption in our operations.

We are dependent on our ability to develop and market new products for substantial future revenue growth. We currently face a variety of challenges, including maintaining the infrastructure and systems necessary for us to manage the growth of our business. As our product portfolio continues to expand, the responsibilities of our management team and other company resources also grow. Consequently, we may further strain our management and other company resources with the increased complexities and administrative burdens associated with a larger, more complex product portfolio. For example, we have in the past experienced quality issues and incorrect market assessments in connection with the introduction of new products and services, and we may experience such issues in the future. Our failure to meet these challenges as a result of insufficient management or other resources could significantly impede our ability to execute our business plan, which relies in part on our ability to leverage our largely fixed-cost infrastructure. To properly manage our growth, we may need to hire and retain additional personnel, upgrade our existing operational management and financial and reporting systems, and improve our business processes and controls. Failure to effectively manage the expansion of our product portfolio in a cost-effective manner could result in declines in product and service quality and customer satisfaction, disruption of our operations, or increased costs, any of which would reduce our ability to increase our profitability.

As we and our distributors expand our offerings to include more consumer-oriented devices, we are more likely to be subject to product liability claims, recalls or litigation, which could adversely affect our business and financial performance.

Through of distributors, we offer several products and services aimed at individual consumers, and we and our distributors continue to introduce additional products and services. These products and services, such as satellite handsets, personal locator devices and location-based services, may be used in isolated and dangerous locations, including emergency response situations, and users who suffer property damage, personal injury or death while using the product or service may seek to assert claims or bring lawsuits against us. Further, it is possible that our products would become the subject of consumer protection litigation, including class actions. We seek to limit our exposure to all of these claims through appropriate disclosures, indemnification provisions and disclaimers, but these steps may not be effective. We also maintain product liability insurance, but this insurance may not cover any particular claim or litigation, or the amount of insurance may be inadequate to cover the claims brought against us. Product liability insurance could become more expensive and difficult to maintain and might not be available on acceptable terms or at all. In addition, it is possible that our products would become the subject of a product recall as a result of a product defect. We do not maintain recall insurance, so any recall could have a significant effect on our financial results. In addition to the direct expenses of product liability claims, recalls and litigation, a claim, recall or litigation might cause us adverse publicity, which could harm our reputation and compromise our ability to sell our products in the future.

The collection, storage, transmission, use and disclosure of user data and personal information could give rise to liabilities or additional costs as a result of laws, governmental regulations, and evolving views of personal privacy rights and information security standards.

We transmit, process, and in some cases store, end user data, including personally identifiable information. In jurisdictions around the world, the transmission and storage of personally identifiable information is becoming increasingly subject to legislation and regulations intended to protect consumers' privacy and the security of their personal information. The standards for processing, storing and using personally identifiable information continue to evolve, and impose additional obligations and risk on our business, and have the potential to make some of our business processes less feasible. In addition, the interpretation of privacy and data protection laws and regulations regarding the collection, storage, transmission, use and disclosure of such information in some jurisdictions remains unclear. These laws may be interpreted, applied and enforced in conflicting ways from country to country and in a manner that is not consistent with our current data protection practices. Complying with these varying international requirements could cause us to incur additional costs and change our business practices. Because our services are accessible in many foreign jurisdictions, some of these jurisdictions may claim that we are required to comply with their laws, even where we have no local entity, employees or infrastructure. We could face a variety of enforcement actions or government inquiries or be forced to incur significant expenses if we were required to modify our products, our services, or our existing security and privacy procedures in order to comply with new or expanded regulations.

In addition, if end users allege that their personal information is not collected, stored, transmitted, used or disclosed by us or our business partners appropriately or in accordance with our privacy policies or applicable laws, or that our failure to adequately secure their information compromised its security, we could have liability to them or to consumer protection agencies, including claims and litigation resulting from such allegations. Any failure on our part to protect end users' privacy and data could result in a loss of user confidence, hurt our reputation and ultimately result in the loss of users.

Our satellites may collide with space debris or another spacecraft, which could adversely affect the performance of our constellation.

In February 2009, we lost an operational satellite as a result of a collision with a non-operational Russian satellite. Although we have some ability to actively maneuver our satellites to avoid potential collisions with space debris or other spacecraft, this ability is limited by, among other factors, uncertainties and inaccuracies in the projected orbit location of and predicted conjunctions with debris objects tracked and cataloged by the U.S. government. Additionally, some space debris is too small to be tracked and therefore its orbital location is completely unknown; nevertheless, this debris is still large enough to potentially cause severe damage or a failure of our satellites should a collision occur. If our constellation experiences additional satellite collisions with space debris or other spacecraft, our service could be impaired.

The space debris created by the February 2009 satellite collision may cause damage to other spacecraft positioned in a similar orbital altitude.

The 2009 collision of one of our satellites with a non-operational Russian satellite created a space debris field concentrated in the orbital altitude where the collision occurred, and thus increased the risk of space debris damaging or interfering with the operation of our satellites, which travel in this orbital altitude, as well as satellites owned by third parties, such as U.S. or foreign governments or agencies and other satellite operators. Although there are tools used by us and providers of tracking services, such as the U.S. Joint Space Operations Center, to detect, track and identify space debris, we or third parties may not be able to maneuver the satellites away from such debris in a timely manner. Any such collision could potentially expose us to significant losses and liability if we were found to be at fault.

If we experience operational disruptions with respect to our commercial gateways or operations center, we may not be able to provide service to our customers.

Our commercial satellite network traffic is supported by gateways in Tempe, Arizona, and Izhevsk, Russia, for traffic within Russian boundaries, and we operate our satellite constellation from our satellite network operations center in Leesburg, Virginia. Currently, we do not have a backup facility for our primary gateway in Arizona, and our facilities are subject to the risk of significant malfunctions or catastrophic loss due to unanticipated events and would be difficult to replace or repair and could require substantial lead-time to do so. Material changes in the operation of these facilities may be subject to prior FCC approval, and the FCC might not give such approval or may subject the approval to other conditions that could be unfavorable to our business. Our gateways and operations center may also experience service shutdowns or periods of reduced service in the future as a result of equipment failure, delays in deliveries or regulatory issues. Any such failure would impede our ability to provide service to our customers.

We could lose market share and revenue as a result of increasing competition from companies in the wireless communications industry, including cellular and other satellite operators, and from the extension of land-based communications services.

We face intense competition in all of our markets, which could result in a loss of customers and lower revenue and make it more difficult for us to enter new markets. We compete primarily on the basis of coverage, quality, portability, and pricing of services and products.

The provision of satellite-based services and products is subject to downward price pressure when capacity exceeds demand or as a result of aggressive discounting by some operators under financial pressure to expand their respective market share. In addition, we may face competition from new competitors, new technologies or new equipment, including proposed new LEO constellations. For example, we may face competition for our land-based services in the United States from incipient ancillary terrestrial component, or ATC, service providers who are designing a satellite operating business and a terrestrial component around their spectrum holdings. In addition, some of our competitors have announced plans for the launch of additional satellites. As a result of competition, we may not be able to successfully retain our existing customers and attract new customers.

In addition to our satellite-based competitors, terrestrial voice and data service providers, both wireline and wireless, could further expand into rural and remote areas and provide the same general types of services and products that we provide through our satellite-based system. Although satellite communications services and terrestrial communications services are not perfect substitutes, the two compete in some markets and for some services. Consumers generally perceive terrestrial wireless voice communication products and services as cheaper and more convenient than those that are satellite-based. Many of our terrestrial competitors have greater resources, wider name recognition and newer technologies than we do. In addition, industry consolidation could hurt us by increasing the scale or scope of our competitors, thereby making it more difficult for us to compete.

Some of the hardware and software we use in operating our gateways is significantly customized and tailored to meet our requirements and specifications and could be difficult and expensive to service, upgrade or replace.

Some of the hardware and software we use in operating our gateways is significantly customized and tailored to meet our requirements and specifications and could be difficult and expensive to service, upgrade or replace. Although we maintain inventories of some spare parts, it nonetheless may be difficult, expensive or impossible to obtain replacement parts for the hardware due to a limited number of those parts being manufactured to our requirements and specifications. In addition, our business plan contemplates updating or replacing some of the hardware and software in our network as technology advances, but the complexity of our requirements and specifications may present us with technical and operational challenges that complicate or otherwise make it expensive or infeasible to carry out such upgrades and replacements. If we are not able to suitably service, upgrade or replace our equipment, our ability to provide our services and therefore to generate revenue could be harmed.

Rapid and significant technological changes in the satellite communications industry may impair our competitive position and require us to make significant additional capital expenditures.

The satellite communications industry is subject to rapid advances and innovations in technology. We may face competition in the future from companies using new technologies and new satellite systems. New technology could render our system obsolete or less competitive by satisfying customer demand in more attractive ways or through the introduction of incompatible standards. Particular technological developments that could adversely affect us include the deployment by our competitors of new satellites with greater power, flexibility, efficiency or capabilities than our first-generation satellites or Iridium NEXT, as well as continuing improvements in terrestrial wireless technologies. For us to keep up with technological changes and remain competitive, we may need to make significant capital expenditures, including capital to design and launch new products and services on Iridium NEXT. Customer acceptance of the products and services that we offer will continually be affected by technology-based differences in our product and service offerings compared to those of our competitors. New technologies may also be protected by patents or other intellectual property laws and therefore may not be available to us. Any failure on our part to implement new technology within our system may compromise our ability to compete.

Use by our competitors of L-band spectrum for terrestrial services could interfere with our services.

In February 2003, the FCC adopted ATC rules that permit satellite service providers to establish terrestrial wireless networks in previously satellite-only bands, subject to certain requirements intended to ensure that terrestrial services remain ancillary to primary satellite operations. In 2011, Lightsquared (now known as Ligado Networks) was granted a waiver at the FCC to convert Ligado Network's L-band satellite spectrum to terrestrial use including a 10 MHz band close to the spectrum that we use for all of our services. That waiver was subsequently suspended in 2012 due to concerns about potential interference to GPS operations. Ligado Networks sought another waiver in 2015 to modify the ATC of its L-band mobile satellite service network with a new proposal to address GPS industry concerns. We oppose this waiver out of concern for the interference that Ligado Network's proposed operations would cause to our operations in the L-band.

The implementation of ATC services by satellite service providers in the United States or other countries may result in increased competition for the right to use L-band spectrum in the 1.6 GHz band, which we use to provide our services, and such competition may make it difficult for us to obtain or retain the spectrum resources we require for our existing and future services. In addition, the FCC's decision to permit ATC services was based on assumptions relating to the level of interference that the provision of ATC services would likely cause to other satellite service providers that use the L-band spectrum. If the FCC's assumptions prove inaccurate, or the level of ATC services provided exceeds those estimated by the FCC, such as the proposed use by Ligado Networks, ATC services could substantially interfere with our satellites and devices, which would adversely affect our services. Outside the United States, other countries have implemented, or are considering implementing, regulations to facilitate ATC-like services.

Our networks and those of our third-party service providers may be vulnerable to security risks.

We expect the secure transmission of confidential information over public networks to continue to be a critical element of our ability to compete for business, manage our risks, and protect our customers and our reputation. Our network and those of our third-party service providers and our customers may be vulnerable to unauthorized access, computer viruses and other security problems. Persons who circumvent security measures could wrongfully obtain or use information on the network or cause interruptions, delays or malfunctions in our operations, any of which could harm our reputation, cause demand for our products and services to fall, and compromise our ability to pursue our business plans. Recently, there have been reported a number of significant, widespread security breaches that have compromised network integrity for many companies and governmental agencies, in some cases reportedly originating from outside the United States. In addition, there are reportedly private products available in the market today which may attempt to unlawfully intercept communications made using our network. We may be required to expend significant resources to

protect against the threat of security breaches or to remediate harm caused by a breach, including compliance with applicable data breach notification laws, and to alleviate problems, including reputational harm and litigation, caused by any breaches. In addition, our customer contracts may not adequately protect us against liability to third parties with whom our customers conduct business. Although we have implemented and intend to continue to implement industry-standard and other security measures, these measures may prove to be inadequate and result in incidents, including system failures and delays, that could limit network availability, which could harm our business and our reputation and result in substantial liability.

We are dependent on third parties to market and sell our products and services.

We select third-party distributors and rely on them to market and sell our products and services to end users and to determine the prices end users pay, in some cases on an exclusive basis. We also depend on our distributors to develop innovative and improved solutions and applications integrating our product and service offerings. As a result of these arrangements, we are dependent on the performance of our distributors to generate most of our revenue. Our distributors operate independently of us, and we have limited control over their operations, which exposes us to significant risks. Distributors may not commit the necessary resources to market and sell our products and services and may also market and sell competitive products and services. In addition, our distributors may not comply with the laws and regulatory requirements in their local jurisdictions, which could limit their ability to market or sell our products and services. If our distributors develop faulty or poorly performing products using our technology or services, we may be subject to claims, and our reputation could be harmed. If current or future distributors do not perform adequately, or if we are unable to locate competent distributors in particular countries and secure their services on favorable terms, we may be unable to increase or maintain our revenue in these markets or enter new markets, we may not realize our expected growth, and our brand image and reputation could be hurt.

In addition, we may lose distributors due to competition, consolidation, regulatory developments, business developments affecting our distributors or their customers, or for other reasons. In 2009, one of our largest competitors, Inmarsat, acquired our then largest distributor, Stratos Global Wireless, Inc., and in January 2014, Inmarsat acquired Globe Wireless, one of our service providers. Following each acquisition, Inmarsat essentially stopped promoting sales of our products and services, and they may further reduce their efforts in the future. Any future consolidation of our distributors would further increase our reliance on a few key distributors of our services and the amount of volume discounts that we may have to give those distributors. Our two largest distributors, Applied Satellite Technology LTD and Network Innovation, represented a total of 12% of our revenue for the year ended December 31, 2017, and our ten largest distributors represented, in the aggregate, 37% of our revenue for the year ended December 31, 2017. The loss of any of these distributors, or a decrease in the level of effort expended by any of them to promote our products and services, could reduce the distribution of our products and services as well as the development of new products and applications.

We rely on a limited number of key vendors for supply of equipment and services.

We currently rely on Benchmark Electronics Inc., or Benchmark, as the exclusive manufacturer of our current devices, including our mobile handsets, L-Band transceivers, SBD devices and Iridium Pilot terminals. Benchmark may choose to terminate its business relationship with us when its current contractual obligations are completed, or if we default under our current agreement. We also utilize sole source suppliers for some of the component parts of our devices. If Benchmark or any of our other suppliers were to terminate its relationship with us, we may not be able to find a replacement supplier in a timely manner, at an acceptable price or at all.

Our manufacturer and suppliers may become capacity-constrained as a result of a surge in demand, a natural disaster or other event, or one or more component suppliers may decide to cease production of various components of our products, resulting in a shortage or interruption in supplies or an inability to meet increased demand. Although we may be able to replace sole source suppliers, there could be a substantial period of time in which our products would not be available; any new relationship may involve higher costs and delays in development and delivery, and we may encounter technical challenges in successfully replicating the manufacturing processes. If our manufacturers or suppliers terminate their relationships with us, fail to provide equipment or services to us on a timely basis, or fail to meet our performance expectations, we may be unable to provide products or services to our customers in a competitive manner, which could in turn negatively affect our financial results and our reputation.

In November 2016, we entered into a development services contract with Boeing, which will dedicate key Boeing personnel to continue the design and growth required for bringing new services and capabilities to the Iridium NEXT network. Technological competence is critical to our business and depends, to a significant degree, on the work of technically skilled personnel, such as these Boeing contractors. If Boeing’s performance falls below expected levels or if Boeing has difficulties retaining the personnel servicing our network development, the development of new products and services on Iridium NEXT could be compromised. In addition, if Boeing terminates its agreement with us, we may not be able to find a replacement provider on favorable terms or at all, which could impair our operations and performance.

We have been and may in the future become subject to claims that our products violate the patent or intellectual property rights of others, which could be costly and disruptive to us.

We operate in an industry that is susceptible to significant intellectual property litigation. As a result, we or our products may become subject to intellectual property infringement claims or litigation. The defense of intellectual property suits is both costly and time-consuming, even if ultimately successful, and may divert management's attention from other business concerns. An adverse determination in litigation to which we may become a party could, among other things:

- subject us to significant liabilities to third parties, including treble damages;
- require disputed rights to be licensed from a third party for royalties that may be substantial;
- require us to cease using technology that is important to our business; or
- prohibit us from selling some or all of our products or offering some or all of our services.

Conducting and expanding our operations outside the United States creates numerous risks, which may harm our operations and compromise our ability to expand our international operations.

We have significant operations outside the United States. We estimate that commercial data traffic originating outside the United States, excluding our Iridium OpenPort broadband data service traffic, accounted for 75% and 72% of total commercial data traffic for the years ended December 31, 2017 and 2016, respectively, while commercial voice traffic originating outside the United States, excluding Iridium OpenPort traffic, accounted for 88% of total commercial voice traffic for each of the years ended December 31, 2017 and 2016. We cannot provide the precise geographical distribution of revenue from end users because we do not contract directly with them. Instead, we determine the country in which we earn our revenue based on where we invoice our distributors. These distributors sell services directly or indirectly to end users, who may be located or use our products and services elsewhere. We and our distributors are also seeking authorization to sell our services in additional countries.

Conducting operations outside the United States involves numerous risks and, while expanding our international operations would advance our growth, it would also increase our exposure to these risks. For example, in 2013 we commenced the provision of satellite communications services in Russia through a local subsidiary and its authorized Russian service providers and subsequently constructed a dedicated gateway in Russia. The U.S. government has imposed economic and diplomatic sanctions on certain Russian corporations, banks, and citizens and might impose additional sanctions in the future. If such sanctions, or any Russian response to such sanctions, affects our operations in Russia, it could limit our growth in Russia or prevent us from continuing to operate there at all, which would reduce our revenues.

Other risks associated with the proposed expansion of our international operations include:

- difficulties in penetrating new markets due to established and entrenched competitors;
- difficulties in developing products and services that are tailored to the needs of local customers;
- lack of local acceptance or knowledge of our products and services;
- lack of recognition of our products and services;
- unavailability of, or difficulties in establishing, relationships with distributors;
- significant investments, including the development and deployment of dedicated gateways, as some countries require physical gateways within their jurisdiction to connect the traffic coming to and from their territory;
- instability of international economies and governments;
- changes in laws and policies affecting trade and investment in other jurisdictions, including the United Kingdom's proposed exit from the European Union;
- exposure to varying legal standards, including intellectual property protection in other jurisdictions;
- difficulties in obtaining required regulatory authorizations;

- difficulties in enforcing legal rights in other jurisdictions;
- local domestic ownership requirements;
- requirements that operational activities be performed in-country;
- changing and conflicting national and local regulatory requirements;
- foreign currency exchange rates and exchange controls; and
- ongoing compliance with the U.S. Foreign Corrupt Practices Act, U.S. export controls, anti-money laundering and trade sanction laws, and similar anti-corruption and international trade laws in other countries.

If any of these risks were to materialize, it could affect our ability to successfully compete and expand internationally. Government organizations, foreign military and intelligence agencies, natural disaster aid associations, and event-driven response agencies use our commercial voice and data satellite communications services. Accordingly, we may experience reductions in usage due to changing global circumstances.

The prices for our products and services are typically denominated in U.S. dollars. Any appreciation of the U.S. dollar against other currencies will increase the cost of our products and services to our international customers and, as a result, may reduce the competitiveness of our international offerings and make it more difficult for us to grow internationally. Conversely, in some locations, primarily Russia, we conduct business in the local currency, and a depreciation of the local currency against the U.S. dollar will reduce the U.S. dollar value of our revenues from those countries. In recent years, Russia has experienced significant currency depreciation against the U.S. dollar.

We are currently unable to offer service in important regions of the world due to regulatory requirements, which limits our growth.

Our ability to provide service in some regions is limited by local regulations. Some countries have specific regulatory requirements such as local domestic ownership requirements or requirements for physical gateways within their jurisdiction to connect traffic coming to and from their territory. While we have had discussions with parties in these countries to satisfy these regulatory requirements, we may not be able to find an acceptable local partner or reach an agreement to develop additional gateways, or the cost of developing and deploying such gateways may be prohibitive, which could impair our ability to expand our product and service offerings in such areas and undermine our value for potential users who require service in these areas. Also, other countries where we already provide service may impose similar requirements, which could restrict our ability to continue to provide service in those countries. The inability to offer to sell our products and services in all major international markets could impair our international growth. In addition, the construction of such gateways in foreign countries may trigger and require us to comply with various U.S. regulatory requirements that could conflict with or contravene the laws or regulations of the local jurisdiction. Any of these developments could limit, delay or otherwise interfere with our ability to construct gateways or other infrastructure or network solutions around the world.

The U.S. government and Motorola Solutions may unilaterally require us to de-orbit our first-generation satellites upon the occurrence of specified events.

When Iridium Satellite purchased the assets of Iridium LLC, a non-affiliated debtor in possession, out of bankruptcy, Motorola and the U.S. government required specified de-orbit rights as a way to control potential liability exposure arising from future operation of our first-generation constellation. As a result, Iridium Satellite, Boeing, which then operated our constellation, Motorola and the U.S. government entered into an agreement giving the U.S. government the right, in its sole discretion, to require us to de-orbit our first-generation satellites upon the occurrence of specified events, including any time on or after January 1, 2015 or if more than four of our first-generation satellites have insufficient fuel to execute a 12-month de-orbit, both of which have already occurred. In addition, the U.S. government has the right to require us to de-orbit any of our individual functioning first-generation satellites, including in-orbit spares, that have been in orbit for more than seven years. All of our functioning first-generation satellites have been in orbit for more than seven years.

Motorola Solutions, as successor to Motorola also has the right to require us to de-orbit our first-generation satellites pursuant to our agreements and upon the occurrence of specified events.

We cannot guarantee that the U.S. government or Motorola Solutions will not unilaterally exercise their de-orbiting rights upon the occurrence of any of the specified events. If we were required to de-orbit our first-generation satellites prior to the deployment of an adequate number of Iridium NEXT satellites, we may be unable to continue to provide a commercially acceptable level of service.

We may be unable to obtain and maintain contractually required liability insurance, and the insurance we obtain may not cover all liabilities to which we may become subject.

Under our agreement with Motorola, we are required to maintain an in-orbit liability insurance policy with a de-orbiting endorsement. The current policy, together with the de-orbiting endorsement, covers amounts that we and other specified parties may become liable to pay for bodily injury and property damages to third parties related to processing, maintaining and operating our first-generation satellites and, in the case of the de-orbiting endorsement, a mass de-orbit of our first-generation satellites. Our current policy has a one-year term, which expires on December 8, 2018, and excludes coverage for all third-party damages relating to the 2009 collision of our satellite with a non-operational Russian satellite. The price, terms and availability of insurance have fluctuated significantly since we began offering commercial satellite services. The cost of obtaining insurance can vary as a result of either satellite failures or general conditions in the insurance industry. Higher premiums on insurance policies would increase our cost. In-orbit liability insurance policies on satellites may not continue to be available on commercially reasonable terms or at all. In addition to higher premiums, insurance policies may provide for higher deductibles, shorter coverage periods and additional policy exclusions. For example, our current de-orbit insurance covers only twelve months from attachment and therefore would not cover losses arising outside that timeframe. Our failure to renew our current in-orbit liability insurance policy or obtain a replacement policy would trigger de-orbit rights with respect to our first-generation satellites held by the U.S. government and Boeing described in the immediately preceding risk factor, which, if exercised prior to the deployment of an adequate number of Iridium NEXT satellites, would harm our ability to provide a commercially acceptable level of service. In addition, even if we continue to maintain an in-orbit liability insurance policy, the coverage may not protect us against all third-party losses, which could be material.

Our current in-orbit liability insurance policy contains, and we expect any future policies would likewise contain, specified exclusions and material change limitations customary in the industry. These exclusions may relate to, among other things, losses resulting from in-orbit collisions such as the one we experienced in 2009, acts of war, insurrection, terrorism or military action, government confiscation, strikes, riots, civil commotions, labor disturbances, sabotage, unauthorized use of the satellites, and nuclear or radioactive contamination, as well as claims directly or indirectly occasioned as a result of noise, pollution, electrical and electromagnetic interference, and interference with the use of property.

In addition to our in-orbit liability insurance policy, we are required to purchase product liability insurance to cover the potential liability of Motorola Solutions, as the successor to the manufacturer of our first-generation satellites. We may not in the future be able to renew this product liability coverage on reasonable terms and conditions, or at all. Our failure to maintain this insurance could increase our exposure to third-party damages that may be caused by any of our satellites. If we are unable to obtain such insurance on commercially reasonable terms and the U.S. government has not agreed to cover the amounts that would have otherwise been paid by such insurance, Motorola Solutions could invoke its de-orbit rights which, if exercised prior to the deployment of an adequate number of Iridium NEXT satellites, would harm our ability to provide a commercially acceptable level of service.

Wireless devices' radio frequency emissions are the subject of regulation and litigation concerning their environmental effects, which includes alleged health and safety risks. As a result, we may be subject to new regulations, demand for our services may decrease, and we could face liability based on alleged health risks.

There has been adverse publicity concerning alleged health risks associated with radio frequency transmissions from portable hand-held telephones that have transmitting antennas. Lawsuits have been filed against participants in the wireless industry alleging a number of adverse health consequences, including cancer, as a result of wireless phone usage. Other claims allege consumer harm from failures to disclose information about radio frequency emissions or aspects of the regulatory regimes governing those emissions. Although we have not been party to any such lawsuits, we may be exposed to such litigation in the future. While we comply with applicable standards for radio frequency emissions and power and do not believe that there is valid scientific evidence that use of our devices poses a health risk, courts or governmental agencies could determine otherwise. Any such finding could reduce our revenue and profitability and expose us and other communications service providers or device sellers to litigation, which, even if frivolous or unsuccessful, could be costly to defend.

If consumers' health concerns over radio frequency emissions increase, they may be discouraged from using wireless handsets. Further, government authorities might increase regulation of wireless handsets as a result of these health concerns. Any actual or perceived risk from radio frequency emissions could reduce the number of our subscribers and demand for our products and services.

Our business is subject to extensive government regulation, which mandates how we may operate our business and may increase our cost of providing services and slow our expansion into new markets.

Our ownership and operation of a satellite communications system and the sale of products that operate on that system are subject to significant regulation in the United States, including by the FCC, the U.S. Department of Commerce and others, and in foreign

jurisdictions by similar local authorities. The rules and regulations of these U.S. and foreign authorities may change, and such authorities may adopt regulations that limit or restrict our operations as presently conducted or currently contemplated. Such authorities may also make changes in the licenses of our competitors that affect our spectrum. Such changes may significantly affect our business. Further, because regulations in each country are different, we may not be aware if some of our distribution partners or persons with whom we or they do business do not hold the requisite licenses and approvals. Our failure to provide services in accordance with the terms of our licenses or our failure to operate our satellites or ground stations as required by our licenses and applicable laws and government regulations could result in the imposition of government sanctions on us, including the suspension or cancellation of our licenses. Our failure or delay in obtaining the approvals required to operate in other countries would limit or delay our ability to expand our operations into those countries. Our failure to obtain industry-standard certifications for our products could compromise our ability to generate revenue and conduct our business in other countries. Any imposition of sanctions, loss of license or failure to obtain the authorizations necessary to use our assigned radio frequency spectrum and to distribute our products in the United States or foreign jurisdictions could cause us to lose sales, hurt our reputation and impair our ability to pursue our business plan.

In addition, one of our subsidiaries, Iridium Carrier Services LLC, holds a common carrier radio license and is thus subject to regulation as a common carrier, including limitations and prior approval requirements with respect to direct or indirect foreign ownership. A change in the manner in which we provide service, or a failure to comply with any common carrier regulations that apply to us or to pay required fees, could result in sanctions including fines, loss of authorizations, or the denial of applications for new authorizations or the renewal of existing authorizations.

Security and emergency services regulations in the U.S. and other countries may affect our ability to operate our system and to expand into new markets.

Our operations are subject to regulations of the U.S. Department of Commerce's Bureau of Industry and Security relating to the export of satellites and related technical data as well as our subscriber equipment, the U.S. Treasury Department's Office of Foreign Assets Control relating to transactions involving entities sanctioned by the United States, and the U.S. State Department's Office of Defense Trade Controls relating to satellite launch. We are also required to provide U.S. and some foreign government law enforcement and security agencies with call interception services and related government assistance, in respect of which we face legal obligations and restrictions in various jurisdictions. Given our global operations and unique network architecture, these requirements and restrictions are not always easy to comply with or harmonize. In addition, some countries require providers of telecommunications services to connect specified emergency numbers to local emergency services. We have discussed and continue to discuss with authorities in various countries the procedures used to satisfy our obligations, and have had to, and may in the future need to, obtain amendments or waivers to licenses or obligations in various countries. Countries are not obligated to grant requested amendments or waivers, and there can be no assurance that relevant authorities will not suspend or revoke our licenses or take other legal actions to attempt to enforce the requirements of their respective jurisdictions.

These U.S. and foreign obligations and regulations may limit or delay our ability to offer products and services in a particular country. As new laws and regulations are issued, we may be required to modify our business plans or operations. In addition, changing and conflicting national and local regulatory requirements may cause us to be in compliance with local requirements in one country, while not being in compliance with the laws and regulations of another. If we fail to comply with regulations in the United States or any other country, we could be subject to substantial fines or sanctions that could make it difficult or impossible for us to operate in the United States or such other country, or we may need to make substantial additional expenditures to bring our systems, products and services into compliance with the requirements.

If the FCC revokes, modifies or fails to renew our licenses, or fails to grant a new license or modification, our ability to operate will be harmed or eliminated.

We hold FCC licenses, specifically a license for our first-generation satellite constellation, a license for the Iridium NEXT constellation, licenses for our U.S. gateway and other ground facilities, and blanket earth station licenses for U.S. government customers and commercial subscribers, that are subject to revocation if we fail to satisfy specified conditions. The FCC licenses are also subject to modification by the FCC. Our first-generation satellite constellation license from the FCC has been extended until July 31, 2019. Our Iridium NEXT license expires on February 23, 2032. Our U.S. gateway earth station and the U.S. government customer and commercial subscriber earth station licenses expire between September 2018 and the year 2026. There can be no assurance that the FCC will renew the FCC licenses we hold or grant new ones or modifications. If the FCC revokes, modifies or fails to renew the FCC licenses we hold, or fails to grant a new license or modification, or if we fail to satisfy any of the conditions of our respective FCC licenses, we may not be able to continue to provide mobile satellite communications services.

We could be subject to adverse determinations by taxing authorities or changes to tax laws.

We are subject to regular review and audit by both domestic and foreign tax authorities. As a result, we have received, and may in the future receive, assessments in multiple jurisdictions on various tax-related assertions, including transfer pricing adjustments or permanent establishment. Any adverse outcome of such a review or audit could have a negative effect on our operating results and financial condition. In addition, the determination of our provision for income taxes and other tax liabilities requires significant judgment, including transactions and calculations where the ultimate tax determination is uncertain. Although we believe our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made. Furthermore, tax policies, laws or rates in various jurisdictions may be subject to significant change, which could materially and adversely affect our financial position and results of operations.

Pursuing strategic transactions may cause us to incur additional risks.

We may pursue acquisitions, joint ventures or other strategic transactions from time to time, such as the Boeing insourcing transaction. We may face costs and risks arising from any such transactions, including integrating a new business into our business or managing a joint venture. These risks may include adverse legal, organizational and financial consequences, loss of key customers and distributors and diversion of management's time.

In addition, any major business combination or similar strategic transaction would require approval under the Credit Facility and may require significant external financing. Depending on market conditions, investor perceptions of our company and other factors, we might not be able to obtain approvals under the Credit Facility or financing on acceptable terms, in acceptable amounts or at appropriate times to implement any such transaction. Any such financing, if obtained, may further dilute existing stockholders.

Spectrum values historically have been volatile, which could cause the value of our business to fluctuate.

Our business plan is evolving, and it may in the future include forming strategic partnerships to maximize value for our spectrum, network assets and combined service offerings in the United States and internationally. Values that we may be able to realize from such partnerships will depend in part on the value placed on our spectrum authorizations. Valuations of spectrum in other frequency bands historically have been volatile, and we cannot predict at what amount a future partner may be willing to value our spectrum and other assets. In addition, to the extent that the FCC takes action that makes additional spectrum available or promotes the more flexible use or greater availability of existing satellite or terrestrial spectrum allocations, for example by means of spectrum leasing or new spectrum sales, the availability of such additional spectrum could reduce the value of our spectrum authorizations and, as a result, the value of our business.

We may be negatively affected by global economic conditions.

Our operations and performance depend significantly on worldwide economic conditions. Uncertainty about global economic conditions poses a risk as individual consumers, businesses and governments may postpone spending in response to tighter credit, negative financial news, declines in income or asset values, or budgetary constraints. Reduced demand would cause a decline in our revenue and make it more difficult for us to operate profitably, potentially compromising our ability to pursue our business plan. While we expect the number of our subscribers and revenue to continue to grow, we expect the future growth rate will be slower than our historical growth and may not continue in every quarter of every year. We expect our future growth rate will be affected by the condition of the global economy, increased competition, maturation of the satellite communications industry, and the difficulty in sustaining high growth rates as we increase in size. Any substantial appreciation of the U.S. dollar may also negatively affect our growth by increasing the cost of our products and services in foreign countries.

If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired.

We are subject to the reporting requirements of the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, and the rules and regulations of the SEC and The Nasdaq Global Select Market. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal controls over financial reporting. We perform system and process evaluation and testing of our internal controls over financial reporting to allow management to report on the effectiveness of our internal controls over financial reporting in our Annual Reports on Form 10-K, as required by Section 404 of the Sarbanes-Oxley Act. If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, or if we are unable to maintain proper and effective internal controls, we may not be able to produce timely and accurate financial statements, and we may conclude that our internal controls over financial reporting are not effective. If that were to happen, the market price of our stock could decline, and we could be subject to sanctions or investigations by the Nasdaq Global Select Market, the SEC or other regulatory authorities.

Maintaining effective internal controls over financial reporting is necessary for us to produce reliable financial statements. If we fail to maintain such controls, it could result in a material misstatement of our financial statements that would not be prevented or detected on a timely basis and which could cause investors and other users to lose confidence in our financial statements.

Our ability to operate our company effectively could be impaired if we lose members of our senior management team or key technical personnel.

We depend on the continued service of key managerial and technical personnel and personnel with security clearances, as well as our ability to continue to attract and retain highly qualified personnel. We compete for such personnel with other companies, government entities, academic institutions and other organizations. The unexpected loss or interruption of the services of such personnel could compromise our ability to effectively manage our operations, execute our business plan and meet our strategic objectives.

The market price of our common stock may be volatile.

The trading price of our common stock may be subject to substantial fluctuations. Factors affecting the trading price of our common stock may include:

- failure in the performance of our first-generation or future satellites;
- further delays in the launch of Iridium NEXT;
- failure of Aireon to successfully develop and market its service;
- failure to comply with the terms of the Credit Facility;
- actual or anticipated variations in our operating results, including termination or expiration of one or more of our key contracts, or a change in sales levels under one or more of our key contracts;
- sales of a large number of shares of our common stock or the perception that such sales may occur;
- the dilutive effect of outstanding stock options and other equity awards;
- changes in financial estimates by industry analysts, or our failure to meet or exceed any such estimates, or changes in the recommendations of any industry analysts that elect to follow our common stock or the common stock of our competitors;
- impairment of intangible assets;
- actual or anticipated changes in economic, political or market conditions, such as recessions or international currency fluctuations;
- actual or anticipated changes in the regulatory environment affecting our industry;
- changes in the market valuations of our competitors;
- low trading volume; and
- announcements by our competitors regarding significant new products or services or significant acquisitions, strategic partnerships, divestitures, joint ventures or other strategic initiatives.

The trading price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. If our stock, the market for other stocks in our industry, or the stock market in general experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition or results of operations.

We do not expect to pay dividends on our common stock in the foreseeable future.

We do not currently pay cash dividends on our common stock and, because we currently intend to retain all cash we generate to fund the growth of our business and the Credit Facility restricts the payment of dividends, we do not expect to pay dividends on our common stock in the foreseeable future.

Our common stock ranks junior to the Series A Preferred Stock and Series B Preferred Stock with respect to dividends and amounts payable in the event of our liquidation.

Our common stock ranks junior to the Series A Preferred Stock and Series B Preferred Stock with respect to the payment of dividends and amounts payable in the event of our liquidation, dissolution or winding-up. This means that, unless accumulated dividends have been paid or set aside for payment on all outstanding shares of Series A Preferred Stock and Series B Preferred Stock for all past completed dividend periods, no dividends may be declared or paid on our common stock. Likewise, in the event of our voluntary or involuntary liquidation, dissolution or winding-up, no distribution of our assets may be made to holders of our common stock until we have paid to holders of the Series A Preferred Stock and Series B Preferred Stock the applicable liquidation preference plus accrued and unpaid dividends, and we have currently suspended the payment of dividends on our Series A Preferred Stock and Series B Preferred Stock in accordance with the terms of our amended and restated Credit Facility. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" for additional details. As a result, the value of your investment in our common stock may suffer in the event that sufficient funds are not available to first satisfy our obligations to the holders of our preferred stock in the event of our liquidation.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We own or lease the facilities described in the following table:

Location	Country	Approximate Square Feet	Facilities	Owned/Leased
McLean, Virginia	USA	30,600	Corporate Headquarters	Leased
Chandler, Arizona	USA	197,000	Technical Support Center, Distribution Center, Warehouse and Satellite Teleport Network Facility	Leased
Leesburg, Virginia	USA	40,000	Satellite Network Operations Center	Owned
Lansdowne, Virginia	USA	1,884	Satellite Network Operations Center—Annex	Leased
Tempe, Arizona	USA	31,000	System Gateway and Satellite Teleport Network Facility	Owned Building on Leased Land
Tempe, Arizona	USA	25,000	Operations and Finance Office Space	Leased
Fairbanks, Alaska	USA	4,000	Satellite Teleport Network Facility	Owned
Svalbard	Norway	1,800	Satellite Teleport Network Facility	Owned Building on Leased Land
Yellowknife, Northwest Territories	Canada	1,800	Satellite Teleport Network Facility	Owned Building on Leased Land
Iqaluit, Nunavut	Canada	1,800	Satellite Teleport Network Facility	Owned Building on Leased Land
Izhevsk, Udmurtia	Russia	8,785	System Gateway and Satellite Teleport Network Facility	Leased
Moscow	Russia	2,158	Sales and Administration Offices	Leased

Item 3. Legal Proceedings

Neither we nor any of our subsidiaries are currently subject to any material legal proceeding, nor, to our knowledge, is any material legal proceeding threatened against us or any of our subsidiaries.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is currently listed on the NASDAQ Global Select Market under the symbol "IRDM." The following table sets forth, for the quarters indicated, the quarterly intra-day high and low sales prices of our common stock as reported on the NASDAQ Global Select Market.

	Common Stock	
	High	Low
Quarter Ended March 31, 2016	$ 8.53	$ 6.14
Quarter Ended June 30, 2016	$ 8.88	$ 7.15
Quarter Ended September 30, 2016	$ 9.37	$ 6.80
Quarter Ended December 31, 2016	$ 11.15	$ 7.50
Quarter Ended March 31, 2017	$ 11.54	$ 7.80
Quarter Ended June 30, 2017	$ 11.58	$ 9.40
Quarter Ended September 30, 2017	$ 11.50	$ 9.68
Quarter Ended December 31, 2017	$ 12.90	$ 9.95

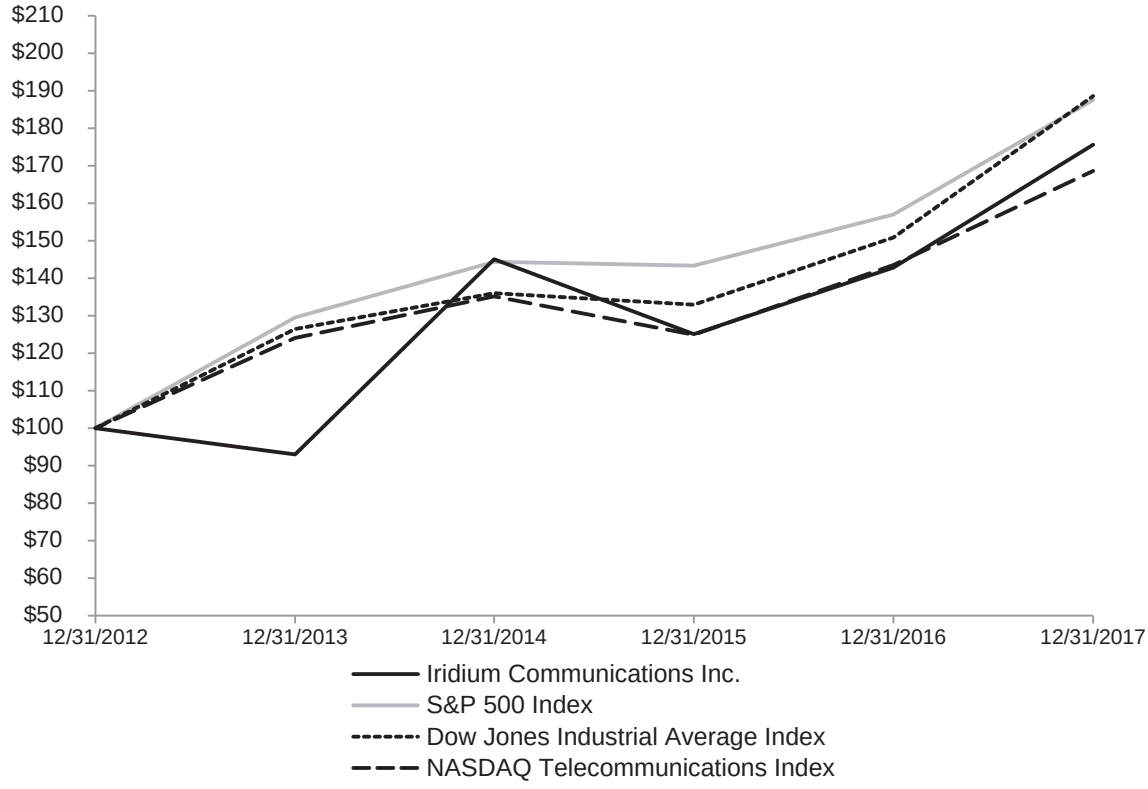
On February 16, 2018, the closing price of our common stock was $12.55. As of February 19, 2018 there were 87 holders of record of our common stock.

Dividend Policy

We have not paid any dividends on our common stock to date. The Credit Facility currently restricts us from declaring, making or paying dividends on our common stock, and we do not anticipate that we will declare any dividends on our common stock in the foreseeable future.

Stock Price Performance Graph

The graph below compares the cumulative total return of our common stock from December 31, 2012 through December 31, 2017 with the comparable cumulative return of three indices, the S&P 500 Index, the Dow Jones Industrial Average Index and the NASDAQ Telecommunications Index. The graph plots the growth in value of an initial investment of $100 in each of our common stock, the S&P 500 Index, the Dow Jones Industrial Average Index and the NASDAQ Telecommunications Index over the indicated time periods. The stock price performance shown on the graph is not necessarily indicative of future price performance. The following stock price performance graph shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, nor shall this information be incorporated by reference into any future filing under the Securities Act or the Exchange Act or any other document, except to the extent that we specifically incorporate it by reference into such filing or document.



	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Iridium Communications Inc.	$ 100.00	$ 93.01	$ 145.09	$ 125.15	$ 142.86	$ 175.60
S&P 500 Index	$ 100.00	$ 129.60	$ 144.36	$ 143.31	$ 156.98	$ 187.47
Dow Jones Industrial Average Index	$ 100.00	$ 126.50	$ 136.01	$ 132.97	$ 150.81	$ 188.64
NASDAQ Telecommunications Index	$ 100.00	$ 124.02	$ 135.07	$ 124.94	$ 143.52	$ 168.54

Item 6. Selected Financial Data

Iridium Communications Inc.

The following selected historical financial data for the years ended December 31, 2017, 2016, 2015, 2014 and 2013 was derived from our audited financial statements. The selected financial data below should be read in conjunction with our 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. The selected financial data is historical data and is not necessarily indicative of our future results of operations.

	For the Year Ended December 31,				
Statement of Operations Data	**2017**	**2016**	**2015**	**2014**	**2013**
	(In thousands, except per share amounts)				
Revenue:					
Services	$ 349,735	$ 334,822	$ 317,022	$ 309,424	$ 292,092
Subscriber equipment	77,119	74,211	73,615	78,152	73,303
Engineering and support services	21,192	24,607	20,741	20,981	17,254
Total revenue	$ 448,046	$ 433,640	$ 411,378	$ 408,557	$ 382,649
Total operating expenses [1]	$ 346,759	$ 257,269	$ 337,575	$ 285,646	$ 272,755
Operating income [3]	$ 115,476	$ 176,371	$ 73,803	$ 122,911	$ 109,894
Net income [4]	$ 233,856	$ 111,032	$ 7,123	$ 74,989	$ 62,517
Comprehensive income	$ 235,506	$ 114,649	$ 980	$ 72,758	$ 62,185
Weighted average shares outstanding - basic	97,934	95,967	95,097	88,080	76,909
Weighted average shares outstanding - diluted	128,130	124,875	95,097	109,400	87,511
Net income (loss) per share - basic	$ 2.23	$ 1.00	$ (0.09)	$ 0.71	$ 0.72
Net income (loss) per share - diluted	$ 1.82	$ 0.89	$ (0.09)	$ 0.69	$ 0.71

	As of December 31,				
Balance Sheet Data	**2017**	**2016**	**2015**	**2014**	**2013**
			(In thousands)		
Total current assets	$ 411,072	$ 516,770	$ 481,718	$ 573,113	$ 369,558
Total assets [1] [2] [4]	$ 3,782,051	$ 3,499,625	$ 3,071,174	$ 2,773,237	$ 2,179,760
Total long-term liabilities [2] [4]	$ 1,971,356	$ 2,072,673	$ 1,740,839	$ 1,439,023	$ 1,138,766
Total stockholders' equity	$ 1,596,469	$ 1,343,758	$ 1,228,721	$ 1,231,864	$ 939,495

(1) Includes accelerated depreciation of $36.8 million in the fourth quarter of 2017 associated with the write-off of the full amount previously paid to Kosmotras and a goodwill impairment charge of $87.0 million in the fourth quarter of 2015, both of which decreased operating income and total assets by those amounts.

(2) As a result of implementing Accounting Standards Update No. 2015-03, *Interest—Imputation of Interest (Subtopic 835-30), Simplifying the Presentation of Debt Issuance Costs*, deferred financing costs were reclassified from total assets to total long-term liabilities to present short-term and long-term debt, net, for all years presented.

(3) Includes the impact of $14.2 million related to the gain on the transaction with Boeing, effective January 3, 2017.

(4) Includes the impact of provisional estimates related to deferred tax assets and liabilities resulting from the Tax Cuts and Jobs Act implemented in December 2017.

	For the Year Ended December 31,				
Other Cash Flow Data	**2017**	**2016**	**2015**	**2014**	**2013**
			(In thousands)		
Cash provided by (used in):					
Operating activities	$ 259,621	$ 225,199	$ 217,479	$ 214,872	$ 183,048
Investing activities	$ (372,680)	$ (242,360)	$ (439,374)	$ (626,254)	$ (485,836)
Financing activities	$ 16,866	$ 202,151	$ 197,066	$ 438,844	$ 234,712

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

Background

We were initially formed in 2007 as GHL Acquisition Corp., a special purpose acquisition company. In 2009, we acquired all the outstanding equity in Iridium Holdings LLC and changed our name to Iridium Communications Inc.

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 only commercial provider of communications services offering true global coverage, connecting people, organizations and assets to and from anywhere, in real time. Our unique L-band satellite network provides reliable communications services to regions of the world where terrestrial wireless or wireline networks do not exist or are limited, including remote land areas, open ocean, airways, 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 via our satellite network, which has an architecture of 66 operational satellites with in-orbit spares 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 140 service providers, approximately 220 value-added resellers, or VARs, and approximately 85 value-added manufacturers, or VAMs, 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 lines of business.

At December 31, 2017, we had approximately 969,000 billable subscribers worldwide, an increase of 119,000, or 14%, from approximately 850,000 billable subscribers at December 31, 2016. We have a diverse customer base, including end users in the following lines of business: land mobile; Internet of Things, or IoT; maritime; aviation; and government.

We recognize revenue from both the provision of services and the sale of equipment. Service revenue represented 78% and 77% of total revenue for the years ended December 31, 2017 and 2016, respectively. Voice and data and IoT 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, and hardware and software upgrades to maintain our ground infrastructure. We estimate the aggregate costs associated with the design, build and launch of Iridium NEXT and related ground infrastructure upgrades through 2018 to be approximately $3 billion. We expect to fund the costs of Iridium NEXT with the substantial majority of the funds from our $1.8 billion loan facility, or the Credit Facility, which was fully drawn in February 2017, as well as cash on hand and internally generated cash flows, including cash flows from hosted payloads. We may also raise additional funds through the incurrence of indebtedness, as discussed below.

While the contracted cash flows from our primary hosted payload customer, Aireon, are interest-bearing if not paid on time, we expect those hosted payload payments to continue to be delayed. Aireon is working to secure additional contracts with air navigation service providers, or ANSPs, including the FAA, for the sale of Aireon's space-based automatic dependent surveillance-broadcast, or ADS-B, services. Aireon is currently seeking to raise the capital it will need to fund its continued operations and its hosted payload payments to us. Aireon's ability to make its hosted payload payments to us in the previously anticipated timeframe has been adversely affected by delays in its completion of sales to these ANSPs.

We continue to expect partial payments of Aireon's hosting fee upon successful completion of its financing, and further payments based on success-based milestones. However, the expected timing of these payments does not support our ability to make principal and interest payments under our Credit Facility due in late 2018 and early 2019, as well as payment of deferred payments to Thales Alenia Space France, or Thales and deferred contributions to the debt service reserve account, or DSRA, required by our Credit Facility, both due March 31, 2019. Further, if Aireon is unable to complete its financing and make a partial hosting fee payment to us in the timeframe we currently expect, we may be unable to make our principal and interest payments under our Credit Facility in late 2018. To provide for these obligations and further solidify our liquidity position, we have been actively discussing alternative funding options with our Credit Facility lenders, and we believe we have reached an agreement in principle with our Credit Facility lenders pursuant to which we would be required to raise additional debt capital by July 2018. The proceeds of the debt issuance would be used to fund the deferred payments to Thales and replenish the DSRA under the Credit Facility, as well as to provide us with sufficient cash to meet our needs, including principal and interest payments under our Credit Facility. In addition, the Credit Facility lenders

would agree to delay a portion of the principal repayments under the Credit Facility and allow us to access up to $87 million from the DSRA in the future if our cash levels fall below $75 million, and adjust our financial covenants, including eliminating further covenants that require us to receive cash flows from hosted payloads. Under this anticipated agreement, hosting fee payments received from Aireon would be required to be used to prepay the Credit Facility. Our ability to successfully execute these plans may be adversely affected by a number of factors, including global economic conditions, the state of the capital markets when we are ready to incur the debt, and the inability to issue debt on terms acceptable to us or at all. Any inability to successfully execute these plans may in turn materially affect our liquidity, and our ability to complete the Iridium NEXT system and to pursue additional growth opportunities may be impaired. Our liquidity and the ability to fund our liquidity requirements also depend on our future financial performance, which is subject to general economic, financial, regulatory and other factors that are beyond our control.

We believe that our liquidity sources will provide sufficient funds to meet our liquidity requirements for at least the next 12 months, provided we execute the proposed adjustments to our funding plan described above or receive a substantial portion of the hosting fees due to us from Aireon during this timeframe.

Full Scale Development and Launch Services Agreements

In June 2010, we executed a primarily fixed price full scale development contract, or FSD, with Thales for the design and manufacture of satellites for Iridium NEXT. The total price under the FSD will be approximately $2.3 billion, and we expect our payment obligations under the FSD to extend through 2018. As of December 31, 2017, we had made total payments of $1.9 billion to Thales, of which $1.5 billion million were from borrowings under the Credit Facility, which are classified within property and equipment, net, in our consolidated balance sheet included in this report. We used the Credit Facility to pay 85% of each invoice received from Thales under the FSD with the remaining 15% funded from cash on hand until the Credit Facility was fully drawn in February 2017. With the exception of the invoices to be paid with bills of exchange as described below, we expect to pay 100% of each invoice received from Thales from cash and marketable securities on hand as well as internally generated cash flows.

On July 26, 2017, we entered into Amendments 28 and 29 to our FSD contract. Amendment 28 revised the liquidated damages and other cost provisions regarding delays to the Iridium NEXT program. Under Amendment 28, we agreed with Thales that liquidated damages for Thales production delays to date would be $30.0 million, with this amount to be used only to offset costs otherwise payable by us to Thales under the FSD with respect to past and future delays to the launch schedule from causes other than Thales, at agreed upon rates. Any portion of the $30.0 million remaining at the completion of the launch campaign will be forgiven. Liquidated damages owed to us from any future delays caused by Thales would remain payable in cash. Similarly, costs payable by us to Thales for non-Thales delays exceeding the $30.0 million would be payable in cash. Unless there are substantial future delays to the Iridium NEXT program, we expect this arrangement will result in no cash payments due to delays by either party.

Amendment 29 provides for the deferral of approximately $100.0 million in milestone payments by us under the FSD for milestones completed in 2017 or that we expect to be completed in 2018. Under Amendment 29, we make these milestone payments using bills of exchange (similar to promissory notes) due in March 2019, with interest at a specified base rate (London Interbank Offer Rate, or LIBOR, or SWAP, depending on the term of the bill of exchange) plus 1.4%, with the bills of exchange guaranteed by Bpifrance Assurance Export S.A.S., or BPIAE. Amendment 29 also required that we pay Thales for the BPIAE premium on the guarantee in the amount of $1.0 million in cash at signing plus 1.62%, to be paid by bills of exchange on the same terms as stated above, on each bill of exchange to be issued. As of December 31, 2017, we have used bills of exchange to pay $55.6 million in milestone payments. If we issue debt securities as described above, we would use a portion of the proceeds to repay these bills of exchange in full and would no longer use bills of exchange to pay milestones under the FSD.

In March 2010, we entered into an agreement with Space Exploration Technologies Corp., or SpaceX, as the primary launch services provider for Iridium NEXT. The contract price under the SpaceX agreement is $453.1 million, which includes the exercise of our reflight option in the event of launch failure. The SpaceX Falcon 9 rocket is configured to carry ten Iridium NEXT satellites to orbit with each launch. In November 2016, we entered into an additional agreement with SpaceX for an eighth Falcon 9 launch for a contract price of $67.9 million. Although we are the customer of record with SpaceX, we have contracted separately with GFZ German Research Centre for Geosciences, or GFZ, for $31.8 million to share the launch of NASA’s two Gravity Recovery and Climate Experiment Follow-On satellites on a specially designed dispenser on the Falcon 9 rocket. As of December 31, 2017, we had made aggregate payments of $463.9 million to SpaceX, and received $28.6 million from GFZ.

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 total cost under the Kosmotras agreement is $51.8 million. Kosmotras to date has been unable to obtain the permits or authorizations to launch our satellites on a Dnepr rocket as planned, and Kosmotras has proposed no satisfactory alternative launch plan. Because we now believe the construction-in-progress associated with the Kosmotras launch services will no longer be used or further developed, we wrote-off the full amount previously paid to Kosmotras, by recording accelerated depreciation expense of $36.8 million, in the fourth quarter of 2017.

Credit Facility

In October 2010, we entered into a credit facility with a syndicate of bank lenders, which we amended and restated in May 2014. We refer to this amended and restated credit facility, as further amended to date, as the Credit Facility. Ninety-five percent of our obligations under the Credit Facility are insured by BPIAE. 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 LIBOR, plus 1.95%.

In connection with each draw made under the Credit Facility, we borrowed an additional amount equal to 6.49% of such draw to cover the premium for the BPIAE insurance. We also paid 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 were used to pay 85% of each invoice issued by Thales under the FSD until the Credit Facility was fully drawn in February 2017.

Scheduled semi-annual principal repayments will begin April 3, 2018. The Credit Facility will mature seven years after the start of the principal repayment period. During this repayment period, we will pay interest on the same date as the principal repayments in cash. Prior to the repayment period, interest payments were due on a semi-annual basis in April and October. Interest incurred during the year ended December 31, 2017 was $114.4 million, including amortization of deferred financing fees, all of which was capitalized and $15.0 million was accrued at year end.

Following the completion of the Iridium NEXT constellation, we may prepay the borrowings subject to the payment of interest makeup costs. We may not subsequently borrow any amounts that we repay. We must repay the loans in full upon a delisting of our common stock, a change in control of our company or our ceasing to own 100% of any of the other obligors, or the sale of all or substantially all of our assets. We must apply all or a portion of specified capital raise proceeds, insurance proceeds, condemnation proceeds and proceeds from the disposal of any interests in Aireon to the prepayment of the loans. The Credit Facility includes customary representations, events of default, covenants and conditions precedent to our drawing of funds.

Under the terms of the Credit Facility, we are required to maintain a DSRA, and the minimum amount required to be in the DSRA was $102.0 million as of December 31, 2017, which is classified as restricted cash on our consolidated balance sheet. This minimum DSRA cash reserve requirement will increase to $189.0 million in 2019, subject to reduction as permitted by the anticipated agreement with our Credit Facility lenders as described above.

In addition to the minimum debt service reserve levels, financial covenants under the Credit Facility include:

- an available cash balance of at least $25 million;
- a debt-to-equity ratio, which is calculated as the ratio of total net debt to the aggregate of total net debt and total stockholders' equity, of no more than 0.7 to 1, measured each June 30 and December 31;
- specified maximum levels of annual capital expenditures (excluding expenditures on the construction of Iridium NEXT satellites) through the year ending December 31, 2024;
- specified minimum levels of consolidated operational earnings before interest, taxes, depreciation and amortization, or operational EBITDA, for the 12-month periods ending each June 30 and December 31 through December 31, 2017;
- specified minimum cumulative cash flow requirements from customers who have hosted payloads on our satellites measured each December 31 and June 30 from June 30, 2017 through December 31, 2019;
- a debt service coverage ratio, measured during the repayment period, of not less than 1 to 1.5;
- specified maximum leverage levels during the repayment period that decline from a ratio of 7.53 to 1 for the twelve months ending June 30, 2018 to a ratio of 2.36 to 1 for the twelve months ending December 31, 2024; and
- a requirement that we receive at least $50,000,000 in hosting fees from Aireon by September 30, 2018.

Our available cash balance, as defined by the Credit Facility, was $291.9 million as of December 31, 2017. Our debt-to-equity ratio was 0.5 to 1 as of December 31, 2017. We were also in compliance with the operational EBITDA covenant, the annual capital expenditure covenant and the cumulative cash flow requirements from customers who have hosted payloads covenant, which were the only other applicable covenants, as of December 31, 2017.

The covenants regarding capital expenditures, operational EBITDA and hosted payload cash flows are calculated in connection with a measurement, which we refer to as available cure amount, that is derived using a complex calculation based on overall cash flows, as adjusted by numerous measures specified in the Credit Facility. In a period in which our capital expenditures exceed, or our operational EBITDA or hosted payload cash flows falls short of, the amount specified in the respective covenant, we would be permitted to allocate available cure amount, if any, to prevent a breach of the applicable covenant. As of December 31, 2017, we had an amount of $8.1 million in available cure, although it was not necessary for us to apply any available cure amount to maintain

compliance with the covenants. The available cure amount has fluctuated significantly from one measurement period to the next, and we expect that it will continue to do so.

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, incur additional indebtedness, or make loans, guarantees or indemnities. If we are not in compliance with the financial covenants under the Credit Facility, after any opportunity to cure such non-compliance, or we otherwise experience an event of default under the Credit Facility, the lenders may require repayment in full of all principal and interest outstanding under the Credit Facility. It is unlikely we would have adequate funds to repay such amounts prior to the scheduled maturity of the Credit Facility. If we fail to repay such amounts, the lenders may foreclose on the assets we have pledged under the Credit Facility, which include substantially all of our assets and those of our domestic subsidiaries.

As discussed in "Overview of Our Business" above, we believe we have reached an agreement in principle with our Credit Facility Lenders to modify the Credit Facility as described therein.

Boeing Insourcing Agreement

From our inception until late 2016, Boeing operated and maintained our satellite constellation under an operations and maintenance agreement. Pursuant to this agreement, Boeing provided personnel services in support of the development of Iridium NEXT and agreed to operate and maintain Iridium NEXT, including a transitional period that began on January 1, 2015, during which Boeing supported a hybrid operations mode involving network elements from both the first-generation Iridium system and the Iridium NEXT system. Boeing provided these services on a time-and-materials fee basis.

In November 2016, we restructured our relationship with Boeing. We entered into an insourcing agreement, pursuant to which we hired, as of January 3, 2017, the majority of the Boeing team that performed the operations and maintenance on our system. We now are able to directly manage our network and optimize operational expenses. As part of this arrangement, we agreed to pay Boeing a fee of $5.5 million, of which one-half was paid in December 2016 and the remainder was paid in December 2017. In addition, we entered into a separate development services contract with Boeing, which will dedicate key Boeing personnel to continue the design and additional support required for bringing new services and capabilities to the Iridium NEXT network.

Material Trends and Uncertainties

Our 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 disaster and relief agencies, and emergency first responders;
- a broad 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 ability to offer our services in additional countries.

Nonetheless, we face a number of challenges and uncertainties in operating our business, including:

- our ability to complete the deployment of Iridium NEXT;
- our ability to develop and launch new and innovative products and services for Iridium NEXT;
- our ability to generate sufficient internal cash flows, including cash flows from hosted payloads, to fund a portion of the remaining costs associated with Iridium NEXT and to support our ongoing business;
- our ability to raise additional capital when needed, including through a planned issuance of debt securities;
- Aireon LLC's ability to successfully deploy and market its space-based ADS-B, global aviation monitoring service to be carried as a hosted payload on the Iridium NEXT system;
- Aireon's ability to raise sufficient funds to pay hosting fees to us;
- our ability to maintain the health, capacity, control and level of service of our first-generation satellites through the completion of Iridium NEXT;
- changes in general economic, business and industry conditions, including the effects of currency exchange rates;
- 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;
- 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 the manufacture of most of our subscriber equipment and 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, particularly agencies of the U.S. government, for a substantial portion of our revenue, as a result of which the loss or decline in business with any of these customers may negatively impact our revenue and collectability of related accounts receivable.

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, collectability of accounts receivable, useful lives of property and equipment, long-lived assets, goodwill and other intangible assets, inventory, internally developed software, deferred financing costs, income taxes, stock-based compensation, warranty expenses, loss contingencies, 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 in which 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 our estimate of 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. Our determination of best estimate of selling price is consistent with our determination of vendor-specific objective evidence of selling price and we assess qualitative and quantitative market factors and entity-specific factors when estimating the selling price. We recognize revenue for each element based on the specific characteristics of that element.

We sell prepaid services in the form of e-vouchers and prepaid cards. A liability is established equal to the cash paid upon purchase for the e-voucher or prepaid card. We recognize revenue from the prepaid services upon the use of the e-voucher or prepaid card by the customer or, if unused, upon the expiration of the right to access the prepaid service. While the terms of prepaid e-vouchers can be extended by the purchase of additional e-vouchers, prepaid e-vouchers may not be extended beyond three or four years, dependent on the initial expiry period when purchased. We do not offer refunds for unused prepaid services.

Revenue associated with some of our fixed-price engineering services arrangements is recognized when the services are rendered, typically on a proportional performance method of accounting based on our estimate of total costs expected to complete the contract, and the related costs are expensed as incurred. We recognize revenue on cost-plus-fixed-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 partial 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. The expected vesting of our performance-based RSUs is based upon the probability that we achieve the defined performance goals. The level of achievement of performance goals, if any, is determined by our compensation committee. 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 us to make several assumptions, including expected volatility and expected term of the options. If any of the assumptions we use in the Black-Scholes option pricing model were to change 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.

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. Deferred tax assets and liabilities are recorded based upon enacted tax rates for the period in which the deferred tax items are expected to reverse. Changes in tax laws or tax rates in various jurisdictions are reflected in the period of change. Significant judgment is required in the calculation of our tax provision and the resulting tax liabilities as well as our ability to realize our deferred tax assets. Our estimates of future taxable income and any changes to such estimates can significantly affect our tax provision in a given period. Significant judgment is required in determining our ability to realize our deferred tax assets related to federal, state and foreign tax attributes within their carryforward periods including estimating the amount and timing of the future reversal of deferred tax items in our projections of future taxable income. A valuation allowance is established to reduce deferred tax assets to the amounts we expect to realize in the future. We also recognize tax benefits 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.

The Tax Cuts and Jobs Act, or the Tax Act, introduces significant changes to U.S. income tax law that have a meaningful impact on our provision for income taxes. Due to the timing of the enactment and the complexity involved in applying the provisions of the Tax Act, we made reasonable estimates of the effects and recorded provisional amounts in our financial statements for the year ended December 31, 2017. Accounting for the income tax effects of the Tax Act requires significant judgments and estimates in the interpretation and calculations of the provisions of the Tax Act. The U.S. Treasury Department, the Internal Revenue Service (IRS), and other standard-setting bodies may issue guidance on how the provisions of the Tax Act will be applied or otherwise administered that is different from our interpretation. As we collect and prepare necessary data, and interpret the Tax Act and any additional guidance issued by the IRS or other standard-setting bodies, we may make adjustments to the provisional amounts, which could materially affect our financial statements in the period in which the adjustments are made.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Property and equipment are depreciated or amortized over their estimated useful lives. We apply judgment in determining the useful lives based on factors such as engineering data, our long-term strategy for using the assets, contractual terms related to the assets, laws and regulations that could impact the useful lives of the assets and other economic factors. In evaluating the useful lives of our satellites, we assess the current estimated operational life of the satellites, including the potential impact of environmental factors on the satellites, ongoing operational enhancements and software upgrades. Additionally, we review engineering data relating to the operation and performance of our satellite network.

We depreciate our satellites over the shorter of their potential operational life or the period of their expected use. The appropriateness of the useful lives is evaluated on a quarterly basis or as events occur that require additional assessment. Our first-generation satellites are depreciated on a straight-line basis through the earlier of their estimated remaining useful life or the date they are expected to be replaced by Iridium NEXT satellites, which defines the period of their expected use, because we expect this will occur before the end of their operational lives. Iridium NEXT satellites which have already been placed into service are depreciated using the straight-line method over their respective estimated useful lives.

Assets under construction primarily consist of costs incurred associated with the design, development and launch of the Iridium NEXT satellites, upgrades to our current infrastructure and ground systems and internal software development costs. Once these assets are placed in service, they will be depreciated using the straight-line method over their respective estimated useful lives. During the year ended December 31, 2017, we evaluated the useful lives of all assets under construction, noting that the Kosmotras launch services will no longer be used or further developed. As such, we wrote-off the full amount previously paid to Kosmotras, by recording accelerated depreciation of $36.8 million, in the fourth quarter of 2017, as noted above. No such charges were recorded for the years ended December 31, 2016 and 2015. We capitalize interest on the Credit Facility during the construction period of Iridium NEXT. Capitalized interest is added to the cost of our next-generation satellites.

Recoverability of Intangible Assets with Indefinite Lives

A portion of our intangible assets consists of 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. Historically, we have assessed 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 made assumptions and applied 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. In our annual analysis performed in 2017, we chose the optional qualitative assessment to test indefinite-lived intangible assets for impairment. The qualitative assessment permits companies to assess whether it is more likely than not that an indefinite-lived intangible asset is impaired. If a company concludes based on the qualitative assessment that it is not more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount, it would not have to quantitatively determine the assets' fair value. Based on the results of this analysis, it was not more likely than not that the intangible assets not subject to amortization were impaired. Therefore, a quantitative analysis was not necessary, and no impairment charge was recorded during the period.

Deferred Financing Costs

Direct and incremental costs incurred in connection with securing debt financing are deferred on our balance sheet and amortized as additional interest expense using the 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 projected future LIBOR rates. If actual borrowing amounts and dates, repayment amounts and dates, and future LIBOR rates are not consistent with our estimates or assumptions, we may be exposed to changes that could impact 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, 2017 and the Year Ended December 31, 2016

($ In thousands)	Year Ended December 31, 2017	% of Total Revenue	2016	% of Total Revenue	Change Dollars	Change Percent
Revenue:						
Service revenue						
Commercial	$ 261,735	58%	$ 246,822	57%	$ 14,913	6%
Government	88,000	20%	88,000	20%	—	0%
Total service revenue	349,735	78%	334,822	77%	14,913	4%
Subscriber equipment	77,119	17%	74,211	17%	2,908	4%
Engineering and support services	21,192	5%	24,607	6%	(3,415)	(14%)
Total revenue	448,046	100%	433,640	100%	14,406	3%
Operating expenses:						
Cost of services (exclusive of depreciation and amortization)	80,396	18%	64,958	15%	15,438	24%
Cost of subscriber equipment	44,445	10%	44,286	10%	159	0%
Research and development	15,247	3%	16,079	4%	(832)	(5%)
Selling, general and administrative	84,405	19%	82,552	19%	1,853	2%
Depreciation and amortization	122,266	27%	49,394	11%	72,872	148%
Total operating expenses	346,759	77%	257,269	59%	89,490	35%
Gain on Boeing transaction	14,189	3%	—	—%	14,189	100%
Operating income	115,476	26%	176,371	41%	(60,895)	(35%)
Other income (expense):						
Interest income, net	4,328	1%	2,934	1%	1,394	48%
Undrawn credit facility fees	(25)	0%	(1,346)	0%	1,321	(98%)
Other income (expense), net	(207)	0%	206	(1%)	(413)	(200%)
Total other income (expense)	4,096	1%	1,794	0%	2,302	128%
Income before income taxes	119,572	27%	178,165	41%	(58,593)	(33%)
Income tax benefit (expense)	114,284	25%	(67,133)	(15%)	181,417	(270%)
Net income	$ 233,856	52%	$ 111,032	26%	$ 122,824	111%

Commercial Service Revenue

	Year Ended December 31, 2017 Revenue	2017 Billable Subscribers [1]	2017 ARPU [2]	2016 Revenue	2016 Billable Subscribers [1]	2016 ARPU [2]	Change Revenue	Change Billable Subscribers	Change ARPU
	(Revenue in millions and subscribers in thousands)								
Commercial voice and data	$ 177.7	359	$ 42	$ 177.7	353	$ 42	$ —	6	$ —
Commercial IoT data	74.1	510	13	65.5	413	14	8.6	97	(1.0)
Hosted payload and other data services [3]	9.9	N/A		3.6	N/A		6.3	N/A	
Total Commercial	$ 261.7	869		$ 246.8	766		$14.9	103	

(1) Billable subscriber numbers are shown as of 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.

(3) Billable subscriber and ARPU data is not applicable for hosted payload and other data service revenue items.

For the year ended December 31, 2017, total commercial revenue increased $14.9 million, or 6%, primarily due to the increase in IoT of $8.6 million, or 13%, compared to the prior year. The increase in IoT is primarily due to a 23% increase in commercial IoT data billable subscribers, partially offset by a decline in the related ARPU due to the growth in subscribers using lower data usage plans. Hosted payload and other data service revenue increased $6.3 million, or 175%, from the prior year primarily due to the commencement of hosting and data services. We anticipate revenue from our hosting and data services to increase as more Iridium NEXT satellites are placed into service over the launch campaign, which is expected to be completed in 2018.

Government Service Revenue

	Year Ended December 31,					
	2017		2016		Change	
	Revenue	Billable Subscribers [1]	Revenue	Billable Subscribers [1]	Revenue	Billable Subscribers
	(Revenue in millions and subscribers in thousands)					
Government service revenue	$ 88	100	$ 88	84	$ —	16

[1] Billable subscriber numbers shown are at the end of the respective period.

We provide Iridium airtime and airtime support to U.S. government and other authorized customers pursuant to a five-year EMSS contract executed in October 2013 and managed by DISA. Under the terms of this agreement, authorized customers utilize Iridium airtime services provided through the U.S. Department of Defense's, or DoD's, dedicated gateway. These services include unlimited global secure and unsecure voice, low and high-speed data, paging, broadcast, and Distributed Tactical Communications System, or DTCS, services for an unlimited number of DoD and other federal subscribers. The service fee under the EMSS contract is fixed at $88 million per year for the remainder of the term, and is not based on subscribers or usage, allowing an unlimited number of users access to existing services. The EMSS contract expires in October 2018, although based on federal acquisition regulations, the government has the ability to unilaterally extend for an additional six months. We have begun discussions with the U.S. government on a new EMSS contract, which we expect to enter into later in 2018 or in 2019.

Subscriber Equipment Revenue

Subscriber equipment revenue increased $2.9 million, or 4%, to $77.1 million for the year ended December 31, 2017 compared to the prior year. This increase was primarily due to increased unit sales of handsets and L-band transceivers.

Engineering and Support Service Revenue

	Year Ended December 31,		
	2017	2016	Change
	(In millions)		
Commercial	$ 3.1	$ 2.2	$ 0.9
Government	18.1	22.4	(4.3)
Total	$ 21.2	$ 24.6	$ (3.4)

Engineering and support service revenue decreased by $3.4 million, or 14%, for the year ended December 31, 2017 compared to the prior year primarily as a result of decreased revenue under a contract with the DoD to adapt the Iridium Extreme® handset for DoD applications, which was completed during 2017.

Operating Expenses

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) increased by $15.4 million, or 24%, for the year ended December 31, 2017 compared to the prior year, primarily as a result of insurance costs from Iridium NEXT satellites placed into service during 2017. We expect our insurance expenses to increase as we place Iridium NEXT satellites into service throughout the launch campaign, which we expect to complete in 2018.

Cost of Subscriber Equipment

Cost of subscriber equipment includes the direct costs of equipment sold, which consist of manufacturing costs, allocation of overhead, and warranty costs.

Cost of subscriber equipment increased $0.2 million, which was substantially the same for the year ended December 31, 2017 as in the prior year.

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 increased by $1.9 million, or 2%, for the year ended December 31, 2017 compared to the prior year, primarily due to increased professional fees associated with government regulatory requirements and other services.

Depreciation and Amortization

Depreciation and amortization expense increased by $72.9 million, or 148%, for the year ended December 31, 2017 compared to the prior year, primarily due to the write-off of $36.8 million of the construction-in-progress associated with the Kosmotras launch services in 2017 and the addition of new assets, including Iridium NEXT satellites placed into service during 2017. Excluding the impact of Kosmotras, we expect our depreciation expense to increase as we place Iridium NEXT satellites into service throughout the launch campaign, which we expect to complete in 2018.

Gain on Boeing Transaction

On November 28, 2016, we entered into an Insourcing Agreement with Boeing for us to hire, effective as of January 3, 2017, the majority of Boeing employees and third party contractors who were responsible for the operations and maintenance of our satellite constellation and ground infrastructure. As a result, we and Boeing terminated our previous Operations and Maintenance Agreement, or O&M Agreement, and our previous Iridium NEXT Support Service Agreement and entered into a new Development Services Agreement, or DSA, with a $6.0 million annual take-or-pay commitment through 2021.

We recognized a $14.2 million gain in the first quarter of 2017, consisting of (1) the derecognition of a purchase accounting liability of $11.0 million created when GHL Acquisition Corp. acquired Iridium in 2009 related to the fair value of the contractual arrangement with Boeing as of that date and (2) the remainder of a credit, $3.2 million, resulting from an O&M Agreement amendment in July 2010.

Income Tax Benefit

For the year ended December 31, 2017, our income tax benefit was $114.3 million compared to an income tax expense of $67.1 million for the prior year. Our effective tax rate was approximately -95.6% for the year ended December 31, 2017 compared to 37.7% for the prior year. The decrease in the effective tax rate was primarily related to the net tax benefit on remeasuring our ending deferred tax balances at 21%, from 35%, for years beginning after December 31, 2017, to reflect the new tax rate under the Tax Act. As our current estimates change in future periods, the impact on the deferred tax assets and liabilities may change correspondingly.

Net Income

Net income was $233.9 million for the year ended December 31, 2017, an increase of $122.8 million from the prior year. This increase in net income was primarily driven by the decrease in the provision for income taxes and increase in revenue, offset by increases in depreciation expense, including the accelerated depreciation related to the write-off of Kosmotras launch services, as described above.

Comparison of Our Results of Operations for the Year Ended December 31, 2016 and Combined Results of Operations for the Year Ended December 31, 2015

($ In thousands)	Year Ended December 31, 2016	% of Total Revenue	2015	% of Total Revenue	Change Dollars	Change Percent
Revenue:						
Service revenue						
Commercial	$ 246,822	57%	$ 241,925	59%	$ 4,897	2%
Government	88,000	20%	75,097	18%	12,903	17%
Total service revenue	334,822	77%	317,022	77%	17,800	6%
Subscriber equipment	74,211	17%	73,615	18%	596	1%
Engineering and support services	24,607	6%	20,741	5%	3,866	19%
Total revenue	433,640	100%	411,378	100%	22,262	5%
Operating expenses:						
Cost of services (exclusive of depreciation and amortization)	64,958	15%	60,306	15%	4,652	8%
Cost of subscriber equipment	44,286	10%	40,807	10%	3,479	9%
Research and development	16,079	4%	16,144	4%	(65)	0%
Selling, general and administrative	82,552	19%	81,445	20%	1,107	1%
Depreciation and amortization	49,394	11%	51,834	13%	(2,440)	(5%)
Impairment of goodwill	—	0%	87,039	21%	(87,039)	(100%)
Total operating expenses	257,269	59%	337,575	82%	(80,306)	(24%)
Operating income	176,371	41%	73,803	18%	102,568	139%
Other income (expense):						
Interest income, net	2,934	1%	3,069	1%	(135)	(4%)
Undrawn credit facility fees	(1,346)	0%	(3,289)	(1%)	1,943	(59%)
Other expense, net	206	(1%)	(468)	(1%)	674	(144%)
Total other expense	1,794	0%	(688)	(1%)	2,482	(361%)
Income before income taxes	178,165	41%	73,115	17%	105,050	144%
Income tax expense	(67,133)	(15%)	(65,992)	(16%)	$ (1,141)	2%
Net income	$ 111,032	26%	$ 7,123	1%	$ 103,909	1,459%

Commercial Service Revenue

	Year Ended December 31, 2016 Revenue	2016 Billable Subscribers[1]	2016 ARPU[2]	2015 Revenue	2015 Billable Subscribers[1]	2015 ARPU[2]	Change Revenue	Change Billable Subscribers	Change ARPU
	(Revenue in millions and subscribers in thousands)								
Commercial voice and data	$ 177.7	353	$ 42	$ 178.4	351	$ 42	$ (0.7)	2	$ —
Commercial IoT data	65.5	413	$ 14	61.3	359	$ 15	4.2	54	$ (1)
Hosted payload and other data services[3]	$ 3.6	N/A		$ 2.2	N/A		$ 1.4	N/A	
Total Commercial	$ 246.8	766		$ 241.9	710		$ 4.9	56	

(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.

(3) Billable subscriber and ARPU data is not applicable for hosted payload and other data service revenue items.

For the year ended December 31, 2016, total commercial revenue increased $4.9 million, or 2%, primarily due to the increase in IoT of $4.2 million, or 7%, compared to the prior year. The increase in IoT is primarily due to a 15% increase in commercial IoT billable subscribers, offset by slightly lower ARPU. Commercial voice and data remained relatively flat due to continued declines in telephony airtime usage substantially offset by increases in Iridium OpenPort services and push-to-talk, or PTT, services.

Government Service Revenue

	Year Ended December 31,					
	2016		2015		Change	
	Revenue	Billable Subscribers (1)	Revenue	Billable Subscribers (1)	Revenue	Billable Subscribers
	(Revenue in millions and subscribers in thousands)					
Government service revenue	$ 88.0	84	$ 75.1	72	$ 12.9	12

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

Government service revenues for the year ended December 31, 2016 increased to $88 million from $75.1 million in the prior year as a result of a scheduled price increase under the EMSS contract.

Subscriber Equipment Revenue

Subscriber equipment revenue increased by $0.6 million, or 1%, to $74.2 million for the year ended December 31, 2016 compared to the prior year. This increase was primarily due to increased unit sales of Iridium Pilot® terminals and IoT devices partially offset by fewer sales of handsets and L-Band transceivers.

Engineering and Support Service Revenue

	Year Ended December 31,		
	2016	2015	Change
	(In millions)		
Commercial	$ 2.2	$ 2.0	$ 0.2
Government	22.4	18.7	3.7
Total	$ 24.6	$ 20.7	$ 3.9

Engineering and support service revenue increased by $3.9 million, or 19%, for the year ended December 31, 2016 compared to the prior year primarily as a result of a DoD contract entered into in late 2015 to adapt the Iridium Extreme® handset for DoD use.

Operating Expenses

Cost of Services (exclusive of depreciation and amortization)

Cost of services (exclusive of depreciation and amortization) increased by $4.7 million, or 8%, for the year ended December 31, 2016 compared to the prior year, primarily due to an increase in scope of work for government sponsored contracts, partially offset by lower costs incurred to manage the first-generation satellites.

Cost of Subscriber Equipment

Cost of subscriber equipment includes the direct costs of equipment sold, which consist of manufacturing costs, allocation of overhead, and warranty costs.

Cost of subscriber equipment increased by $3.5 million, or 9%, for the year ended December 31, 2016 compared to the prior year. The increase was primarily due to a decline in the warranty provision for our Iridium OpenPort terminal during the year ended December 31, 2015 that did not recur in the year ended December 31, 2016. The remaining cost increase is due to a higher volume of Iridium Pilot terminal sales and IoT device sales, partially offset by decreased sales of handsets and L-Band transceivers and by reduced costs on certain products due to manufacturing cost efficiencies.

Selling, General and Administrative

Selling, general and administrative expenses increased by $1.1 million, or 1%, for the year ended December 31, 2016 compared to the prior year primarily due to increases in employee-related expenses and professional fees, partially offset by lower supplier transition expenses and lower non-income taxes.

Depreciation and Amortization

Depreciation and amortization expense decreased by $2.4 million, or 5%, for the year ended December 31, 2016 compared to the prior year, primarily due to continued changes in the estimated useful lives of the first-generation satellites, partially offset by the addition of new assets and the impairment charges that we recorded during the second quarter of 2016 as a result of two satellites having ceased

operations. We updated our analysis of the first-generation satellites' remaining useful lives throughout 2016. We will continue to evaluate the useful lives of our first-generation satellites through the full deployment of Iridium NEXT as the satellites are placed into service.

Other Expense

Undrawn Credit Facility Fees

The commitment fee on the undrawn portion of the Credit Facility was $1.3 million for the year ended December 31, 2016 compared to $3.3 million for the prior year. The decrease of the commitment fee on the undrawn portion directly relates to the increase in the amounts borrowed under the Credit Facility as we continue to finance the development of Iridium NEXT. As we were fully drawn on the Credit Facility in February 2017, the undrawn portion and related fees decreased to zero beginning in the second quarter of 2017 and continuing thereafter.

Income Tax Expense

For the year ended December 31, 2016, our income tax expense was $67.1 million compared to $66.0 million for the prior year. Our effective tax rate was approximately 37.7% for the year ended December 31, 2016 compared to 90.3% for the prior year. The decrease in the effective tax rate was primarily related to the impact of a one-time non-cash impairment of goodwill in the prior year as well as an increased benefit related to the impact of the Arizona tax law changes (both tax rate and apportionment method) and state apportionment changes in other jurisdictions compared to the prior year. As our current estimates change in future periods, the impact on the deferred tax assets and liabilities may change correspondingly.

Net Income

Net income was $111.0 million for the year ended December 31, 2016, an increase of $103.9 million from the prior year. This increase in net income was driven by an $87.0 million non-cash goodwill impairment charge taken in 2015 and the $22.3 million increase in total revenue, which was primarily related to the $12.9 million increase from the EMSS contract. The increase was partially offset by a $5.0 million increase in costs of services as described above.

Liquidity and Capital Resources

As of December 31, 2017, our total cash and cash equivalents balance was $285.9 million, and our marketable securities balance was $11.8 million. Our principal sources of liquidity are cash, cash equivalents and marketable securities, and internally generated cash flows. Our principal liquidity requirements over the next twelve months are to meet capital expenditure needs, principally the continued deployment of Iridium NEXT, as well as for working capital, interest, DSRA contributions, principal payments on the Credit Facility, and dividends payable on our Series A Preferred Stock and Series B Preferred Stock. As described in more detail below, we also anticipate incurring additional debt in order to raise additional capital for these purposes.

We estimate the aggregate costs associated with the design, build and launch of Iridium NEXT and related infrastructure upgrades through 2018 to be approximately $3 billion. Our funding plan for these costs includes the substantial majority of the funds under our $1.8 billion Credit Facility which was fully drawn as of February 2017, together with cash on hand and internally generated cash flows, including cash flows from hosted payloads. Now that our Credit Facility is fully drawn, with the exception of the invoices to be paid with bills of exchange, we expect to pay 100% of each remaining invoice received from Thales and all principal, interest and DSRA contributions under the Credit Facility from cash, cash equivalents and marketable securities on hand, and internally generated cash flows, including cash flows from hosted payloads, and additional debt.

On July 26, 2017, we amended and restated the Credit Facility by a supplemental agreement. As described above, the amended Credit Facility delayed $54.0 million of our previously scheduled 2017 DSRA contributions and also provided a refund of $33.0 million in DSRA contributions we have made to date. The Credit Facility also provides for a refund of an additional $11.0 million in DSRA contributions we have made to date in the event that our projected Available Cash (as defined in the Credit Facility) falls below $35.0 million on a three-month forward-looking basis through March 2019. The delay and refunds are effective through the end of March 2019, at which time the DSRA must be fully funded to the previously agreed amount of $189.0 million. The Credit Facility also requires that we establish a new restricted account to receive payments of hosting fees from Aireon. Hosting fees of up to $50.0 million would be kept in the account and could be drawn by us based on the same $35.0 million three-month forward-looking Available Cash threshold described above. Aireon hosting fees in excess of the first $50.0 million would be distributed pro rata to replenish the DSRA and to secure the payment of the bills of exchange to Thales described below.

The amended and restated Credit Facility does not include any requirements that we raise additional equity but required that we suspend the payment of dividends on our 7% Series A Cumulative Perpetual Convertible Preferred Stock and our 6.75% Series B Cumulative Perpetual Convertible Preferred Stock for five quarters. As previously announced, in anticipation of this requirement, we began this suspension with the dividend payments payable on June 15, 2017. Holders of Series A Preferred Stock and Series B

Preferred Stock are entitled to receive cumulative cash dividends at an annual rate of $7.00 and $16.875 per share, respectively. Dividends are payable quarterly in arrears on each March 15, June 15, September 15 and December 15. For each full quarter that the Series A Preferred Stock or Series B Preferred Stock, as applicable, is outstanding, and assuming that no shares have been converted into common stock, we are required to pay cash dividends of approximately $1.8 million and $2.1 million, respectively. If and when we resume payment of the dividends following the five-quarter suspension described above, we expect that we will satisfy dividend requirements, if and when declared, from internally generated cash flows.

Also on July 26, 2017, we entered into Amendment 29 to our FSD with Thales, which provides for the deferral of approximately $100.0 million in expected milestone payments by us in 2017 and 2018. We pay these milestones using bills of exchange due in March 2019, with interest at a specified base rate (LIBOR or SWAP, depending on the term of the bill of exchange) plus 1.4%, with the bills of exchange guaranteed by BPIAE. We must pay Thales for the BPIAE premium on the guarantee in the amount of $1.0 million in cash at signing plus 1.62%, to be paid by bills of exchange on the same terms as stated above, on each bill of exchange to be issued. To date we have paid $55.6 million in milestone payments by issuing bills of exchange. In connection with these arrangements, we also agreed with Thales as to the amount of liquidated damages Thales owes us for manufacturing delays to date and the additional costs we must pay Thales for launch delays. Unless there are substantial future delays to the Iridium NEXT program, we expect this arrangement to result in no cash payments due to delays by either party.

While the contracted cash flows from our primary hosted payload customer, Aireon, are interest-bearing if not paid on time, we expect those hosted payload payments to continue to be delayed. Aireon is working to secure additional contracts with air navigation service providers, or ANSPs, including the FAA, for the sale of Aireon's space-based automatic dependent surveillance-broadcast, or ADS-B, services. Aireon is currently seeking to raise the capital it will need to fund its continued operations and its hosted payload payments to us. Aireon's ability to fund its hosted payload payments to us in the previously anticipated timeframe has been adversely affected by delays in its completion of sales to these ANSPs, which we believe in part results from delays in the development, construction and launch of the Iridium NEXT system.

We continue to expect partial payments of Aireon's hosting fee upon successful completion of its financing, and further payments based on success-based milestones. However, the expected timing of these payments does not support our ability to make principal and interest payments under our Credit Facility due in early 2019, as well as payment of deferred payments to Thales and deferred contributions to the DSRA, both due March 31, 2019. Further, if Aireon is unable to complete its financing and make a partial hosting fee payment to us in the timeframe we currently expect, we may be unable to make our principal and interest payments under our Credit Facility in late 2018. To provide for these obligations and further solidify our liquidity position, we have been actively discussing alternative funding options with our Credit Facility Lenders, and we believe we have reached an agreement in principle with our Credit Facility Lenders pursuant to which we would be required to raise additional debt by July 2018. The proceeds of this additional debt would be used to fund the deferred payments to Thales and replenish the DSRA under the Credit Facility, as well as to provide us with sufficient cash to meet our needs, including principal and interest payments under our Credit Facility. In addition, the Credit Facility Lenders would agree to delay a portion of the principal repayments under the Credit Facility, allow us to access up to $87 million from the DSRA in the future if our projected cash level falls below $75 million, and adjust our financial covenants, including eliminating further covenants that require us to receive cash flows from hosted payloads. Under this anticipated agreement, we would be required to use hosting fee payments received from Aireon to prepay the Credit Facility. Our ability to successfully execute these plans may be adversely affected by a number of factors, including global economic conditions, the state of capital markets when we are ready to issue the debt, and the inability to incur debt on terms acceptable to us or at all. Any inability to successfully execute these plans may in turn materially affect our liquidity, and our ability to complete the Iridium NEXT system and to pursue additional growth opportunities may be impaired. Our liquidity and the ability to fund our liquidity requirements also depend on our future financial performance, which is subject to general economic, financial, regulatory and other factors that are beyond our control.

We believe our liquidity sources will provide sufficient funds for us to meet our liquidity requirements for at least the next 12 months, provided we execute the proposed adjustments to our funding plan or receive a substantial portion of the hosting fees due to us from Aireon.

As of December 31, 2017, we reported $1,703.6 million in borrowings under the Credit Facility in our consolidated balance sheet, net of $96.4 million of deferred financing costs, for an aggregate balance of $1,800.0 million outstanding under the Credit Facility. Pursuant to the Credit Facility, we maintain the DSRA. As of December 31, 2017, the DSRA balance was $102.4 million, which is classified as restricted cash in our condensed consolidated balance sheet. The DSRA requirement is scheduled to increase to $189.0 million in 2019. In addition to the minimum debt service levels, financial covenants under the Credit Facility, as amended to date, include:

- an available cash balance of at least $25 million;
- a debt-to-equity ratio, which is calculated as the ratio of total net debt to the aggregate of total net debt and total stockholders' equity, of no more than 0.7 to 1, measured each June 30 and December 31;

- specified maximum levels of annual capital expenditures (excluding expenditures on the construction of Iridium NEXT satellites) through the year ending December 31, 2024;
- specified minimum levels of consolidated operational earnings before interest, taxes, depreciation and amortization, or operational EBITDA, each June 30 and December 31 through December 31, 2017;
- specified minimum cumulative cash flow requirements from customers who have hosted payloads on our satellites, measured each December 31 and June 30, from June 30, 2017 through December 31, 2019;
- a debt service coverage ratio, measured during the repayment period, of not less than 1 to 1.5;
- specified maximum leverage levels during the repayment period that decline from a ratio of 7.53 to 1 for the twelve months ending June 30, 2018 to a ratio of 2.36 to 1 for the twelve months ending December 31, 2024; and
- a requirement that we receive at least $50,000,000 in hosting fees from Aireon by September 30, 2018.

Our available cash balance, as defined by the Credit Facility, was $291.9 million as of December 31, 2017. Our debt-to-equity ratio was 0.5 to 1 as of December 31, 2017. We were also in compliance with the operational EBITDA and hosted payload cash flow covenants and the annual capital expenditure covenant, which were the only other applicable covenants, as of December 31, 2017.

The covenants regarding capital expenditures, operational EBITDA and hosted payload cash flows are calculated in connection with a measurement, which we refer to as available cure amount, that is derived using a complex calculation based on overall cash flows, as adjusted by numerous measures specified in the Credit Facility. In a period in which our capital expenditures exceed, or our operational EBITDA or hosted payload cash flows falls short of, the amount specified in the respective covenant, we would be permitted to allocate available cure amount, if any, to prevent a breach of the applicable covenant. As of December 31, 2017, we had an amount of $8.1 million in available cure, although it was not necessary for us to apply any available cure amount to maintain compliance with the covenants. The available cure amount has fluctuated significantly from one measurement period to the next, and we expect that it will continue to do so.

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, incur additional indebtedness, or make loans, guarantees or indemnities. If we are not in compliance with the financial covenants under the Credit Facility, after any opportunity to cure such non-compliance, or we otherwise experience an event of default under the Credit Facility, the lenders may require repayment in full of all principal and interest outstanding under the Credit Facility. It is unlikely we would have adequate funds to repay such amounts prior to the scheduled maturity of the Credit Facility. If we fail to repay such amounts, the lenders may foreclose on the assets we have pledged under the Credit Facility, which include substantially all of our assets and those of our domestic subsidiaries.

Cash and Indebtedness

At December 31, 2017, our total cash and cash equivalents balance was $285.9 million and our total marketable securities balance was $11.8 million. We also had an aggregate of $1,703.6 million of net external indebtedness related to borrowings under the Credit Facility and $54.9 million of net debt related to our Thales bills of exchange.

Cash Flows - Comparison of the Year Ended December 31, 2017 and the Year Ended December 31, 2016

The following table shows our consolidated cash flows from operating, investing and financing activities for the years ended December 31 (in millions):

Statement of Cash Flows	2017	2016	Change
Net cash provided by operating activities	$ 259.6	$ 225.2	$ 34.4
Net cash used in investing activities	$ (372.7)	$ (242.4)	$ (130.3)
Net cash provided by financing activities	$ 16.9	$ 224.2	$ (207.3)

Cash Flows from Operating Activities

Net cash provided by operating activities for the year ended December 31, 2017 increased by $34.4 million from the prior year. This increase was primarily due to a $33.0 million decrease in working capital related to timing of cash flows provided by prepaid and other current assets, accrued expenses and deferred revenues. Working capital provided by operations is primarily driven by launch related activities, including utilization of prepaid expenses related to launch services and receipt of payments for milestones related to hosted payloads.

Cash Flows from Investing Activities

Net cash used in investing activities for the year ended December 31, 2017 increased by $130.3 million primarily due to fewer available-for-sale securities held in the current period, resulting in lower proceeds from investment maturities, offset by a $5.6 million

decrease in capital expenditures. We expect capital expenditures to continue to decline as we complete the construction and launch of the Iridium NEXT constellation in 2018.

Cash Flows from Financing Activities

Net cash provided by financing activities for the year ended December 31, 2017 decreased by $207.3 million primarily due to the decrease in borrowings and related fees under our Credit Facility in 2017, as it was fully drawn in February 2017, offset by the decrease in payments of preferred stock dividends related to the five-quarter deferral of preferred dividends that began in the second quarter of 2017.

Cash Flows - Comparison of the Year Ended December 31, 2016 and the Year Ended December 31, 2015

The following table shows our consolidated cash flows from operating, investing and financing activities for the years ended December 31 (in millions):

Statement of Cash Flows	2016	2015	Change
Net cash provided by operating activities	$ 225.2	$ 217.5	$ 7.7
Net cash used in investing activities	$ (242.4)	$ (439.4)	$ 197.0
Net cash provided by financing activities	$ 224.2	$ 202.1	$ 22.1

Cash Flows from Operating Activities

Net cash provided by operating activities for the year ended December 31, 2016 increased by $7.7 million from the prior year. This increase was primarily due to improvements in net income, excluding the 2015 non-cash goodwill impairment, and a decrease in certain product inventory during 2016 as a result of improved inventory management. These changes were offset by payments for the in-orbit portion of insurance to support the Iridium NEXT launch campaign.

Cash Flows from Investing Activities

Net cash used in investing activities for the year ended December 31, 2016 decreased by $197.0 million primarily due to the increase in net sales of marketable securities of $107.9 million and the $89.1 million decrease in capital expenditures related to the construction of Iridium NEXT.

Cash Flows from Financing Activities

Net cash provided by financing activities for the year ended December 31, 2016 increased by $22.1 million primarily due to the $21.1 million increase in borrowings under the credit facility.

Effect of exchange rate changes on cash and cash equivalents

The effect of exchange rate changes on cash and cash equivalents was an increase in cash of $0.5 million for the year ended December 31, 2016 compared to the prior year. The exchange rate changes were primarily due to a modest strengthening of the Russian ruble against the U.S. dollar throughout 2016.

Contractual Obligations and Commitments

The following table summarizes our outstanding contractual obligations as of December 31, 2017 (in millions):

Contractual Obligations	Less than 1 year	1-3 Years	3-5 years	More than 5 years	Total
Payment obligations:					
Thales [1]	$ 216.8	$ 100.0	$ -	$ -	$ 316.8
Interest on Thales bills of exchange [1]	-	3.6	-	-	3.6
SpaceX [2]	46.9	10.2	-	-	57.1
Launch and in-orbit insurers [3]	43.2	-	-	-	43.2
Boeing [4]	6.0	12.0	6.0	-	24.0
Debt obligations: [5]					
Principal	85.5	490.5	612.0	612.0	1,800.0
Contractual interest	79.6	154.4	98.6	37.5	370.1
Debt service reserve account	-	87.0	-	-	87.0
Operating lease obligations [6]	3.7	7.5	7.2	8.8	27.2
Uncertain tax positions [7]	-	-	-	-	1.0
Unconditional purchase obligations [8]	17.0	3.4	1.0	-	21.4
Total	$ 498.7	$ 868.6	$ 724.8	$ 658.3	$2,751.4

(1) Thales obligations consist of commitments under the FSD for the design and manufacture of satellites for Iridium NEXT. The Credit Facility was fully drawn in February 2017, and, as a result, we pay 100% of each invoice received from Thales from cash and marketable securities on hand or the issuance of up to $45.4 million in remaining bills of exchange due in March 2019. As of December 31, 2017, we had made aggregate payments of $1.9 billion to Thales. The timing of a portion of the contractual obligation payments to Thales shown in the table above is based on current expectations regarding the Thales manufacturing schedule and SpaceX's targeted launch schedule.

(2) SpaceX obligations consist of remaining payments to secure SpaceX as the primary launch services provider for Iridium NEXT. The total price for seven launches and a reflight option in the event of launch failure is $453.1 million. In November 2016, we entered into an agreement for an eighth launch with SpaceX to launch five spare satellites and share the services with GFZ. The total price under the SpaceX agreement for the eighth launch is $67.9 million. As of December 31, 2017, we had made aggregate payments of $463.9 million to SpaceX. The timing of a portion of the contractual obligation payments to SpaceX shown in the table above is based on SpaceX's targeted launch schedule.

(3) The total premium is $121.0 million, and as of December 31, 2017, we had made aggregate payments of $77.8 million. The timing of the majority of the contractual obligation payments are based on SpaceX's targeted launch schedule to complete the Iridium NEXT constellation in 2018.

(4) Represents a five-year take-or-pay commitment under the Development Services Agreement entered into in November 2016.

(5) Debt obligations include repayment of the Credit Facility as of December 31, 2017. We have included interest payments to be made on our fixed and variable rate tranches of the Credit Facility. Interest payments for variable rate debt have been estimated based on the six-month LIBOR forward contracts. We have included the increase to the DSRA of $87 million, as required under the terms of the Credit Facility, from $102.0 million, as of December 31, 2017, to $189.0 million in 2019. The DSRA is classified as restricted cash on the consolidated balance sheet. The repayment schedule excludes $120.0 million that we expect to receive upon the Aireon redemption of our equity interest in Aireon and Aireon dividends, when and if declared. Upon receipt of these amounts, they will be used to prepay the Credit Facility, which may result in an earlier repayment.

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

(7) As of December 31, 2017, we estimated our uncertain tax positions to be $1.0 million, including penalties and interest. However, we are unable to reasonably estimate the period of the possible future payments for the remaining balance, and therefore the remaining balance has not been reflected in a specified period.

(8) 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 fixed or minimum quantities, minimum or variable price provisions, and a fixed timeline. Unconditional purchase obligations do not include agreements that are cancelable by us without penalty. As of December 31, 2017, contractually obligated purchase commitments for manufacturing supplies increased $5.8 million from the prior year ended December 31, 2016.

The contractual obligations table does not include future payments of dividends on the Series A Preferred Stock or Series B Preferred Stock. Holders of Series A Preferred Stock are entitled to receive cumulative cash dividends when, as and if declared from, and including, the date of original issue at a rate of 7.00% per annum of the $100 liquidation preference per share, which is equivalent to an annual rate of $7.00 per share. Holders of Series B Preferred Stock are entitled to receive cumulative cash dividends when, as and if declared from, and including, the date of original issue at a rate of 6.75% per annum of the $250 liquidation preference per share, which is equivalent to an annual rate of $16.875 per share. Dividends on both the Series A Preferred Stock and Series B Preferred Stock are payable quarterly in arrears, on March 15, June 15, September 15 and December 15 of each year, although we have temporarily suspended dividend payments as noted above. Neither the Series A Preferred Stock nor the Series B Preferred stock has a stated maturity date. Holders of Series A Preferred Stock and Series B Preferred Stock may convert some or all of their outstanding shares to common stock at the stated conversion rate. We may at our option cause some or all of the shares of Series A Preferred Stock to be automatically converted into shares of common stock at the then prevailing conversion rate if specified conditions, principally, a daily volume-weighted average stock price of $12.26 over a period of 20 trading days in a 30-day period and payment of the accrued dividends, are satisfied. On or after May 15, 2019, we may, at our option, convert some or all of the Series B Preferred Stock into the number of shares of common stock that are issuable at the then-applicable conversion rate, subject to specified conditions. We cannot forecast the conversions, if any, of Series A Preferred Stock or Series B Preferred Stock to common stock and thus cannot forecast with certainty the amounts of future dividend payments on outstanding Series A Preferred Stock. As of December 31, 2017, there were 1,000,000 shares of Series A Preferred Stock and 499,955 shares of Series B Preferred Stock outstanding.

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 IoT revenue have been less subject to seasonal usage changes.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The fixed price under the FSD with Thales is denominated in U.S. dollars. As a result, we do not bear any foreign currency exchange risk under the FSD.

We have borrowed an aggregate of $1.8 billion under the Credit Facility as of December 31, 2017. A portion of the draws we made under the Credit Facility bear interest at a floating rate equal to the London Interbank Offered Rate, or LIBOR, plus 1.95% and will, accordingly, subject us to interest rate fluctuations in future periods. Had the currently outstanding borrowings under the Credit Facility been outstanding throughout the year ended December 31, 2017, a one-half percentage point increase or decrease in the LIBOR would not have had a material impact on our interest cost for the period.

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents, as well as accounts receivable. We maintain our cash and cash equivalents with financial institutions with high credit ratings and at times maintain the balance of our deposits in excess of federally insured limits. The majority of our cash is swept nightly into a money market fund invested in U.S. treasuries, Agency Mortgage Backed Securities and/or U.S. government guaranteed debt. Accounts receivable are due from both domestic and international customers. We perform credit evaluations of our customers' financial condition and record reserves to provide for estimated credit losses. Accounts payable are owed to both domestic and international vendors.

We also currently hold marketable securities consisting of commercial paper and fixed-income debt securities. As of December 31, 2017, a 100 basis point change in interest rates would not have had a material impact on the fair value of our marketable securities.

Item 8. Financial Statements and Supplementary Data

Report of Ernst & Young LLP, Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Iridium Communications Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Iridium Communications Inc. (the Company) as of December 31, 2017 and 2016, and the related consolidated statements of operations and comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2017 and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 22, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating 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.

/s/ Ernst & Young LLP

We have served as Company's auditor since 2001.
Tysons, Virginia
February 22, 2018

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

	December 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 285,873	$ 371,167
Marketable securities	11,753	39,328
Accounts receivable, net	68,031	57,373
Inventory	20,068	18,204
Prepaid expenses and other current assets	25,347	30,698
Total current assets	411,072	516,770
Property and equipment, net	3,210,162	2,813,084
Restricted cash	102,384	113,139
Other assets	8,414	10,836
Intangible assets, net	50,019	45,796
Total assets	$ 3,782,051	$ 3,499,625
Liabilities and stockholders' equity		
Current liabilities:		
Short-term credit facility	$ 85,500	$ -
Accounts payable	43,100	11,131
Accrued expenses and other current liabilities	32,215	23,840
Interest payable	15,021	14,136
Deferred revenue	38,390	34,087
Total current liabilities	214,226	83,194
Accrued satellite operations and maintenance expense, net of current portion	-	13,138
Long-term credit facility, net	1,618,055	1,657,145
Deferred income tax liabilities, net	246,170	361,656
Deferred revenue, net of current portion	47,612	36,417
Other long-term liabilities	59,519	4,317
Total liabilities	2,185,582	2,155,867
Commitments and contingencies		
Stockholders' equity:		
Series A preferred stock, $0.0001 par value, 1,000 shares authorized, issued and outstanding	-	-
Series B preferred stock, $0.0001 par value, 500 shares authorized, issued and outstanding	-	-
Common stock, $0.001 par value, 300,000 shares authorized, 98,203 and 95,879 shares issued and outstanding	98	96
Additional paid-in capital	1,081,373	1,060,311
Retained earnings	518,794	288,797
Accumulated other comprehensive loss, net of tax	(3,796)	(5,446)
Total stockholders' equity	1,596,469	1,343,758
Total liabilities and stockholders' equity	$ 3,782,051	$ 3,499,625

See notes to consolidated financial statements

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

	Year Ended December 31,		
	2017	**2016**	**2015**
Revenue:			
Services	$ 349,735	$ 334,822	$ 317,022
Subscriber equipment	77,119	74,211	73,615
Engineering and support services	21,192	24,607	20,741
Total revenue	448,046	433,640	411,378
Operating expenses:			
Cost of services (exclusive of depreciation and amortization)	80,396	64,958	60,306
Cost of subscriber equipment	44,445	44,286	40,807
Research and development	15,247	16,079	16,144
Selling, general and administrative	84,405	82,552	81,445
Depreciation and amortization	122,266	49,394	51,834
Impairment of goodwill	-	-	87,039
Total operating expenses	346,759	257,269	337,575
Gain on Boeing transaction	14,189	-	-
Operating income	115,476	176,371	73,803
Other income (expense):			
Interest income, net	4,328	2,934	3,069
Undrawn credit facility fees	(25)	(1,346)	(3,289)
Other income (expense), net	(207)	206	(468)
Total other income (expense)	4,096	1,794	(688)
Income before income taxes	119,572	178,165	73,115
Income tax benefit (expense)	114,284	(67,133)	(65,992)
Net income	233,856	111,032	7,123
Series A preferred stock dividends, declared and paid	1,750	7,000	7,000
Series B preferred stock dividends, declared and paid	2,109	8,436	8,436
Series A preferred stock dividends, undeclared	5,250	-	-
Series B preferred stock dividends, undeclared	6,327	-	-
Net income (loss) attributable to common stockholders	$ 218,420	$ 95,596	$ (8,313)
Weighted average shares outstanding - basic	97,934	95,967	95,097
Weighted average shares outstanding - diluted	128,130	124,875	95,097
Net income (loss) attributable to common stockholders per share - basic	$ 2.23	$ 1.00	$ (0.09)
Net income (loss) attributable to common stockholders per share - diluted	$ 1.82	$ 0.89	$ (0.09)
Comprehensive income:			
Net income	$ 233,856	$ 111,032	$ 7,123
Foreign currency translation adjustments	1,664	3,487	(5,777)
Unrealized gain (loss) on marketable securities, net of tax	(14)	130	(366)
Comprehensive income	$ 235,506	$ 114,649	$ 980

See notes to consolidated financial statements

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

	Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at December 31, 2014	1,000	$ -	500	$ -	93,905	$ 94	$1,033,176	$ (2,920)	$201,514	$1,231,864
Stock-based compensation	-	-	-	-	-	-	9,649	-	-	9,649
Stock options exercised and awards vested	-	-	-	-	1,221	1	2,154	-	-	2,155
Stock withheld to cover employee taxes	-	-	-	-	-	-	(886)	-	-	(886)
Excess tax benefit from exercise of stock-based compensation	-	-	-	-	-	-	395	-	-	395
Net income	-	-	-	-	-	-	-	-	7,123	7,123
Dividends on Series A preferred stock	-	-	-	-	-	-	-	-	(7,000)	(7,000)
Dividends on Series B preferred stock	-	-	-	-	-	-	-	-	(8,436)	(8,436)
Cumulative translation adjustments, net of tax	-	-	-	-	-	-	-	(5,777)	-	(5,777)
Unrealized gain on marketable securities, net of tax	-	-	-	-	-	-	-	(366)	-	(366)
Balance at December 31, 2015	1,000	-	500	-	95,126	95	1,044,488	(9,063)	193,201	1,228,721
Stock-based compensation	-	-	-	-	-	-	15,973	-	-	15,973
Stock options exercised and awards vested	-	-	-	-	753	1	548	-	-	549
Stock withheld to cover employee taxes	-	-	-	-	-	-	(627)	-	-	(627)
Excess tax benefit from exercise of stock-based compensation	-	-	-	-	-	-	(71)	-	-	(71)
Net income	-	-	-	-	-	-	-	-	111,032	111,032
Dividends on Series A preferred stock	-	-	-	-	-	-	-	-	(7,000)	(7,000)
Dividends on Series B preferred stock	-	-	-	-	-	-	-	-	(8,436)	(8,436)
Cumulative translation adjustments, net of tax	-	-	-	-	-	-	-	3,487	-	3,487
Unrealized loss on marketable securities, net of tax	-	-	-	-	-	-	-	130	-	130
Balance at December 31, 2016	1,000	-	500	-	95,879	96	1,060,311	(5,446)	288,797	1,343,758
Stock-based compensation	-	-	-	-	-	-	18,694	-	-	18,694
Stock options exercised and awards vested	-	-	-	-	2,537	2	4,233	-	-	4,235
Stock withheld to cover employee taxes	-	-	-	-	(213)	-	(1,865)	-	-	(1,865)
Net income	-	-	-	-	-	-	-	-	233,856	233,856
Dividends on Series A preferred stock	-	-	-	-	-	-	-	-	(1,750)	(1,750)
Dividends on Series B preferred stock	-	-	-	-	-	-	-	-	(2,109)	(2,109)
Cumulative translation adjustments, net of tax	-	-	-	-	-	-	-	1,664	-	1,664
Unrealized loss on marketable securities, net of tax	-	-	-	-	-	-	-	(14)	-	(14)
Balance at December 31, 2017	1,000	$ -	500	$ -	98,203	$ 98	$1,081,373	$ (3,796)	$518,794	$1,596,469

See notes to consolidated financial statements

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

	Year Ended December 31,		
	2017	**2016**	**2015**
Cash flows from operating activities:			
Net income	$ 233,856	$ 111,032	$ 7,123
Adjustments to reconcile net income to net cash provided by operating activities:			
Deferred income taxes	(115,812)	63,808	63,376
Depreciation and amortization	122,266	49,394	51,834
Impairment of goodwill	-	-	87,039
Stock-based compensation (net of amounts capitalized)	15,958	13,708	8,603
Excess tax benefit from stock-based compensation	-	-	(806)
Gain from contract liability write-off	(14,189)	-	-
Provision for doubtful accounts	(277)	703	252
Provision for obsolete inventory	361	1,053	723
Amortization of premiums on marketable securities	124	888	2,030
Non-cash foreign currency losses, net	(163)	166	196
Changes in operating assets and liabilities:			
Accounts receivable	(10,343)	(6,037)	(1,843)
Inventory	(1,946)	9,029	(169)
Prepaid expenses and other current assets	2,875	(16,613)	(3,788)
Other assets	2,823	(2,128)	(1,253)
Accounts payable	896	3,209	3,110
Accrued expenses and other current liabilities	8,166	(6,416)	(7,815)
Deferred revenue	15,129	4,115	9,038
Accrued satellite and network operation expense, net of current portion	-	(1,045)	(869)
Other long-term liabilities	(103)	333	698
Net cash provided by operating activities	259,621	225,199	217,479
Cash flows from investing activities:			
Capital expenditures	(400,107)	(405,687)	(494,810)
Purchases of marketable securities	(7,013)	(19,865)	(204,672)
Sales and maturities of marketable securities	34,440	183,192	260,108
Net cash used in investing activities	(372,680)	(242,360)	(439,374)
Cash flows from financing activities:			
Borrowings under the Credit Facility	22,207	251,498	230,421
Payment of deferred financing fees	(3,852)	(11,806)	(14,984)
Proceeds from exercise of stock options	4,235	549	2,154
Tax payment upon settlement of stock awards	(1,865)	(627)	(886)
Excess tax benefits from stock-based compensation	-	-	806
Payment of Series A preferred stock dividends	(1,750)	(7,000)	(7,000)
Payment of Series B preferred stock dividends	(2,109)	(8,436)	(8,436)
Net cash provided by financing activities	16,866	224,178	202,075
Effect of exchange rate changes on cash and cash equivalents	144	512	(755)
Net increase (decrease) in cash and cash equivalents	(96,049)	207,529	(20,575)
Cash, cash equivalents, and restricted cash, beginning of period	484,306	276,777	297,352
Cash, cash equivalents, and restricted cash, end of period	$ 388,257	$ 484,306	$ 276,777
Supplemental cash flow information:			
Interest paid	$ 85,261	$ 22,910	$ 18,878
Income taxes paid, net	$ 1,660	$ 1,391	$ 3,429
Supplemental disclosure of non-cash investing activities:			
Property and equipment received but not paid for yet	$ 90,748	$ 2,753	$ 26,770
Interest capitalized but not paid	$ 15,021	$ 14,136	$ 12,232
Capitalized amortization of deferred financing costs	$ 27,304	$ 28,688	$ 18,372
Capitalized paid-in-kind interest	$ -	$ 52,873	$ 43,073
Capitalized stock-based compensation	$ 2,736	$ 2,265	$ 1,046

See notes to consolidated financial statements

1. Organization and Business

Iridium Communications Inc. (the "Company"), a Delaware corporation, 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 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, and (iii) all less than wholly owned subsidiaries that the Company controls. All intercompany transactions and balances have been eliminated.

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.

Adopted Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-09, Compensation—Stock Compensation, Improvements to Employee Share-Based Payment Accounting ("ASU 2016-09"). ASU 2016-09 addresses multiple changes that are primarily focused on income taxes and the presentation of taxes related to stock compensation, but also provides an option for two methods to account for forfeitures. The requirements resulting from the adoption of ASU 2016-09 were accounted for on a prospective basis as of January 1, 2017, as required.

- The Company made an accounting policy election to continue estimating the number of awards that are expected to be forfeited, consistent with the Company's prior practice.
- The Company excluded the excess tax benefits and deficiencies component from the treasury stock method in the diluted earnings per share calculation. The change had an immaterial impact on the Company's reported diluted earnings per share.
- The Company recorded current excess tax benefits and tax deficiencies as income tax benefit (expense) in the consolidated statements of operations and comprehensive income. The change resulted in an excess tax expense of $0.2 million for the three months ended December 31, 2017 and excess tax benefit of $1.1 million recorded in the provision for income taxes for the year ended December 31, 2017.
- The Company will present excess tax benefits as an operating activity on the condensed consolidated statement of cash flows rather than as a financing activity. Prior periods have not been adjusted.

There were no additional impacts on the Company's financial statements resulting from the adoption of ASU 2016-09 that required a retrospective or modified retrospective approach.

In July 2015, the FASB issued ASU No. 2015-11, Simplifying the Measurement of Inventory ("ASU 2015-11"). ASU 2015-11 requires that inventory within the scope of the guidance be measured at the lower of cost and net realizable value. The Company applied the new guidance prospectively effective January 1, 2017, as required. Inventory measured using last-in, first-out and retail inventory method are excluded from this new guidance. When evidence exists that the net realizable value of inventory is less than its cost, the Company will recognize the difference as a loss in earnings in the period the measurement occurs. This ASU replaces the concept of market with the single measurement of net realizable value and is intended to create efficiencies for preparers and more closely aligns U.S. GAAP with International Financial Reporting Standards. The adoption had an immaterial impact on the Company's condensed consolidated balance sheet, condensed consolidated statement of operations and comprehensive income, and condensed consolidated statement of cash flows as of and for the year ended, December 31, 2017.

In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash ("ASU 2016-18"). ASU 2016-18 requires that restricted cash be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statements of cash flows. The Company early adopted the new guidance during the fourth quarter of 2017, as permitted, and the new guidance was applied using a retrospective transition method for all periods presented. The adoption of ASU 2016-18 did not have a material impact on the Company's consolidated statements of cash flows.

The following table provides a reconciliation of cash and cash equivalents, and restricted cash reported within the consolidated balance sheets at December 31, 2017 and 2016, that sum to the total of such amounts in the consolidated statements of cash flows:

	Year Ended December 31,	
	2017	2016
Cash and cash equivalents	$ 285,873	$ 371,167
Restricted cash	102,384	113,139
Cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	$ 388,257	$ 484,306

Recent Accounting Developments Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, Leases ("ASU 2016-02"). ASU 2016-02 requires lessees to record most leases on their balance sheets but recognize expenses on their income statements in a manner similar to current accounting. The Company intends to apply the new guidance effective January 1, 2019, as required. Reporting organizations are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The Company is currently evaluating the effect ASU 2016-02 may have on its condensed consolidated financial statements and related disclosures, but a lease liability and related right-of-use asset will be recognized for operating lease arrangements where the Company is the lessee.

In May 2014, the FASB and the International Accounting Standards Board jointly issued a comprehensive new revenue recognition standard, ASU No. 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"), that will supersede nearly all existing revenue recognition guidance under U.S. GAAP. Under the new standard, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The FASB has issued several amendments to the standard including clarification on accounting for licenses of intellectual property, identifying performance obligations, and most recently, technical corrections on the interpretation of the new guidance. In July 2015, the FASB voted to defer the effective date of ASU 2014-09 for public entities to be effective for annual and interim periods beginning after December 15, 2017. ASU 2014-09 becomes effective for the Company in the first quarter of fiscal 2018, and the Company anticipates adopting the standard using the modified retrospective method with a cumulative effect adjustment recorded to opening retained earnings as of the initial adoption date (January 1, 2018). This method requires application of the new guidance at the beginning of the earliest comparative period presented for revenue agreements that are not substantially complete as of the date of adoption. All new revenue agreements executed after the adoption date are accounted for prospectively under the new standard.

The Company established a project team in order to analyze the effect of the standard on its contracts by reviewing its current accounting policies and practices to identify potential differences which would result from applying the requirements of the new standard to its revenue contracts. The Company aggregated its contracts into homogeneous revenue streams and assessed all potential effects of the standard. The Company has substantially completed its evaluation of the potential changes from adopting the new standard on its future financial reporting and disclosures. Adopting the new standard is expected to have an immaterial impact on the Company's total net sales and operating income. The primary impact of adopting ASU 2014-09 relates to the Company's prepaid service revenue and associated breakage, which is currently recognized as revenue at the date the right to access the prepaid service has expired. Under the new standard, the Company will estimate the expected revenue that will expire unused on an ongoing basis and recognize this revenue over the usage period. Upon adoption, the Company expects the deferred revenue associated with prepaid service revenue to be reduced by approximately $15.6 million for this breakage estimate. Revenue on the majority of the Company's contracts will continue to be recognized consistent with the Company's current revenue recognition model, exclusive of the aforementioned prepaid revenue. The Company also does not expect the standard to have a material impact on its consolidated balance sheet.

Fair Value Measurements

The Company evaluates assets and liabilities subject to fair value measurements on a recurring and non-recurring basis to determine the appropriate level to classify them for each reporting period. This determination requires significant judgments to be made by management of the Company. The instruments identified as subject to fair value measurements on a recurring basis are cash and cash equivalents, marketable securities, prepaid expenses and other current assets, accounts receivable, accounts payable and accrued

expenses and other current liabilities. 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. The fair value hierarchy consists of the following tiers:

- Level 1, defined as observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2, defined as observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; 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.

The carrying values of short-term financial instruments (primarily cash and cash equivalents, prepaid expenses and other current assets, accounts receivable, accounts payable, and accrued expenses and other current liabilities) approximate their fair values because of their short-term nature. The fair value of the Company's investments in money market funds approximates its carrying value; such instruments are classified as Level 1 and are included in cash and cash equivalents on the accompanying consolidated balance sheets. The fair value of the Company's investments in commercial paper and short-term U.S. agency securities with original maturities of less than ninety days approximates their carrying value; such instruments are classified as Level 2 and are included in cash and cash equivalents on the accompanying consolidated balance sheets.

The fair value of the Company's investments in fixed-income debt securities and commercial paper with original maturities of greater than ninety days are obtained using similar investments traded on active securities exchanges and are classified as Level 2. For fixed income securities that do not have quoted prices in active markets, the Company uses third-party vendors to price its debt securities resulting in classification as Level 2. All fixed-income securities are included in marketable securities on the accompanying consolidated balance sheets.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, marketable securities, and receivables. The majority of cash is swept nightly into a money market fund invested in U.S. treasuries, Agency Mortgage Backed Securities and/or U.S. Government guaranteed debt. 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 limits. The Company's marketable securities are highly-rated corporate and foreign fixed-income debt securities and commercial paper with an original maturity in excess of ninety days. The Company 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.

Cash, Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments with original maturities of ninety days or less to be cash equivalents. These investments, along with cash deposited in institutional money market funds, regular interest bearing depository accounts and non-interest bearing depository accounts, are classified as cash and cash equivalents on the accompanying consolidated balance sheets. The Company is required to maintain a minimum cash reserve for debt service related to its $1.8 billion credit facility (as amended to date, the "Credit Facility").

Marketable Securities

Marketable securities consist of fixed-income debt securities and commercial paper with an original maturity in excess of ninety days. These investments are classified as available-for-sale and are included in marketable securities within current assets on the accompanying consolidated balance sheets. All investments are carried at fair value. Unrealized gains and losses, net of taxes, are reported as a component of other comprehensive income or loss. The specific identification method is used to determine the cost basis of the marketable securities sold. There were no material realized gains or losses on the sale of marketable securities for the years ended December 31, 2017 and 2016. The Company regularly monitors and evaluates the fair value of its investments to identify other-than-temporary declines in value. The Company determined that any decline in fair value of these investments is temporary as the Company does not intend to sell these securities and it is not likely that the Company will be required to sell the securities before the recovery of their amortized cost basis.

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 not material as of December 31, 2017 and 2016.

Foreign Currencies

The functional currency of the Company's foreign consolidated subsidiaries is the local currency. 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 and comprehensive income.

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, 2017 and 2016, the Company had deferred approximately $97.2 million and $120.6 million, respectively, of direct and incremental financing costs, net of amortization, 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 of Iridium NEXT have been capitalized. Capitalized interest costs for the years ended December 31, 2017, 2016 and 2015 were $114.4 million, $106.4 million and $83.1 million, respectively, which include amortization of deferred financing costs as discussed above.

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 to a third-party manufacturer and purchases accessories from third-party suppliers. The Company's cost of inventory includes an allocation of overhead, including payroll and payroll-related costs 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 net realizable value. Accordingly, the Company recorded expenses of $0.4 million, $1.1 million and $0.7 million, for the years ended December 31, 2017, 2016 and 2015, respectively, included within the cost of subscriber equipment for excess and obsolete inventory. The expenses for the years ended December 31, 2017 and 2016 were primarily related to certain handset parts and accessories, and the expenses for the year ended December 31, 2015 were primarily related to Iridium Pilot equipment.

The Company has a manufacturing agreement with Benchmark Electronics Inc. ("Benchmark") to manufacture subscriber equipment. 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. Benchmark 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. The fair value of stock options is determined at the grant date using the Black-Scholes option pricing model. The fair value of restricted stock units ("RSUs") is equal to the closing price of the underlying common stock on the grant date. The fair value of an award that is ultimately expected to vest is recognized on a straight-line basis over the requisite service or performance period and is classified in the consolidated statements of operations and comprehensive income in a manner consistent with the classification of the recipient's compensation. The expected vesting of the Company's performance-based RSUs is based upon the probability that the Company achieves the defined performance goals. The level of achievement of performance goals, if any, is determined by the compensation committee. Stock-based awards to non-employee consultants are expensed at their fair value as services are provided according to the terms of their agreements and are classified in selling, general and administrative expenses in the accompanying consolidated statements of operations and comprehensive income. Classification of stock-based compensation was presented below:

	Year Ended December 31,	
	2017	2016
	(In thousands)	
Property and equipment, net	$ 2,458	$ 1,906
Inventory	280	359
Cost of subscriber equipment	30	56
Cost of services (exclusive of depreciation and amortization)	4,366	1,655
Research and development	349	457
Selling, general and administrative	11,211	11,540
Total stock-based compensation	$ 18,694	$ 15,973

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:

First-generation satellites	15-21 years
Next-generation satellites	12.5 years
Ground system	5-7 years
Equipment	3-5 years
Internally developed software and purchased software	3-7 years
Building	39 years
Building improvements	5-39 years
Leasehold improvements	shorter of useful life or remaining lease term

The estimated useful lives of the Company's first-generation satellites reflect the period of expected use for each satellite. Satellites are depreciated on a straight-line basis through the date they will be replaced by next-generation satellites. The Company began deployment of its next-generation satellite constellation ("Iridium NEXT") in January 2017, and, based on the current launch schedule, the Company expects the final launch to occur in 2018. The Company's next-generation satellites will be depreciated on a straight-line basis over the estimated useful life, which is currently estimated to be 12.5 years.

The Company calculates depreciation expense using the straight-line method and evaluates the appropriateness of the useful life used in this calculation on a quarterly basis or as events occur that require additional assessment.

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.

In June 2011, the Company entered into an agreement with International Space Company Kosmotras, or Kosmotras, as a supplemental launch services provider for Iridium NEXT. The total cost under the Kosmotras agreement is $51.8 million. Kosmotras to date has been unable to obtain the permits or authorizations to launch the Company's satellites on a Dnepr rocket as planned, and Kosmotras has proposed no satisfactory alternative launch plan. Because the Company now believes the construction-in-progress associated with the Kosmotras launch services will no longer be used or further developed, the Company wrote-off the full amount previously paid to Kosmotras, by recording accelerated depreciation expense of $36.8 million, in the fourth quarter of 2017.

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. Goodwill impairment is determined using a two-step process. The first step involves a comparison of the estimated fair value of a reporting unit to its carrying amount, including goodwill. If the estimated fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. If the carrying amount of a reporting unit exceeds its estimated fair value, then the second step of the goodwill impairment test must be performed. To measure the amount of impairment loss, if any, the implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. Specifically, the estimated fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the price paid to acquire the reporting unit. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

The Company operates in a single reporting unit, and the possibility of impairment is assessed by comparing the carrying amount of the reporting unit to its estimated fair value. The most recent annual assessment of goodwill and indefinite-lived assets was performed on October 1, 2015 (the "2015 Analysis"), and the Company determined that the current value of the reporting unit exceeded its fair value. As a result, the Company recorded a non-cash goodwill impairment charge of $87.0 million during the fourth quarter of 2015. The Company had no goodwill as of December 31, 2017 and 2016.

Intangible Assets Subject to Amortization

The Company's intangible assets with finite lives, 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 evaluates the useful lives for these intangible assets each reporting period to determine whether events and circumstances warrant a revision in their remaining useful lives.

Amortization is calculated using the straight-line method over the following estimated useful lives:

Intellectual property	20 years
Assembled workforce	7 years
Patents	14-20 years

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 reasonably assured, 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 when the Company sells services and equipment in bundled arrangements 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 objective 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. The Company's determination of best estimate of selling price is consistent with its determination of vendor-specific objective evidence of selling price, and the Company assesses qualitative and quantitative market factors and entity-specific factors when estimating the selling price. 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 equal to the cash paid upon purchase for the e-voucher or prepaid card. The Company recognizes revenue from the prepaid services upon the use of the e-voucher or prepaid card by the customer or upon the expiration of the right to access the prepaid service. While the terms of prepaid e-vouchers can be extended by the purchase of additional e-vouchers, prepaid e-vouchers may not be extended beyond three or four years, dependent on the initial expiry period when purchased. The Company does not offer refunds 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 and airtime support to U.S. government and other authorized customers pursuant to the Enhanced Mobile Satellite Services ("EMSS") contract managed by the Defense Information Systems Agency ("DISA"). Effective October 22,

2013, the Company executed a new five-year EMSS contract, managed by DISA. Under the terms of this new agreement, authorized customers continue to utilize airtime services, provided through the U.S. Department of Defense's ("DoD") dedicated gateway. These services include unlimited global secure and unsecure voice, low and high-speed data, paging, broadcast and Distributed Tactical Communications Services ("DTCS") services for an unlimited number of DoD and other federal subscribers. The fixed-price rate for the remaining contract year, which runs through October 21, 2018, is $88 million per year. Under this contract, revenue is based on the annual fee for the fixed-price contract with unlimited subscribers, and is recognized on a straight-line basis over each contractual year.

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 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.

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 $0.3 million, $0.5 million and $0.5 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Income Taxes

The Company accounts for income taxes using the asset and liability approach, which requires the recognition of tax benefits or expenses for temporary differences between the financial reporting and tax bases of assets and liabilities. 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) attributable 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, including common stock issuable upon exercise of outstanding stock options, is computed using the treasury stock method. The effect of potential dilutive common shares from the conversion of the outstanding convertible preferred securities is computed using the as-if converted method at the stated conversion rate. The Company's unvested restricted stock units ("RSUs") awarded to the board of directors 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 (loss) per share excludes net income attributable to these unvested RSUs from the numerator and excludes the impact of these unvested RSUs from the denominator.

3. Cash and Cash Equivalents and Marketable Securities

Cash and Cash Equivalents

The following table summarizes the Company's cash and cash equivalents:

	Year Ended December 31,		
	2017	2016	Recurring Fair Value Measurement
	(In thousands)		
Cash and cash equivalents:			
Cash	$ 24,092	$ 102,194	
Money market funds	251,950	266,478	Level 1
Commercial paper	9,831	2,495	Level 2
Total cash and cash equivalents	$ 285,873	$ 371,167	

Restricted Cash

The Company is required to maintain a minimum cash reserve for debt service related to its $1.8 billion loan facility (as amended to date, the "Credit Facility") (see Note 5 for additional information). As of December 31, 2017 and 2016, the Company's restricted cash balance, which includes a minimum cash reserve for debt service related to the Credit Facility and the interest earned on these amounts, was $102.4 million and $113.1 million, respectively.

Marketable Securities

The following tables summarize the Company's marketable securities:

	December 31, 2017				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Recurring Fair Value Measurement
	(In thousands)				
Fixed-income debt securities	$ 9,520	$ 2	$ (15)	$ 9,507	Level 2
U.S. Treasury notes	2,249	-	(3)	2,246	Level 2
Total marketable securities	$ 11,769	$ 2	$ (18)	$ 11,753	

	December 31, 2016				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Recurring Fair Value Measurement
	(In thousands)				
Fixed-income debt securities	$ 30,037	$ 14	$ (11)	$ 30,040	Level 2
U.S. Treasury notes	9,283	7	(2)	9,288	Level 2
Total marketable securities	$ 39,320	$ 21	$ (13)	$ 39,328	

The following table presents the contractual maturities of the fixed income debt securities, commercial paper and U.S. Treasury notes:

	December 31, 2017		December 31, 2016	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In thousands)		(In thousands)	
Mature within one year	$ 11,519	$ 11,504	$ 32,776	$ 32,788
Mature after one year and within three years	250	249	6,544	6,540
Total	$ 11,769	$ 11,753	$ 39,320	$ 39,328

The decrease in marketable securities from December 31, 2016 to December 31, 2017 is due to the Company selling some of its investments during 2017 and utilizing the proceeds to support the construction of Iridium NEXT.

4. Equity Transactions

Preferred Stock

The Company is authorized to issue 2.0 million shares of preferred stock with a par value of $0.0001 per share. As described below, the Company issued 1.0 million shares of preferred stock in the fourth quarter of 2012 and 0.5 million shares of preferred stock in the second quarter of 2014. The remaining 0.5 million authorized shares of preferred stock were undesignated and unissued as of December 31, 2017.

Series A Cumulative Perpetual Convertible Preferred Stock

In the fourth quarter of 2012, the Company issued 1.0 million shares of its 7.00% Series A Cumulative Perpetual Convertible Preferred Stock in a private offering. The Company received proceeds of $96.5 million from the sale of the Series A Preferred Stock, net of the aggregate $3.5 million in initial purchaser discount and offering costs. The net proceeds of this offering were used to partially fund the construction and deployment of Iridium NEXT and for other general corporate purposes.

Holders of Series A Preferred Stock are entitled to receive cumulative cash dividends at a rate of 7.00% per annum of the $100 liquidation preference per share (equivalent to an annual rate of $7.00 per share). Dividends are payable quarterly in arrears on each March 15, June 15, September 15 and December 15. The Series A Preferred Stock does not have a stated maturity date and is not subject to any sinking fund or mandatory redemption provisions. The Series A Preferred Stock ranks senior to the Company's common stock and on parity with the Company's 6.75% Series B Cumulative Perpetual Convertible Preferred Stock with respect to dividend rights and rights upon the Company's liquidation, dissolution or winding-up. Holders of Series A Preferred Stock generally have no voting rights except for limited voting rights if the Company fails to pay dividends for six or more quarterly periods (whether or not consecutive) and in other specified circumstances. Holders of Series A Preferred Stock may convert some or all of their outstanding Series A Preferred Stock at an initial conversion rate of 10.6022 shares of common stock per $100 liquidation preference, which is equivalent to an initial conversion price of approximately $9.43 per share of common stock (subject to adjustment in certain events).

The Credit Facility prohibits the Company from paying dividends to holders of the Company's preferred stock, including the Company's Series A Preferred Stock, if the Company is unable to certify that it anticipates being able to comply with the financial covenants of the Credit Facility for the next twelve months each time the Company declares a dividend. During the second quarter of 2017, the Company began a five-quarter deferral of dividends on the Series A Preferred Stock. Cash dividends of $1.8 million were declared and paid to holders of the Series A Preferred Stock during the first quarter of 2017. No other dividends were declared, paid or accrued. During the year ended December 31, 2016, the Company paid cash dividends of $7.0 million to holders of the Series A Preferred Stock.

If the Company does not pay dividends on its preferred stock for six quarterly periods (whether or not consecutive), the holders of the Series A Preferred Stock and Series B Preferred Stock collectively will have the power to elect two members of the Company's board of directors. The interests of the holders of the Company's preferred stock may differ from those of its other stockholders. In addition, any dividend the Company fails to pay will accrue, and the holders of the Company's Series A Preferred Stock and Series B Preferred Stock will be entitled to a preferential distribution of the original purchase price per share plus all accrued and unpaid dividends before any distribution may be made to holders of the Company's common stock in connection with any liquidation event.

As of October 3, 2017, the Company may, at its option, convert some or all of the Series A Preferred Stock into the number of shares of common stock that are issuable at the then-applicable conversion rate, subject to specified conditions, including a daily volume-weighted average stock price of at least $12.26 per share over a period of 20 trading days in a 30-day period and payment of the accrued dividends. The holders of Series A Preferred Stock had a special right to convert some or all of the Series A Preferred Stock into shares of common stock, which expired on October 3, 2017. Any suspended dividends are required to be paid prior to conversion by the Company.

Series B Cumulative Perpetual Convertible Preferred Stock

In May 2014, the Company issued 500,000 shares of its Series B Preferred Stock in an underwritten public offering at a price to the public of $250 per share. The purchase price received by the Company, equal to $242.50 per share, reflected an underwriting discount of $7.50 per share. The Company received proceeds of $120.8 million from the sale of the Series B Preferred Stock, net of the $3.8 million underwriting discount and $0.4 million of offering costs.

Holders of Series B Preferred Stock are entitled to receive cumulative cash dividends at a rate of 6.75% per annum of the $250 liquidation preference per share (equivalent to an annual rate of $16.875 per share). Dividends are payable quarterly in arrears on each March 15, June 15, September 15 and December 15. The Series B Preferred Stock does not have a stated maturity date and is not subject to any sinking fund or mandatory redemption provisions. The Series B Preferred Stock ranks senior to the Company's common stock and pari passu with respect to the Company's Series A Preferred Stock with respect to dividend rights and rights upon

the Company's voluntary or involuntary liquidation, dissolution or winding-up. Holders of Series B Preferred Stock generally have no voting rights except for limited voting rights if the Company fails to pay dividends for six or more quarterly periods (whether or not consecutive) and in other specified circumstances. Holders of Series B Preferred Stock may convert some or all of their outstanding Series B Preferred Stock at an initial conversion rate of 33.456 shares of common stock per $250 liquidation preference, which is equivalent to an initial conversion price of approximately $7.47 per share of common stock (subject to adjustment in certain events).

The Credit Facility prohibits the Company from paying dividends to holders of the Company's preferred stock, including the Company's Series B Preferred Stock, if the Company is unable to certify that it anticipates being able to comply with the financial covenants of the Credit Facility for the next twelve months each time the Company declares a dividend. During the second quarter of 2017, the Company began a five-quarter deferral of dividends on the Series B Preferred Stock. Cash dividends of $2.1 million were declared and paid to holders of the Series B Preferred Stock during the first quarter of 2017. No other dividends were declared, paid or accrued. During the year ended December 31, 2016, the Company paid cash dividends of $8.4 million to holders of the Series B Preferred Stock.

If the Company does not pay dividends on its preferred stock for six quarterly periods (whether or not consecutive), the holders of the Series A Preferred Stock and Series B Preferred Stock collectively will have the power to elect two members of the Company's board of directors. The interests of the holders of the Company's preferred stock may differ from those of its other stockholders. In addition, any dividend the Company fails to pay will accrue, and the holders of the Company's Series A Preferred Stock and Series B Preferred Stock will be entitled to a preferential distribution of the original purchase price per share plus all accrued and unpaid dividends before any distribution may be made to holders of the Company's common stock in connection with any liquidation event.

On or after May 15, 2019, the Company may, at its option, convert some or all of the Series B Preferred Stock into the number of shares of common stock that are issuable at the then-applicable conversion rate, subject to specified conditions. In the event of certain specified fundamental changes, holders of the Series B Preferred Stock will have the right to convert some or all of their shares of Series B Preferred Stock into the greater of (i) a number of shares of the Company's common stock as subject to adjustment plus the make-whole premium, if any, and (ii) a number of shares of the Company's common stock equal to the lesser of (a) the liquidation preference divided by the market value of the Company's common stock on the effective date of such fundamental change and (b) 81.9672 (subject to adjustment). In certain circumstances, the Company may elect to cash settle any conversions in connection with a fundamental change. Any suspended dividends are required to be paid prior to conversion by the Company.

5. Debt

Credit Facility

In October 2010, the Company entered into a $1.8 billion credit facility with a syndicate of bank lenders, which was amended and restated in July 2017 by a supplemental agreement. Ninety-five percent of the Company's obligations under the Credit Facility are insured by Bpifrance Assurance Export S.A.S. ("BPIAE"). Under the terms of the Credit Facility, the Company was required to maintain a minimum cash reserve for debt service ("DSRA") of $102.0 million as of December 31, 2017, which increases to $189.0 million in 2019, and is classified as restricted cash on the accompanying consolidated balance sheet. The Credit Facility will mature in 2024.

As amended to date, the Credit Facility delays, until March 2019, $54.0 million in contributions that the Company was previously scheduled to make during 2017 to the DSRA, and the Company was refunded $33.0 million of the contributions to the DSRA that the Company has made to date. In addition, in the event that the Company's projected Available Cash (as defined in the Credit Facility) falls below $35.0 million on a three-month forward-looking basis between now and March 2019, the Company will receive a refund of an additional $11.0 million in contributions made to date. The Credit Facility also requires that the Company establish a new restricted account to receive hosting fees from Aireon. The first $50.0 million in hosting fees from Aireon would be kept in the restricted account and the Company could access these funds in the event that the Company falls below the same $35.0 million three-month forward-looking Available Cash threshold through March 2019 described above. Hosting fees from Aireon in excess of $50.0 million would be distributed pro rata to replenish the DSRA and to secure the payment of the bills of exchange to Thales.

The amendments to the Credit Facility do not require the Company to raise additional equity but requires that the Company suspend the payment of dividends on the Company's 7% Series A Cumulative Perpetual Convertible Preferred Stock and the Company's 6.75% Series B Cumulative Perpetual Convertible Preferred Stock for five quarters. As previously announced, in anticipation of this requirement, the Company began this suspension with the dividend payments payable on June 15, 2017. The Credit Facility also includes revised financial covenant levels to reflect changing business conditions.

Prior to the Credit Facility being fully drawn, the Company paid interest on the outstanding principal balance under the Credit Facility on a semi-annual basis in April and October through a combination of a cash payment and a deemed additional loan. The Credit Facility was fully drawn in February 2017, and as of April 2017, interest was being paid in cash. Scheduled semi-annual principal repayments will begin on April 3, 2018. During this repayment period, interest will be paid on the same date as the principal

repayments. For the years ended December 31, 2017, 2016 and 2015, the Company incurred total interest of $86.7 million, $77.7 million and $64.6 million, respectively. All interest costs incurred related to the Credit Facility have been capitalized during the construction period of the Iridium NEXT assets. During the years ended December 31, 2016 and 2015, interest was payable via deemed loans of $44.4 million and $44.9 million, respectively, with the remainder payable in cash on the scheduled semi-annual payment dates. No deemed loans were utilized for interest incurred during the year ended December 31, 2017. Interest payable as of December 31, 2017 and 2016 was $15.0 million and $14.1 million, respectively.

In connection with each draw it made under the Credit Facility, the Company also borrowed an amount equal to 6.49% of such draw to cover the premium for the BPIAE insurance policy. The Company also paid a commitment fee of 0.80% per year, in semi-annual installments, on any undrawn portion of the Credit Facility through February 2017, when the Credit Facility was fully drawn.

Through February 2017, funds drawn under the Credit Facility were used to pay for (i) 85% of the costs under a fixed price full scale development ("FSD") contract with Thales Alenia Space France ("Thales") for the design and manufacture of satellites for Iridium NEXT, (ii) the premium for the BPI policy, and (iii) the payment of a portion of interest during a part of the construction and launch phase of Iridium NEXT.

As of December 31, 2017, the Company had borrowed a total of $1.8 billion under the Credit Facility. The repayment schedule below excludes $120.0 million that the Company expects to receive upon the Aireon redemption of Iridium's equity interest in Aireon and Aireon dividends, when and if declared. Upon receipt of these amounts, they will be used to prepay the Credit Facility which may result in an earlier repayment. Future principal repayments with respect to the Credit Facility balance existing at December 31, 2017 by year and in the aggregate, are as follows:

Year ending December 31,	Amount
	(In thousands)
2018	$ 85,500
2019	202,500
2020	288,000
2021	306,000
2022	306,000
Thereafter	612,000
Total debt commitments	$ 1,800,000
Original issuance discount	96,445
Total short-term debt	85,500
Total long-term debt, net	$ 1,618,055

The effective interest rate on outstanding principal of the Credit Facility during the years ended December 31, 2017, 2016 and 2015 were 6.64%, 6.65% and 6.57%, respectively.

Obligations under the Credit Facility are secured on a senior basis by a lien on substantially all of the Company's assets. In addition to the minimum DSRA levels, financial covenants under the Credit Facility include:

- an available cash balance of at least $25 million;
- a debt-to-equity ratio, which is calculated as the ratio of total net debt to the aggregate of total net debt and total stockholders' equity, of no more than 0.7 to 1, measured each June 30 and December 31;
- specified maximum levels of annual capital expenditures (excluding expenditures on the construction of Iridium NEXT satellites) through the year ending December 31, 2024;
- specified minimum levels of consolidated operational earnings before interest, taxes, depreciation and amortization, or operational EBITDA, for the 12-month periods ending each December 31 and June 30 through December 31, 2017;
- specified minimum cumulative cash flow requirements from customers who have hosted payloads on the Company's satellites, measured each December 31 and June 30, from June 30, 2017 through December 31, 2019;
- a debt service coverage ratio, measured during the repayment period, of not less than 1 to 1.5; and
- specified maximum leverage levels during the repayment period that decline from a ratio of 7.53 to 1 for the twelve months ending June 30, 2018 to a ratio of 2.36 to 1 for the twelve months ending December 31, 2024; and
- a requirement that we receive at least $50,000,000 in hosting fees from Aireon by September 30, 2018.

The Company's available cash balance, as defined by the Credit Facility, was $291.9 million as of December 31, 2017. The Company's debt-to-equity ratio was 0.5 to 1 as of December 31, 2017. The Company was in compliance with the operational EBITDA covenant, the annual capital expenditure covenant and the cumulative cash flow requirements from customers who have hosted payloads covenant, which were the only other applicable covenants, as of December 31, 2017.

The covenants regarding capital expenditures, operational EBITDA and hosted payload cash flows are calculated in connection with a measurement, which the Company refers to as available cure amount, that is derived using a complex calculation based on overall cash flows, as adjusted by numerous measures specified in the Credit Facility. In a period in which the Company's capital expenditures exceed, or the Company's operational EBITDA or hosted payload cash flows falls short of, the amount specified in the respective covenant, the Company would be permitted to allocate available cure amount, if any, to prevent a breach of the applicable covenant. As of December 31, 2017, the Company had an amount of $8.1 million in available cure, although it was not necessary to apply any available cure amount to maintain compliance with the covenants. The available cure amount has fluctuated significantly from one measurement period to the next, and the Company expects that it will continue to do so.

The covenants also place limitations on the Company's ability and that of its subsidiaries to carry out mergers and acquisitions, dispose of assets, grant security interests, declare, make or pay dividends, enter into transactions with affiliates, incur additional indebtedness, or make loans, guarantees or indemnities. If the Company is not in compliance with the financial covenants under the Credit Facility, after any opportunity to cure such non-compliance, or the Company otherwise experiences an event of default under the Credit Facility, the lenders may require repayment in full of all principal and interest outstanding under the Credit Facility. It is unlikely the Company would have adequate funds to repay such amounts prior to the scheduled maturity of the Credit Facility. If the Company fails to repay such amounts, the lenders may foreclose on the assets the Company has pledged under the Credit Facility, which include substantially all of its assets and those of its domestic subsidiaries.

Pursuant to the Company's hosting agreement with Aireon LLC, Aireon is obligated to pay the Company $200 million for the placement of the Aireon payload on each of the Iridium NEXT satellites. The Company expects those hosted payload payments to continue to be delayed. Aireon is working to secure additional contracts with air navigation service providers, or ANSPs, including the FAA, for the sale of Aireon's space-based automatic dependent surveillance-broadcast, or ADS-B, services. Aireon is currently seeking to raise the capital it will need to fund its continued operations and its hosted payload payments to the Company. Aireon's ability to fund its hosted payload payments to the Company in the previously anticipated timeframe has been adversely affected by delays in its completion of sales to these ANSPs.

The Company continues to expect partial payments of Aireon's hosting fee upon successful completion of its financing, and further payments based on success-based milestones. However, the expected timing of these payments does not support the Company's ability to make principal and interest payments under its Credit Facility due in late 2018 and early 2019, as well as payment of deferred payments to Thales and deferred contributions to the DSRA, both due March 31, 2019. Further, if Aireon is unable to complete its financing and make a partial hosting payment to the Company in the timeframe it currently expects, the Company may be unable to make its principal and interest payments under its Credit Facility due in late 2018. To provide for these obligations and further solidify the Company's liquidity position, the Company has been actively discussing alternative funding options with its Credit Facility lenders and believes it has reached an agreement in principle with its Credit Facility lenders pursuant to which the Company would be required to raise additional capital in the form of debt securities by July 2018. The proceeds of these debt securities would be used to fund the deferred payments to Thales and replenish the DSRA under the Credit Facility, as well as to provide the Company with sufficient cash to meet its needs, including principal and interest payments under its Credit Facility. In addition, the Credit Facility lenders would agree to delay a portion of the principal repayments under the Credit Facility, allow the Company to access up to $87 million from the DSRA in the future if the Company's projected cash level falls below $75 million, and adjust the Company's financial covenants, including eliminating further covenants that require it to receive cash flows from hosted payloads. Under this anticipated agreement, the Company would be required to use hosting fee payments received from Aireon to prepay the Credit Facility. The Company's ability to successfully execute these plans may be adversely affected by a number of factors, including global economic conditions, the state of the capital markets when the Company is ready to issue the debt, and the inability to issue debt securities on terms acceptable to the Company or at all. Any inability to successfully execute these plans may in turn materially affect the Company's liquidity, and its ability to complete the Iridium NEXT system and to pursue additional growth opportunities may be impaired. The Company's liquidity and the ability to fund its liquidity requirements also depend on the Company's future financial performance, which is subject to general economic, financial, regulatory and other factors that are beyond the Company's control.

The Company believes its liquidity sources will provide sufficient funds for it to meet its liquidity requirements for at least the next 12 months, provided the Company executes the proposed adjustments to its funding plan or receives a substantial portion of the hosting fees due to the Company from Aireon.

6. Boeing Operations and Maintenance (O&M) Agreements

On July 21, 2010, the Company and Boeing entered into an operations and maintenance agreement ("the O&M Agreement"), pursuant to which Boeing agreed to provide continuing steady-state operations and maintenance services with respect to the satellite network operations center, telemetry, tracking and control stations and the first-generation satellites (including engineering, systems analysis, and operations and maintenance services).

Also on July 21, 2010, the Company and Boeing entered into an agreement pursuant to which Boeing would operate and maintain Iridium NEXT (the "Iridium NEXT Support Services Agreement"). On January 1, 2015, Boeing supported a hybrid operations mode involving network elements from both the first-generation satellites and the Iridium NEXT system. Boeing provided those services on a time-and-materials fee basis. Obligations to Boeing represented the not to exceed ("NTE") price for services under the Iridium NEXT Support Services Agreement.

On November 28, 2016, the Company entered into an Insourcing Agreement with Boeing for the Company to hire, effective January 3, 2017, the majority of the Boeing employees and third-party contractors who were responsible for the operations and maintenance of the Company's satellite constellation and ground infrastructure. Pursuant to the Insourcing Agreement, the Company was obligated to pay Boeing $5.5 million, half of which was paid during each of the years ended December 31, 2016 and 2017. Concurrent with the hiring of the assembled workforce on January 3, 2017, the Company and Boeing terminated both the O&M Agreement and the Iridium NEXT Support Service Agreement and entered into a new Development Services Agreement ("DSA") with a $6.0 million annual take-or-pay commitment through 2021. As a result of the termination of certain Boeing agreements under the Insourcing Agreement, Boeing no longer has a unilateral right to commence the de-orbit of the Company's first-generation satellites. The assembled workforce was recorded as a finite-lived intangible asset in the first quarter of 2017 and will be amortized over an estimated useful life of 7 years. Additionally, by terminating the O&M Agreement, the Company recognized a $14.2 million gain from the derecognition of a purchase accounting liability created from GHL's acquisition of Iridium in 2009 related to the fair value of the contractual arrangement with Boeing as of that date and the remainder of a credit from Boeing in the July 2010 Boeing O&M contract negotiations.

The Company incurred expenses of $30.5 million, $29.0 million and $30.7 million relating to satellite operations and maintenance costs, which include internal costs and amounts paid to Boeing, for the years ended December 31, 2017, 2016 and 2015, respectively, included in cost of services (exclusive of depreciation and amortization) in the consolidated statements of operations and comprehensive income.

7. Property and Equipment

Property and equipment consisted of the following:

	December 31,	
	2017	2016
	(In thousands)	
Satellite system	$ 1,199,794	$ 314,228
Ground system	67,576	63,519
Equipment	35,616	34,139
Internally developed software and purchased software	191,089	127,498
Building and leasehold improvements	32,130	32,099
	1,526,205	571,483
Less: accumulated depreciation	(432,833)	(422,098)
	1,093,372	149,385
Land	8,037	8,037
Construction in process:		
Iridium NEXT systems under construction	2,088,380	2,639,824
Other construction in process	20,373	15,838
Total property and equipment, net of accumulated depreciation	$ 3,210,162	$ 2,813,084

Other construction in process consisted of the following:

	December 31,	
	2017	2016
	(In thousands)	
Internally developed software	$ 14,782	$ 14,218
Equipment	4,241	1,546
Ground system	1,350	74
Total other construction in process	$ 20,373	$ 15,838

Depreciation expense for the years ended December 31, 2017, 2016 and 2015 was $120.7 million, $48.6 million and $51.0 million, respectively. The increase in depreciation from 2016 to 2017 partially results from the write-off of $36.8 million previously paid to Kosmotras, and the addition of new assets, including Iridium NEXT satellites placed into service during 2017. See Note 9 for further details on Kosmotras.

8. Intangible Assets

The Company had identifiable intangible assets as follows:

	December 31, 2017			
	Useful Life (years)	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:				
Intellectual property	20 years	16,439	(6,651)	9,788
Assembled workforce	7 years	5,678	(812)	4,866
Patents	14-20	146	(6)	140
Total		22,263	(7,469)	14,794
Total intangible assets		$ 57,488	$ (7,469)	$ 50,019

	December 31, 2016			
	Useful Life (years)	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:				
Intellectual property	20 years	16,439	(5,868)	10,571
Total		16,439	(5,868)	10,571
Total intangible assets		$ 51,664	$ (5,868)	$ 45,796

Amortization expense was $1.6 million, $0.8 million and $0.8 million for the years ended December 31, 2017, 2016 and 2015, respectively. See Note 6 for further details on the Boeing assembled workforce, added in 2017.

Future amortization expense with respect to intangible assets existing at December 31, 2017, by year and in the aggregate, is as follows:

Year ending December 31,	Amount
	(In thousands)
2018	$ 1,604
2019	1,604
2020	1,604
2021	1,604
Thereafter	8,378
Total estimated future amortization expense	$ 14,794

9. Commitments and Contingencies

Thales

In June 2010, the Company executed a primarily fixed-price FSD with Thales for the design and build of satellites for Iridium NEXT. The total price under the FSD is $2.3 billion, and the Company expects payment obligations under the FSD to extend through 2018. As of December 31, 2017, the Company had made aggregate payments of $1.9 billion to Thales, of which $1.5 billion were financed from borrowings under the Credit Facility and were capitalized as construction in progress within property and equipment, net in the accompanying consolidated balance sheet. The Credit Facility was fully drawn in February 2017. With the exception of the invoices to be paid with the bills of exchange described below, the Company expects to pay 100% of each invoice received from Thales from cash and marketable securities on hand.

On July 26, 2017, the Company entered into Amendments 28 and 29 to its FSD contract. Amendment 28 revised the liquidated damages and other cost provisions regarding delays to the Iridium NEXT program. Under Amendment 28, the Company agreed with Thales that liquidated damages for Thales production delays to date would be $30.0 million, with this amount to be used only to offset costs otherwise payable by the Company to Thales under the FSD with respect to past and future delays to the launch schedule from causes other than Thales, at agreed upon rates. Any portion of the $30.0 million remaining at the completion of the launch campaign will be forgiven. Liquidated damages owed to the Company from any future delays caused by Thales will remain payable in cash. Similarly, costs payable by the Company to Thales for non-Thales delays exceeding the $30.0 million will be payable in cash. Unless there are substantial future delays to the Iridium NEXT program, the Company expects this arrangement will result in no cash payments due to delays by either party.

Amendment 29 provides for the deferral of approximately $100.0 million in milestone payments by the Company under the FSD for milestones that the Company expects to be completed in 2017 and 2018. Under Amendment 29, the Company makes these milestone payments using bills of exchange due in March 2019, with interest at a specified base rate (LIBOR or SWAP, depending on the term of the bill of exchange) plus 1.4%, with the bills of exchange guaranteed by BPIAE. As of December 31, 2017, the milestone payments related to the Thales bills of exchange totaled an aggregate amount of $55.6 million, including $0.7 million of deferred financing costs. The net balance of $54.9 million was recorded as long-term debt within other long-term liabilities in the accompanying condensed consolidated balance sheet as of December 31, 2017. Amendment 29 also requires that the Company pay Thales for the BPIAE premium on the guarantee in the amount of $1.0 million in cash at signing (which was recorded as original issue discount) plus 1.62%.

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 (as amended to date, the “SpaceX Agreement”). The total price under the SpaceX Agreement for 7 launches and a reflight option in the event of launch failure is $453.1 million. The SpaceX Falcon 9 rocket is configured to carry ten Iridium NEXT satellites to orbit for each of the initial seven launches. In November 2016, the Company entered into an agreement for an eighth launch with SpaceX to launch five spare satellites and share the launch services with GFZ German Research Centre for Geosciences (“GFZ”). The total price under the SpaceX Agreement for the eighth launch is $67.9 million. GFZ will pay Iridium $31.8 million to share the launch services to launch NASA’s two Gravity Recovery and Climate Experiment Follow-On satellites. As of December 31, 2017, the Company made aggregate payments of $463.9 million to SpaceX, which were capitalized as construction in progress within property and equipment, net in the accompanying consolidated balance sheet. Additionally, the Company received $28.6 million from GFZ as of December 31, 2017.

Kosmotras

In June 2011, the Company entered into an agreement with Kosmotras as a supplemental launch services provider for Iridium NEXT. The total cost under the Kosmotras agreement is $51.8 million. Kosmotras to date has been unable to obtain the permits or authorizations to launch the Company’s satellites on a Dnepr rocket as planned, and Kosmotras has proposed no satisfactory alternative launch plan. Because the Company now believes the construction-in-progress associated with the Kosmotras launch services will no longer be used or further developed, the Company wrote-off the full amount previously paid to Kosmotras, by recording accelerated depreciation expense of $36.8 million, in the fourth quarter of 2017.

Iridium NEXT Launch and In-Orbit Insurance

The Credit Facility requires the Company to obtain insurance covering the launch and first 12 months of operation of the Iridium NEXT satellites. The launch and in-orbit insurance the Company has obtained contains elements, consistent with the terms of the Credit Facility, of self-insurance and deductibles, providing reimbursement only after a specified number of satellite failures. As a result, a failure of one or more of the Company’s satellites, or the occurrence of equipment failures and other related problems, could constitute an uninsured loss or require the payment of additional premiums and could harm the Company’s financial condition. Furthermore, launch and in-orbit insurance does not cover lost revenue.

The total premium is $121.0 million and as of December 31, 2017, the Company had made aggregate premium payments of $77.8 million.

Unconditional Purchase Obligations

The Company has a manufacturing agreement with Benchmark. 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. Benchmark 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, 2017 and 2016, the Company had $4.0 million and $0.5 million, respectively, of such materials, and the amounts were included in inventory on the accompanying consolidated balance sheets.

As of December 31, 2017, the aggregate unconditional purchase obligations were $45.4 million, which includes the Company's commitments with Boeing and Benchmark. The Boeing obligations (see Note 6) represent the new take-or-pay commitment with the execution of the DSA, which was met as of December 31, 2017 and final payment for the acquisition of the assembled workforce. The Company's obligation to Benchmark for the year ending December 31, 2018 is $9.2 million.

In-Orbit Insurance

Due to various contractual requirements, the Company is required to maintain a third-party liability in-orbit insurance policy on its first-generation satellites with a de-orbiting endorsement to cover potential claims relating to operating or de-orbiting the satellite constellation or individual satellites. The policy covers the Company, Boeing as former 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 renewable one-year term, which is scheduled to expire on December 8, 2018. 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 first-generation 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 and for the de-orbit of individual 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, 2017 is included in prepaid expenses and other current assets in the accompanying consolidated balance sheet. 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 mass decommissioning of the first-generation satellites. 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, 2017, the Company had not requested Section C coverage since no mass 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 2026.

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; McLean, Virginia; Lansdowne, Virginia; Canada; Russia; and Norway. Future minimum lease payments, by year and in the aggregate, under noncancelable operating leases at December 31, 2017, are as follows:

Year ending December 31,	**Operating Leases**
	(In thousands)
2018	$ 3,741
2019	3,692
2020	3,734
2021	3,827
2022	3,402
Thereafter	8,849
Total	$ 27,245

Rent expense for the years ended December 31, 2017, 2016 and 2015 was $3.2 million, $3.1 million and $3.4 million, respectively.

Contingencies

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

10. Stock-Based Compensation

In May 2017, the Company's stockholders approved the amendment and restatement of the Company's 2015 Equity Incentive Plan (as so amended and restated, the "Amended 2015 Plan"), primarily to increase the number of shares available under the plan. As such, the Company registered an additional 5,199,239 shares of common stock made available for issuance pursuant to the Amended 2015 Plan, bringing the total to 28,402,248 shares. Through December 31, 2017, the remaining aggregate number of shares of our common stock available for future grants under the Amended 2015 Plan was 15,012,331. The Amended 2015 Plan provides for the grant of stock-based awards, including nonqualified stock options, incentive stock options, restricted stock awards and other equity securities, as incentives and rewards for employees, consultants and non-employee directors of the Company and its affiliated entities. The Amended 2015 Plan allows us to utilize a broad array of equity incentives and performance cash incentives in order to secure and retain the services of our employees, directors and consultants, and to provide long-term incentives that align the interests of our employees, directors and consultants with the interests of our stockholders.

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 the remainder vesting 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 stock option awards granted to the Company's board of directors generally (i) represent a portion of their annual compensation, (ii) have a term of ten years, (iii) vest over the calendar year with 25% vesting on the last day of each calendar quarter, (iv) are contingent upon continued service on the vesting date, and (v) have an exercise price equal to the fair value of the underlying shares at the date of grant.

Fair Value Determination

We have used the Black-Scholes-Merton option pricing model to determine fair value of our awards on the date of grant. We will reconsider the use of the Black-Scholes-Merton model if additional information becomes available in the future that indicates another model would be more appropriate or if grants issued in future periods have characteristics that cannot be reasonably estimated under this model.

The following weighted-average assumptions were used for option grants during the years ended December 31, 2017, 2016 and 2015:

- *Volatility*—The expected volatility of the options granted was estimated based upon historical volatility of our share price through daily observations of our trading history.
- *Expected life of options*—The expected life of options granted to employees was determined from the simplified method.
- *Risk-free interest rate*—The yield on zero-coupon U.S. Treasury strips was used to extrapolate a forward-yield curve. This "term structure" of future interest rates was then input into a numeric model to provide the equivalent risk-free rate to be used in the Black-Scholes-Merton model based on the expected term of the underlying grants.
- *Dividend yield*—The Black-Scholes-Merton valuation model requires an expected dividend yield as an input. The Company does not anticipate paying dividends during the expected term of the grants; therefore, the dividend rate is assumed to be zero.

In 2017 and 2016, the Company granted stock options to newly hired and promoted employees only. In 2015, in addition to stock options granted to newly hired and promoted employees, non-employee consultants were granted stock options and certain members of the Company's board of directors elected to receive a portion of their annual compensation in the form of stock options.

During 2017, 2016 and 2015, the Company granted approximately 209,000, 249,000 and 744,000 stock options, respectively, to its employees, with an estimated aggregate grant date fair value of $0.9 million, $0.9 million and $2.9 million, respectively.

During 2015, the Company granted approximately 111,000 and 30,000 stock options to its non-employee directors and consultants, respectively, with an estimated aggregate grant-date fair value of $0.4 million and $0.2 million, respectively.

The following table summarizes weighted-average assumptions used in our calculations of fair value:

	Year Ended December 31,		
	2017	**2016**	**2015**
Expected volatility	40% - 41%	40% - 42%	39% - 42%
Expected term (years)	6.25	6.25	6.25
Expected dividends	— %	— %	— %
Risk free interest rate	1.86% - 2.14%	1.15% - 2.45%	1.50% - 2.35%

A summary of the activity of the Company's stock options is as follows:

	Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
	(In thousands, except years and per share data)			
Options outstanding at January 1, 2015	6,671	$ 7.68		
Granted	885	9.25		
Cancelled or expired	(92)	8.66		
Exercised	(287)	7.87		
Forfeited	(57)	7.81		
Options outstanding at December 31, 2015	7,120	7.86	6.33	$ 3,937
Granted	249	8.13		
Cancelled or expired	(39)	8.92		
Exercised	(73)	7.33		
Forfeited	(55)	7.62		
Options outstanding at December 31, 2016	7,202	7.87	5.45	$12,473
Granted	209	10.50		
Cancelled or expired	(2)	7.24		
Exercised	(534)	7.93		
Forfeited	(19)	9.13		
Options outstanding at December 31, 2017	6,856	$ 7.94	4.63	$26,459
Options exercisable at December 31, 2017	6,212	$ 7.81	4.27	$24,760
Options exercisable and expected to vest at December 31, 2017	6,842	$ 7.94	4.63	$26,425

The Company recognized $1.8 million, $2.5 million and $3.4 million of stock-based compensation expense related to stock options in the years ended December 31, 2017, 2016 and 2015, respectively.

The weighted-average grant date fair value of options granted during the years ended December 31, 2017, 2016 and 2015 was $4.51, $3.47 and $3.95 per share, respectively. The total fair value of the shares vested during the years ended December 31, 2017, 2016 and 2015 was $2.0 million, $2.9 million and $3.6 million, respectively.

As of December 31, 2017, the total unrecognized cost related to non-vested options was approximately $2.2 million. This cost is expected to be recognized over a weighted-average period of 2.1 years.

Restricted Stock Units

The RSUs granted to employees for service vest over a four-year period, with 25% vesting on the first anniversary of the grant date and the remainder vesting ratably on a quarterly basis thereafter. The RSUs granted to non-employee directors generally vest in full on the first anniversary of the grant date. The RSUs granted to non-employee consultants generally vest 50% on the first anniversary of the grant date and ratably on a quarterly basis through the second anniversary of the grant date. Performance-based RSUs vest upon the completion of defined performance goals, subject to continued employment. The Company's RSUs are generally classified as equity awards because the RSUs will be paid in the Company's common stock upon vesting. The related compensation expense is recognized over the service period and is based on the grant date fair value of the Company's common stock and the number of shares expected to vest. The awards are not remeasured at the end of each reporting period. The awards do not carry voting rights until they are vested and released in accordance with the specified vesting terms of each award as stated in the grant notifications for each RSU.

Service-Based Awards

During the years ended December 31, 2017, 2016 and 2015, the Company granted approximately 964,000, 573,000 and 596,000 service-based RSUs, respectively, to its employees, with an estimated grant date fair value of $8.5 million, $4.0 million and $5.6 million, respectively.

Certain members of the Company's board of directors elect to receive a portion of their annual compensation in the form of RSUs. An aggregate amount of approximately 96,000, 126,000 and 15,000 service-based RSUs were granted to its directors as a result of these elections during the years ended December 31, 2017, 2016 and 2015, respectively, with an estimated grant date fair value of $1.0 million, $1.0 million and $0.1 million, respectively.

In June 2017 and June 2016, the Company granted approximately 8,000 and 35,000 RSUs to non-employee consultants with an estimated grant date fair value of $0.1 million and $0.3 million, respectively.

Performance-Based Awards

In March 2017 and March 2016, the Company awarded approximately 1,190,000 and 1,335,000 performance-based RSUs, respectively, to the Company's executives and employees (the "Bonus RSUs"), with an estimated grant date fair value of $10.5 million and $9.4 million, respectively. Vesting of the March 2017 and March 2016 Bonus RSUs is and was dependent upon the Company's achievement of defined performance goals over the respective fiscal year. The Company records stock-based compensation expense related to performance-based RSUs when it is considered probable that the performance conditions will be met. Management believes it is probable that certain of the March 2017 Bonus RSUs will vest. The level of achievement, if any, of performance goals will be determined by the compensation committee of the Company's board of directors and, if such goals are achieved, the March 2017 Bonus RSUs will vest, subject to continued employment, in March 2018. A portion of the March 2016 Bonus RSUs vested in March 2017 upon the determination of the level of achievement of the performance goals.

Additionally, during 2017, 2016 and 2015, the Company awarded approximately 173,000, 119,000 and 161,000 performance-based RSUs, respectively, to the Company's executives (the "Performance RSUs"). The estimated aggregate grant date fair values of the Performance RSUs granted in 2017, 2016 and 2015 was $1.5 million, $0.8 million and $1.5 million, respectively. Vesting of each Performance RSU award is and was dependent upon the Company's achievement of defined performance goals over a two-year period. Management believes it is probable that the Performance RSUs will vest at least in part. The vesting of Performance RSUs will ultimately range from 0% to 150% of the number of shares underlying the Performance RSU grant based on the level of achievement of the performance goals. If the Company achieves the performance goals, 50% of the Performance RSUs will vest on the second anniversary of the grant date and the remaining 50% will vest on the third anniversary of the grant date, in each case, subject to the executives continued service as of the vesting date. Approximately 54,000 of the March 2015 Performance RSUs vested and were released in March 2017 at an estimated aggregate fair value of $0.5 million, and the remaining 54,000 will vest in March 2018.

Award Summary

A summary of the Company's activity for outstanding RSUs is as follows:

	RSUs	Weighted-Average Grant Date Fair Value Per RSU
	(In thousands)	
Outstanding at January 1, 2015	2,282	$ 6.80
Granted	834	9.42
Forfeited	(193)	7.18
Released	(979)	7.06
Outstanding at December 31, 2015	1,944	7.76
Granted	2,297	7.09
Forfeited	(152)	7.44
Released	(766)	7.36
Outstanding at December 31, 2016	3,323	7.40
Granted	2,431	8.89
Forfeited	(203)	8.42
Released	(2,003)	7.16
Outstanding at December 31, 2017	3,548	8.50
Vested and unreleased at December 31, 2017 [(1)]	521	

(1) These RSUs were granted to the Company's board of directors as a part of their compensation for board and committee service and had vested but had not yet been issued and released.

As of December 31, 2017, the total unrecognized cost related to non-vested RSUs was approximately $8.3 million. This cost is expected to be recognized over a weighted-average period of 1.25 years. The Company recognized $17.0 million, $13.5 million and $6.3 million of stock-based compensation expense related to RSUs in the years ended December 31, 2017, 2016 and 2015, respectively.

11. 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 24%, 25% and 23% of the Company's total revenue in the years ended December 31, 2017, 2016 and 2015, respectively, from prime contracts or subcontracts with agencies of the U.S. government. For the years ended December 31, 2017, 2016 and 2015, no single commercial customer accounted for more than 10% of the Company's total revenue.

Approximately 35% and 32% of the Company's accounts receivable balance at December 31, 2017 and 2016, respectively, was due from prime contracts or subcontracts with agencies of the U.S. government. As of December 31, 2017 and 2016, no single commercial customer accounted for more than 10% of the Company's total accounts receivable balance.

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.

Net property and equipment by geographic area was as follows:

	December 31,	
	2017	2016
	(In thousands)	
United States	$ 165,337	$ 124,483
Satellites in orbit	926,090	13,405
Iridium NEXT systems under construction	2,088,380	2,639,824
All others [1]	30,355	35,372
Total	$ 3,210,162	$ 2,813,084

(1) No single country in this group represented more than 10% of property and equipment, net.

Revenue by geographic area was as follows:

	Year Ended December 31,		
	2017	2016	2015
		(In thousands)	
United States	$ 229,741	$ 226,190	$ 204,777
Canada	44,107	42,373	42,063
United Kingdom	46,245	47,135	44,012
Other countries [1]	127,953	117,942	120,526
Total	$ 448,046	$ 433,640	$ 411,378

(1) No single country in this group 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 is exposed to foreign currency exchange fluctuations as foreign currency exchange rate movements create a degree of risk by affecting the U.S. dollar value of sales made and costs incurred in foreign currencies.

12. 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' eligible compensation each pay period. Company-matching contributions to the Plan were $2.5 million, $1.3 million and $1.5 million for the years ended December 31, 2017, 2016 and 2015, respectively. The Company pays all administrative fees related to the Plan.

13. Income Taxes

U.S. and foreign components of income before income taxes are presented below:

	Year Ended December 31,		
	2017	2016	2015
	(In thousands)		
U.S. income	$ 120,281	$ 176,448	$ 75,431
Foreign income (loss)	(709)	1,717	(2,316)
Total income before income taxes	$ 119,572	$ 178,165	$ 73,115

The components of the Company's income tax provision were as follows:

	Year Ended December 31,		
	2017	2016	2015
	(In thousands)		
Current taxes:			
Federal tax expense	$ 13	$ 1,206	$ 1,700
State tax expense	422	978	266
Foreign tax expense	863	1,141	650
Total current tax expense	1,298	3,325	2,616
Deferred taxes:			
Federal tax expense (benefit)	(110,811)	60,295	54,906
State tax expense (benefit)	(4,851)	3,454	8,803
Foreign tax expense (benefit)	80	59	(333)
Total deferred tax expense (benefit)	(115,582)	63,808	63,376
Total income tax expense (benefit)	$ (114,284)	$ 67,133	$ 65,992

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "Tax Act") was signed into law making significant changes to the Internal Revenue Code. Changes include, but are not limited to, a corporate tax rate decrease from 35% to 21% effective for tax years beginning after December 31, 2017, the transition of U.S international taxation from a worldwide tax system to a territorial system, and a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017.

The Securities and Exchange Commission issued Staff Accounting Bulletin No. 118 ("SAB 118") to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Act. SAB 118 is effective for reporting periods that include December 22, 2017. Due to the timing of the enactment and the complexity involved in applying the provisions of the Tax Act, the Company made reasonable estimates of the effects and recorded provisional amounts in its financial statements as of December 31, 2017. As the Company collects and prepares the necessary data, and interprets the Tax Act and any additional guidance issued by the U.S. Treasury Department, the IRS, and other standard-setting bodies, it may make adjustments to the provisional amounts. Those adjustments may materially impact the Company's provision for income taxes and effective tax rate in the period in which the adjustments are made. The accounting for the tax effects of the Tax Act will be completed in 2018.

The Company has recorded a net tax benefit of $154.5 million in the fourth quarter of 2017, which includes its provisional estimate of the impact of the Tax Act on its financial statements. Further detail on specific provisions are included below.

Remeasurement of deferred tax assets/liabilities: In the fourth quarter of 2017, the Company recorded a provisional net deferred tax benefit of $150.9 million related to the remeasurement of certain deferred tax assets and liabilities as of December 31, 2017. The Company remeasured those deferred tax assets and liabilities at 21%, because this is the rate at which it expects these items to reverse. Although the tax rate reduction is known, the Company has not collected the necessary data to complete its analysis of the effect of the Tax Act on the underlying deferred taxes, and, as such, the amounts recorded as of December 31, 2017 are provisional.

Deemed Repatriation of Certain Foreign Subsidiary Earnings: The Tax Act requires the Company to increase its U.S. taxable income for the mandatory deemed repatriation on accumulated foreign subsidiary earnings not previously subject to U.S. income tax at a rate of 15.5% to the extent of foreign cash and certain other net current assets and 8% on the remaining untaxed earnings. The Company recorded a provisional amount for this one-time taxable income amount of $2.3 million, with a provisional estimated deferred tax asset associated with foreign taxes paid on those earnings of $0.8 million. The Company has recorded provisional amounts based on estimates of the effects of the Tax Act, since a more detailed analysis of historical foreign earnings as well as potential correlative adjustments is required.

In 2011 and 2012, Arizona enacted tax law changes resulting in a benefit to the Company's net deferred tax expense. Due to the size and nature of the Company's operations in Arizona, such changes have a significant impact on the tax provision in a given period. As a result of these law changes, the Company's deferred tax expense was reduced by approximately $10.2 million and $3.0 million for the years ended December 31, 2017 and 2016, respectively, and increased by approximately $0.1 million for the year ended December 31, 2015.

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

	Year Ended December 31,		
	2017	2016	2015
		(In thousands)	
Expected tax expense at U.S. federal statutory tax rate	$ 41,850	$ 62,309	$ 25,590
State taxes, net of federal benefit	5,133	9,757	11,663
State tax valuation allowance	582	(2,710)	(2,763)
Deferred impact of Arizona tax law changes and elections	(10,217)	(2,962)	99
Tax Act - deferred tax effects	(150,903)	-	-
Impairment of goodwill	-	-	30,464
Other nondeductible expenses	(841)	596	557
Tax credits	(528)	(442)	(97)
Foreign taxes and other items	640	585	479
Total income tax expense (benefit)	$ (114,284)	$ 67,133	$ 65,992

The components of deferred tax assets and liabilities are as follows:

	As of December 31,	
	2017	2016
	(In thousands)	
Deferred tax assets		
Long-term contracts	$ 61,358	$ 74,720
Federal, state and foreign net operating loss carryforwards and tax credits	107,566	60,667
Other	22,680	34,330
Total deferred tax assets	191,604	169,717
Valuation allowance	(3,815)	(2,825)
Net deferred tax assets	187,789	166,892
Deferred tax liabilities		
Fixed assets, intangibles and research and development expenditures	(403,545)	(513,905)
Investment in joint venture	(27,796)	(14,643)
Other	(2,276)	-
Total deferred tax liabilities	(433,617)	(528,548)
Net deferred income tax liabilities	$ (245,828)	$ (361,656)

Pursuant to ASC 740, the Company nets deferred tax assets and liabilities within the same jurisdiction. As of December 31, 2017, the Company had a net deferred tax asset of $0.3 million that is included in other assets on the balance sheet and a net deferred tax liability of $246.2 million.

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.

The Company had deferred tax assets related to cumulative U.S. federal net operating loss carryforwards of approximately $80.5 million, and $42.9 million as of December 31, 2017 and 2016, respectively. These net operating loss carryforwards, if unutilized, will expire in various amounts from 2031 through 2037. The Company believes that the U.S. federal 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 Company had deferred tax assets related to the state net operating loss carryforwards of approximately $10.9 million and $4.1 million as of December 31, 2017 and 2016, respectively, that expire from 2025 through 2037. The Company does not expect to fully utilize all of its state net operating losses within the respective carryforward periods and as such reflects a partial valuation allowance of

$0.7 million as of December 31, 2017 against these deferred tax assets on its consolidated balance sheet. The Company had deferred tax assets related to the foreign net operating loss carryforwards of approximately $1.3 million and $1.2 million as of December 31, 2017 and 2016, respectively, that begin to expire in 2022. The Company does not expect to fully utilize all of its foreign net operating losses within the respective carryforward periods and as such reflects a partial valuation allowance against these deferred tax assets on its consolidated balance sheet. 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 jurisdictions in which the Company operates.

The Company has approximately $6.1 million and $5.0 million of deferred tax assets related to research and development tax credits as of December 31, 2017 and 2016, respectively, that expire in various amounts from 2027 through 2037. The Company has approximately $4.7 million and $3.5 million of deferred tax assets related to foreign tax credits as of December 31, 2017 and 2016, respectively, that expire in various amounts from 2020 through 2027. The Company has $3.8 million and $3.4 million of deferred tax assets related to Alternative Minimum Tax credits as of December 31, 2017 and 2016, respectively which do not expire. Under the Tax Act, the Alternative Minimum Tax credits will convert to refunds if not used as a credit. The Company believes that the research and development credits will be fully utilized within the carryforward period. However, the Company does not expect to utilize all of its foreign tax credits within the respective carryforward periods. As such, the Company has a partial valuation allowance of $1.1 million as of December 31, 2017, which is unchanged from December 31, 2016.

The Company has provided for U.S. income taxes on all undistributed earnings of its significant foreign subsidiaries since the Company does not indefinitely reinvest these undistributed earnings. 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 is subject to income taxes in the U.S. and various state and 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 these liabilities.

The amount of unrecognized tax benefits was $1.0 million and $0.9 million at December 31, 2017 and 2016, respectively. Any changes in the next twelve months are not anticipated to have significant impact on the results of operations, financial position or cash flows of the Company. All of the Company's uncertain tax positions, if recognized, would affect its income tax expense.

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, 2017 and 2016, 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. Currently, there are no U.S. federal, state or foreign jurisdiction tax audits pending. The Company's corporate U.S. federal and state tax returns from 2010 to 2016 remain subject to examination by tax authorities and the Company's foreign tax returns from 2009 to 2016 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:

	2017	2016
	(In thousands)	
Balance at January 1,	$ 920	$ 916
Change attributable to tax positions taken in a prior period	146	25
Change attributable to final assessment	(27)	-
Change attributable to tax positions taken in the current period	10	8
Decrease attributable to lapse of statute of limitations	(3)	(29)
Balance at December 31,	$ 1,046	$ 920

14. Net Income (Loss) Per Share

The Company calculates basic net income (loss) per share by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net income per share takes into account the effect of potential dilutive common shares when the effect is dilutive. The effect of potential dilutive common shares, including common stock issuable upon exercise of outstanding stock options, is computed using the treasury stock method. The effect of potential dilutive common shares from the conversion of outstanding convertible preferred securities is computed using the as-if converted method at the stated conversion rate. The RSUs granted to members of the Company's board of directors contain non-forfeitable rights to dividends and therefore are considered to be participating securities in periods of net income. As a result, the calculation of basic and diluted net income (loss) per share excludes net income (loss) attributable to the unvested RSUs granted to the Company's board of directors from the numerator and excludes the impact of the unvested RSUs granted to the Company's board of directors from the denominator.

The computations of basic and diluted net income (loss) per share are set forth below:

	Year Ended December 31,		
	2017	2016	2015
	(In thousands, except per share data)		
Numerator:			
Net income (loss) attributable to common stockholders (numerator for basic net income per share)	$ 218,420	$ 95,596	$ (8,313)
Net (income) loss allocated to participating securities	(215)	(123)	3
Numerator for basic net income (loss) per share	218,205	95,473	(8,310)
Dividends on Series A preferred stock, declared and undeclared	7,000	7,000	-
Dividends on Series B preferred stock, declared and undeclared	8,436	8,436	-
Numerator for diluted net income (loss) per share	$ 233,641	$ 110,909	$ (8,310)
Denominator:			
Denominator for basic net income (loss) per share - weighted average outstanding common shares	97,934	95,967	95,097
Dilutive effect of stock options	1,558	250	-
Dilutive effect of Performance RSUs	1,308	1,328	-
Dilutive effect of Series A preferred stock	10,602	10,602	-
Dilutive effect of Series B preferred stock	16,728	16,728	-
Denominator for diluted net income (loss) per share	128,130	124,875	95,097
Net income (loss) per share attributable to common stockholders - basic	$ 2.23	$ 1.00	$ (0.09)
Net income (loss) per share attributable to common stockholders - diluted	$ 1.82	$ 0.89	$ (0.09)

For the year ended December 31, 2017, $5.3 million and $6.3 million in cumulative unpaid dividends to holders of the Series A Preferred Stock and Series B Preferred Stock, respectively, were not declared as a result of all cash dividends being suspended in connection with the amendments to the Credit Facility described in Note 5, but such amounts were deducted to arrive at net income attributable to common stockholders. For the year ended December 31, 2017, 2.1 million unvested service-based RSUs were excluded from the computation of basic net income per share and not included in the computation of diluted net income per share, as the effect would be anti-dilutive, and 0.2 million unvested performance-based RSUs were not included in the computation of basic and diluted net income per share, as certain performance criteria have not been satisfied.

For the year ended December 31, 2016, options to purchase 3.2 million shares of common stock were not included in the computation of diluted net income per share, as the effect would be anti-dilutive, and 1.4 million unvested service-based RSUs were excluded from the computation of basic net income per share and not included in the computation of diluted net income per share, as the effect would be anti-dilutive.

For the year ended December 31, 2015, 1.3 million unvested service-based RSUs were not included in the computation of basic net loss per share. Due to the Company's net loss for the year ended December 31, 2015, all potential common stock equivalents were anti-dilutive.

15. Selected Quarterly Information (Unaudited)

The following represents the Company's unaudited quarterly results:

	Quarter Ended			
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
	(In thousands, except per share data)			
Revenue	$ 104,426	$ 111,604	$ 116,547	$ 115,469
Operating income (loss) (1)	$ 55,602	$ 35,742	$ 38,082	$ (13,950)
Net income (2)	$ 37,948	$ 24,778	$ 29,253	$ 141,877
Net income per common share - basic	$ 0.35	$ 0.21	$ 0.26	$ 1.40
Net income per common share - diluted	$ 0.30	$ 0.20	$ 0.23	$ 1.10

(1) Includes accelerated depreciation of $36.8 million in the fourth quarter of 2017 associated with the write-off of the full amount previously paid to Kosmotras which decreased operating income. Also includes the impact of $14.2 million related to the gain on the transaction with Boeing, effective January 3, 2017.

(2) Includes the impact of provisional estimates related to deferred tax assets and liabilities resulting from the Tax Act implemented in December 2017.

	Quarter Ended			
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016
	(In thousands, except per share data)			
Revenue	$104,202	$ 109,195	$ 112,794	$ 107,449
Operating income	$43,278	$ 41,729	$ 49,768	$ 41,596
Net income	$28,520	$ 26,854	$ 31,555	$ 24,103
Net income per common share - basic	$ 0.26	$ 0.24	$ 0.29	$ 0.21
Net income per common share - diluted	$ 0.23	$ 0.22	$ 0.26	$ 0.19

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.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

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. In addition, the design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a control system, misstatements due to error or fraud may occur and not be detected.

Based on this evaluation, our chief executive officer and our chief financial officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms, and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

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 our 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 our company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our 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.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2017. In making this assessment, our management used the criteria set forth in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on its assessment, our management has determined that, as of December 31, 2017, our internal control over financial reporting was effective based on those criteria

Our independent registered public accounting firm, Ernst & Young LLP, has audited our 2017 financial statements. Ernst & Young LLP was given unrestricted access to all financial records and related data, including minutes of all meetings of stockholders, the Board of Directors and committees of the Board. Ernst & Young LLP has issued an unqualified report on our 2017 financial statements as a result of the audit and also has issued an unqualified report on our internal controls over financial reporting which is attached hereto.

Changes in Internal Control Over Financial Reporting

During the quarter ended December 31, 2017, there were no changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Ernst and Young LLP, Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Iridium Communications Inc.

Opinion on Internal Control over Financial Reporting

We have audited Iridium Communications Inc.'s internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Iridium Communications Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Iridium Communications Inc. as of December 31, 2017 and 2016, the related consolidated statements of operations and comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2017 and the related notes and our report dated February 22, 2018 expressed an unqualified report thereon.

Basis for Opinion

The Company'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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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.

Definitions and Limitations of Internal Control Over Financial Reporting

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.

/s/ Ernst & Young LLP

Tysons, Virginia
February 22, 2018

Item 9B. Other Information

None.

PART III

We will file a definitive Proxy Statement for our 2018 Annual Meeting of Stockholders (the "2018 Proxy Statement") with the SEC, pursuant to Regulation 14A, not later than 120 days after the end of our fiscal year. Accordingly, certain information required by Part III has been omitted as permitted by General Instruction G (3) to Form 10-K. Only those sections of the 2018 Proxy Statement that specifically address the items set forth herein are incorporated by reference.

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item is incorporated by reference to the sections of our 2018 Proxy Statement entitled "Board of Directors and Committees," "Election of Directors," "Management" and "Section 16(a) Beneficial Ownership Reporting Compliance."

Item 11. Executive Compensation

The information required by this Item is incorporated by reference to the sections of our 2018 Proxy Statement entitled "Compensation Discussion and Analysis," "Executive Compensation" and "Director Compensation."

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is incorporated by reference to the sections of our 2018 Proxy Statement entitled "Security Ownership of Certain Beneficial Owners and Management" and "Securities Authorized for Issuance under Equity Compensation Plans."

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated by reference to the sections of our 2018 Proxy Statement entitled "Transactions with Related Parties" and "Director Independence."

Item 14. Principal Accountant Fees and Services

The information required by this Item is incorporated by reference to the section of our 2018 Proxy Statement entitled "Independent Registered Public Accounting Firm Fees."

PART IV

Item 15. Exhibits and Financial Statement Schedules

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

(1) Financial Statements

Iridium Communications Inc.:

(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 following list of exhibits includes exhibits submitted with this Form 10-K as filed with the Securities and Exchange Commission.

Exhibit No.	Document
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	Certificate of Designations of Iridium Communications Inc. filed on October 3, 2012 with the Secretary of State of the State of Delaware designating the preferences, limitations, voting powers and relative rights of the 7% Series A Cumulative Perpetual Convertible Preferred Stock, incorporated herein by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed with the SEC on October 3, 2012.
3.3	Certificate of Designations of Iridium Communications Inc. filed on May 14, 2014 with the Secretary of State of the State of Delaware designating the preferences, limitations, voting powers and relative rights of the 6.75% Series B Cumulative Perpetual Convertible Preferred Stock, incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form 8-A filed with the SEC on May 14, 2014.
3.4	Certificate of Amendment to Amended and Restated Certificate of Incorporation dated May 12, 2015, incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed with the SEC on May 15, 2015.
3.5	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 May 15, 2015.
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.
10.1†	Supplemental Agreement dated as of July 26, 2017 between Iridium Satellite LLC and Société Générale, as BPIAE Agent, amending and restating the Second Amended and Restated BPIAE (formerly 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 BPIAE agent, dated as of October 4, 2010, as amended and restated on August 1, 2012 and May 2, 2014, and as further amended on May 7, 2015, November 24, 2015, December 31, 2015, February 24, 2016, July 18, 2016 and February 10, 2017, incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on October 26, 2017.
10.2	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.
10.3	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.
10.4	Stock Pledge Agreement, dated as of October13, 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.
10.5†	Second Amended and Restated Limited Liability Company Agreement of Aireon LLC, between Aireon LLC; Iridium Satellite LLC; NAV CANADA; NAV CANADA Satellite, Inc.; Enav S.p.A.; ENAV North Atlantic LLC; Naviair; Naviair Surveillance A/S; and Irish Aviation Authority Limited, dated as of February 14, 2014, incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on May 1, 2014.
10.6	Amendment No. 1 to Second Amended and Restated Limited Liability Company Agreement of Aireon LLC, dated as of January 14, 2015, incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on April 30, 2015.

Exhibit No.	Document
10.7†	Amendment No. 2 to Second Amended and Restated Limited Liability Company Agreement of Aireon LLC, dated as of July 6, 2015, incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on October 29, 2015.
10.8†	Amendment No. 3 to Second Amended and Restated Limited Liability Company Agreement of Aireon LLC, dated as of March 17, 2016, incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on April 28, 2016.
10.9	Amendment No. 4, dated as of July 1, 2016, to the Second Amended and Restated Limited Liability Company Agreement of Aireon LLC, between Aireon LLC; Iridium Satellite LLC; NAV CANADA; NAV CANADA Satellite, Inc.; Enav S.p.A.; ENAV North Atlantic LLC; Naviair; Naviair Surveillance A/S; and Irish Aviation Authority Limited, dated as of February 14, 2014, incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on October 27, 2016.
10.10	Amendment No. 5, dated as of March 8, 2017, to the Second Amended and Restated Limited Liability Company Agreement of Aireon LLC, between Aireon LLC; Iridium Satellite LLC; NAV CANADA; NAV CANADA Satellite, Inc.; Enav S.p.A.; ENAV North Atlantic LLC; Naviair; Naviair Surveillance A/S; Irish Aviation Authority Limited and IAA North Atlantic Inc., dated as of February 14, 2014, incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on April 27, 2017.
10.11	Amendment No. 6, dated as of June 23, 2017, to the Second Amended and Restated Limited Liability Company Agreement of Aireon LLC, between Aireon LLC; Iridium Satellite LLC; NAV CANADA; NAV CANADA Satellite, Inc.; Enav S.p.A.; ENAV North Atlantic LLC; Naviair; Naviair Surveillance A/S; Irish Aviation Authority Limited and IAA North Atlantic Inc., dated as of February 14, 2014, incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on July 27, 2017.
10.12†	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.
10.13†	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.
10.14	Guaranty, dated as of September 30, 2010, by Iridium Holdings LLC and the Registrant in favor of Motorola, Inc., incorporated by reference to Exhibit 10.8 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.
10.15	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 10.9 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 7, 2011.
10.16	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.
10.17†	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.
10.18	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.
10.19†	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.
10.20†	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.

Exhibit No.	Document
10.21†	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.
10.22†	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.
10.23†	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.
10.24†	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.
10.25†	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.
10.26†	Amendment No. 7 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 March 12, 2012, incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on May 3, 2012.
10.27†	Amendment No. 8 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 March 13, 2012, incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on May 3, 2012.
10.28†	Amendment No. 9 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 June 19, 2012, incorporated by reference to Exhibit 10.1 to the Registrant's Annual Report on Form 10-Q filed with the SEC on August 2, 2012.
10.29†	Amendment No. 10 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 June 19, 2012, incorporated by reference to Exhibit 10.2 to the Registrant's Annual Report on Form 10-Q filed with the SEC on August 2, 2012.
10.30†	Amendment No. 11 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 July 3, 2012, incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 2, 2012.
10.31†	Amendment No. 12 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 July 6, 2012, incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 2, 2012.
10.32†	Amendment No. 13 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, 2012, incorporated by reference to Exhibit 10.26 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 5, 2013.
10.33†	Amendment No. 14 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 November 8, 2012, incorporated by reference to Exhibit 10.27 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 5, 2013.
10.34†	Amendment No. 15 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 June 11, 2013, incorporated herein by reference to Exhibit 10.2 of the Registrant's Quarterly Report Form 10-Q filed with the SEC on October 31, 2013.
10.35†	Amendment No. 16 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 July 24, 2013, incorporated herein by reference to Exhibit 10.3 of the Registrant's Quarterly Report Form 10-Q filed with the SEC on October 31, 2013.
10.36†	Amendment No. 17 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 20, 2013, incorporated herein by reference to Exhibit 10.4 of the Registrant's Quarterly Report Form 10-Q filed with the SEC on October 31, 2013.

Exhibit No.	Document
10.37†	Amendment No. 18 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 21, 2013, incorporated by reference to Exhibit 10.38 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 4, 2014.
10.38†	Amendment No. 19 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 29, 2013, incorporated by reference to Exhibit 10.39 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 4, 2014.
10.39†	Amendment No. 20 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 July 7, 2014, incorporated herein by reference to Exhibit 10.1 of the Registrant's Quarterly Report Form 10-Q filed with the SEC on October 30, 2014.
10.40†	Amendment No. 21 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 July 9, 2014, incorporated herein by reference to Exhibit 10.2 of the Registrant's Quarterly Report Form 10-Q filed with the SEC on October 30, 2014.
10.41†	Amendment No. 22 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 July 14, 2014, incorporated herein by reference to Exhibit 10.3 of the Registrant's Quarterly Report Form 10-Q filed with the SEC on October 30, 2014.
10.42†	Amendment No. 23 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 January 30, 2015, incorporated herein by reference to Exhibit 10.2 of the Registrant's Quarterly Report Form 10-Q filed with the SEC on April 30, 2015.
10.43†	Amendment No. 24 to the Full Scale System Development Contact No. IS-10-021 between Iridium Satellite LLC and Thales Alenia Space France for the Iridium NEXT System, dated September 22, 2015, incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on October 29, 2015.
10.44†	Amendment No. 26 to the Full Scale System Development Contact No. IS-10-021 between Iridium Satellite LLC and Thales Alenia Space France for the Iridium NEXT System, dated September 19, 2016, incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on October 27, 2016.
10.45†	Amendment No. 27 to the Full Scale System Development Contact No. IS-10-021 between Iridium Satellite LLC and Thales Alenia Space France for the Iridium NEXT System, dated March 2, 2017, incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on April 27, 2017.
10.46†	Amendment No. 28 to the Full Scale System Development Contact No. IS-10-021 between Iridium Satellite LLC and Thales Alenia Space France for the Iridium NEXT System, dated May 18, 2017, incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on October 26, 2017.
10.47†	Amendment No. 29 to the Full Scale System Development Contact No. IS-10-021 between Iridium Satellite LLC and Thales Alenia Space France for the Iridium NEXT System, dated July 26, 2017, incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on October 26, 2017.
10.48††	Amendment No. 30 to the Full Scale System Development Contact No. IS-10-021 between Iridium Satellite LLC and Thales Alenia Space France for the Iridium NEXT System, dated October 26, 2017.
10.49††	Amendment No. 31 to the Full Scale System Development Contact No. IS-10-021 between Iridium Satellite LLC and Thales Alenia Space France for the Iridium NEXT System, dated October 30, 2017.
10.50†	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.
10.51†	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.
10.52†	Amendment No. 2 to the Contract for Launch Services No. IS-10-008 between Iridium Satellite LLC and Space Exploration Technologies Corp., effective as of August 1, 2012, incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 2, 2012.
10.53†	Amendment No. 3 to the Contract for Launch Services No. IS-10-008 between Iridium Satellite LLC and Space Exploration Technologies Corp., dated as of May 9, 2013, incorporated herein by reference to Exhibit 10.5 of the Registrant's Quarterly Report Form 10-Q filed with the SEC on October 31, 2013.

Exhibit No.	Document
10.54	Amendment No. 4 to the Contract for Launch Services No. IS-10-008 between Iridium Satellite LLC and Space Exploration Technologies Corp., dated as of January 27, 2014, incorporated herein by reference to Exhibit 10.2 of the Registrant's Quarterly Report Form 10-Q filed with the SEC on May 1, 2014.
10.55†	Amendment No. 5 to the Contract for Launch Services No. IS-10-008 between Iridium Satellite LLC and Space Exploration Technologies Corp., dated as of September 15, 2014, incorporated herein by reference to Exhibit 10.4 of the Registrant's Quarterly Report Form 10-Q filed with the SEC on October 30, 2014.
10.56†	Amendment No. 6 to the Contract for Launch Services No. IS-10-008 between Iridium Satellite LLC and Space Exploration Technologies Corp., dated as of November 2, 2015, incorporated herein by reference to Exhibit 10.53 of the Registrant's Annual Report Form 10-K filed with the SEC on February 25, 2016.
10.57††	Amendment No. 7 to the Contract for Launch Services No. IS-10-008 between Iridium Satellite LLC and Space Exploration Technologies Corp., dated as of November 2, 2015.
10.58†	Insourcing Agreement, by and between Iridium Satellite LLC and The Boeing Company, dated as of November 28, 2016, incorporated herein by reference to Exhibit 10.66 to the Registrant's Annual Report on Form 10-K filed with the SEC on February 23, 2017.
10.59	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.
10.60†	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 September7, 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.
10.61	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.
10.62	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.
10.63	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.
10.64†	Contract for Enhanced Mobile Satellite Services between Iridium Satellite LLC and the Defense Information Systems Agency, effective October 22, 2013, incorporated by reference to Exhibit 10.59 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 4, 2014.
10.65†	Amendment to Contract for Enhanced Mobile Satellite Services between Iridium Satellite LLC and the Defense Information Systems Agency, dated as of June 3, 2015, incorporated herein by reference to Exhibit 10.3 of the Registrant's Quarterly Report on Form 10-Q filed with the SEC on July 30, 2015.
10.66	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.
10.67†	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.
10.68*	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.
10.69*	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.
10.70*	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.
10.71*	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.

Exhibit No.	Document
10.72*	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.
10.73*	Employment Agreement between the Registrant and Bryan J. Hartin, dated as of December 10, 2012, incorporated by reference to Exhibit 10.69 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 4, 2014.
10.74*	Employment Agreement between the Registrant and Thomas D. Hickey, dated as of April 29, 2011, incorporated by reference to Exhibit 10.70 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 4, 2014.
10.75*	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.
10.76	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.
10.77*	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.
10.78*	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.
10.79*	Performance Share Program established under the Iridium Communications Inc. 2015 Equity Incentive Plan, incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 3, 2016.
10.80*	Form of Performance Share Award Grant Notice and Performance Share Award Agreement for use in connection with the Performance Share Program established under the Iridium Communications Inc. 2015 Equity Incentive Plan, incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on March 3, 2016.
10.81*	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.
10.82*	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.
10.83*	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.
10.84*	Iridium Communications Inc. 2012 Equity Incentive Plan, incorporated by reference to Appendix A to the Registrant's Proxy Statement filed with the SEC on April 10, 2012.
10.85*	Forms of Stock Option Grant Notice and Stock Option Agreement for use in connection with the Iridium Communications Inc. 2012 Equity Incentive Plan, incorporated by reference to Exhibit 99.2 to the Registrant's Current Report on Form 8-K filed with the SEC on May 23, 2012.
10.86*	Forms of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement for use in connection with the Iridium Communications Inc. 2012 Equity Incentive Plan, incorporated by reference to Exhibit 99.3 to the Registrant's Current Report on Form 8-K filed with the SEC on May 23, 2012.
10.87*	Non-Employee Director Compensation Plan dated December 7, 2017.
10.88*	Iridium Communications Inc. 2014 Executive Performance Bonus Plan, incorporated herein by reference to Exhibit 10.3 of the Registrant's Quarterly Report on Form 10-Q filed with the SEC on May 1, 2014.
10.89*	Iridium Communications Inc. Amended and Restated 2015 Equity Incentive Plan, incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on May 16, 2017.
10.90*	Forms of Option Grant Notice and Option Agreement for use in connection with the Iridium Communications Inc. Amended and Restated 2015 Equity Incentive Plan, incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed with the SEC on May 15, 2015.

Exhibit No.	Document
10.91*	Forms of Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Award Agreement for use in connection with the Iridium Communications Inc. Amended and Restated 2015 Equity Incentive Plan, incorporated by reference to Exhibit 10.3 of the Registrant's Current Report on Form 8-K filed with the SEC on May 15, 2015.
10.92*	Forms of Non-Employee Director Option Grant Notice and Non-Employee Director Option Agreement for use in connection with the Iridium Communications Inc. Amended and Restated 2015 Equity Incentive Plan, incorporated by reference to Exhibit 10.4 of the Registrant's Current Report on Form 8-K filed with the SEC on May 15, 2015.
10.93*	Forms of Non-Employee Director Restricted Stock Unit Award Grant Notice and Non-Employee Director Restricted Stock Unit Award Agreement for use in connection with the Iridium Communications Inc. 2015 Equity Incentive Plan, incorporated by reference to Exhibit 10.5 of the Registrant's Current Report on Form 8-K filed with the SEC on May 15, 2015.
10.94*	UK Sub-Plan of the Iridium Communications Inc. 2015 Equity Incentive Plan, incorporated by reference to Exhibit 10.6 of the Registrant's Current Report on Form 8-K filed with the SEC on May 15, 2015.
10.95*	Forms of UK Option Grant Notice and UK Option Agreement for use in connection with the Iridium Communications Inc. Amended and Restated 2015 Equity Incentive Plan, incorporated by reference to Exhibit 10.7 of the Registrant's Current Report on Form 8-K filed with the SEC on May 15, 2015.
10.96*	Forms of UK Restricted Stock Unit Award Grant Notice and UK Restricted Stock Unit Award Agreement for use in connection with the Iridium Communications Inc. 2015 Equity Incentive Plan, incorporated by reference to Exhibit 10.8 of the Registrant's Current Report on Form 8-K filed with the SEC on May 15, 2015.
10.97*	Forms of UK Non-Employee Director Option Grant Notice and UK Non-Employee Director Option Agreement for use in connection with the Iridium Communications Inc. Amended and Restated 2015 Equity Incentive Plan, incorporated by reference to Exhibit 10.9 of the Registrant's Current Report on Form 8-K filed with the SEC on May 15, 2015.
10.98*	Forms of UK Non-Employee Director Restricted Stock Unit Award Grant Notice and UK Non-Employee Director Restricted Stock Unit Award Agreement for use in connection with the Iridium Communications Inc. Amended and Restated 2015 Equity Incentive Plan, incorporated by reference to Exhibit 10.10 of the Registrant's Current Report on Form 8-K filed with the SEC on May 15, 2015.
21.1	List of Subsidiaries.
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.

†† Confidential treatment has been requested 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.

Item 16. Form 10-K Summary

Not applicable.

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: February 22, 2018

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 **Matthew J. Desch**	Chief Executive Officer and Director (Principal Executive Officer)	February 22, 2018
/s/ THOMAS J. FITZPATRICK **Thomas J. Fitzpatrick**	Chief Financial Officer, Chief Administrative Officer and Director (Principal Financial Officer)	February 22, 2018
/s/ TIMOTHY P. KAPALKA **Timothy P. Kapalka**	Vice President and Corporate Controller, Iridium Satellite LLC (Principal Accounting Officer)	February 22, 2018
/s/ ROBERT H. NIEHAUS **Robert H. Niehaus**	Director and Chairman of the Board	February 22, 2018
/s/ THOMAS C. CANFIELD **Thomas C. Canfield**	Director	February 22, 2018
/s/ JANE L. HARMAN **Jane L. Harman**	Director	February 22, 2018
/s/ ALVIN B. KRONGARD **Alvin B. Krongard**	Director	February 22, 2018
/s/ ERIC T. OLSON **Eric T. Olson**	Director	February 22, 2018
/s/ STEVEN B. PFEIFFER **Steven B. Pfeiffer**	Director	February 22, 2018
/s/ PARKER W. RUSH **Parker W. Rush**	Director	February 22, 2018
/s/ HENRIK O. SCHLIEMANN **Henrik O. Schliemann**	Director	February 22, 2018
/s/ S. SCOTT SMITH **S. Scott Smith**	Director	February 22, 2018
/s/ BARRY J. WEST **Barry J. West**	Director	February 22, 2018

EXHIBIT 21.1

SUBSIDIARIES OF IRIDIUM COMMUNICATIONS INC.

Subsidiary	Jurisdiction of Organization
Iridium Blocker-B Inc.	Delaware
Syncom-Iridium Holdings Corp.	Delaware
Iridium Holdings LLC	Delaware
Iridium Satellite LLC	Delaware
Iridium Constellation LLC	Delaware
Iridium Carrier Holdings LLC	Delaware
Iridium Carrier Services LLC	Delaware
Iridium Government Services LLC	Delaware
OOO Iridium Services	Russia
OOO Iridium Communications	Russia
Iridium Norway A/S	Norway

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Form S-3 Nos. 333-162206 and 333-165513 and Form S-8 Nos. 333-165508, 333-181744, 333-204236 and 333-218073) of Iridium Communications Inc. of our reports dated February 22, 2018, with respect to the consolidated financial statements of Iridium Communications Inc. and the effectiveness of internal control over financial reporting of Iridium Communications Inc. included in this Annual Report (Form 10-K) of Iridium Communications Inc. for the year ended December 31, 2017.

/s/ Ernst & Young LLP

Tysons, Virginia
February 22, 2018

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002

I, Matthew J. Desch, certify that:

1. I have reviewed this annual report on Form 10-K of Iridium Communications Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2018

/s/ Matthew J. Desch

Matthew J. Desch
Chief Executive Officer
(principal executive officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002

I, Thomas J. Fitzpatrick, certify that:

1. I have reviewed this annual report on Form 10-K of Iridium Communications Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2018

/s/ Thomas J. Fitzpatrick

Thomas J. Fitzpatrick
Chief Financial Officer
(principal financial officer)

EXHIBIT 32.1

CERTIFICATIONS OF
PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the Chief Executive Officer and the Chief Financial Officer of Iridium Communications Inc. (the "Company") each hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-K for the fiscal year ended December 31, 2017, to which this Certification is attached as Exhibit 32.1 (the "Form 10-K"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Form 10-K fairly presents, in all material respects, the financial condition of the Company at the end of the period covered by the Form 10-K and results of operations of the Company for the periods covered in the financial statements in the Form 10-K.

Dated: February 22, 2018

/s/ Matthew J. Desch	/s/ Thomas J. Fitzpatrick
Matthew J. Desch Chief Executive Officer	Thomas J. Fitzpatrick Chief Financial Officer

This certification accompanies the Form 10-K and shall not be deemed "filed" by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

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Non-GAAP Financial Measures & Definitions

In addition to disclosing financial results that are determined in accordance with U.S. GAAP, the Company provides Operational EBITDA and Operational EBITDA margin, which are non-GAAP financial measures, as supplemental measures to help investors evaluate the Company's fundamental operational performance. Operational EBITDA represents earnings before interest, income taxes, depreciation and amortization, Iridium NEXT revenue and expenses (for periods prior to the deployment of Iridium NEXT only), loss from investment in Aireon, share-based compensation expenses, the impact of purchase accounting, and non-cash gain from the Boeing transaction. Iridium NEXT revenue and expenses were excluded from Operational EBITDA through 2017. In 2018, Iridium NEXT revenues and recurring Iridium NEXT expenses (recurring Iridium NEXT expenses are not part of the approximately $3 billion construction cost of Iridium NEXT (the "Construction Costs")) will no longer be excluded in calculating Operational EBITDA. U.S. GAAP requires that certain of the Construction Costs be expensed. These certain Construction Costs, which beginning in 2018 will principally consist of in-orbit insurance, will continue to be excluded from the calculation of Operational EBITDA through 2019. The Company also presents Operational EBITDA expressed as a percentage of GAAP revenue, or Operational EBITDA margin. Operational EBITDA, along with its related measure, Operational EBITDA margin, does not represent, and should not be considered, an alternative to U.S. GAAP measurements such as net income or loss, and the Company's calculations thereof may not be comparable to similarly titled measures reported by other companies. By eliminating interest, income taxes, depreciation and amortization, Iridium NEXT revenue and expenses (for periods prior to the deployment of Iridium NEXT only), loss from investment in Aireon, share-based compensation expenses, the impact of purchase accounting, and non-cash gain from the Boeing transaction, the Company believes the result is a useful measure across time in evaluating its fundamental core operating performance. Management also uses Operational EBITDA to manage the business, including in preparing its annual operating budget, debt covenant compliance, financial projections and compensation plans. The Company believes that Operational EBITDA is also useful to investors because similar measures are frequently used by securities analysts, investors and other interested parties in their evaluation of companies in similar industries. However, there is no standardized measurement of Operational EBITDA, and Operational EBITDA as the Company presents it may not be comparable with similarly titled non-GAAP financial measures used by other companies. As indicated, Operational EBITDA does not include interest expense on borrowed money, the payment of income taxes, amortization of the Company's definite-lived intangible assets, or depreciation expense on the Company's capital assets, which are necessary elements of the Company's operations. It also excludes expenses in connection with the development, deployment and financing of Iridium NEXT and the loss from investment in Aireon. Since Operational EBITDA does not account for these and other expenses, its utility as a measure of the Company's operating performance has material limitations. Due to these limitations, the Company's management does not view Operational EBITDA in isolation, but also uses other measurements, such as net income, revenues and operating profit, to measure operating performance. Please refer to the schedule below for a reconciliation of consolidated GAAP net income to Operational EBITDA and Iridium's Investor Relations webpage at www.iridium.com for a discussion and reconciliation of this and other non-GAAP financial measures.

	For the Year Ended December 31,				
	2013	2014	2015	2016	2017
Net income	$ 62,517	$ 74,989	$ 7,123	$111,032	$ 233,856
Impairment of goodwill	-	-	87,039	-	-
Adjusted net income	62,517	74,989	94,162	111,032	233,856
Interest (income) expense, net	(2,276)	(3,640)	(3,069)	(2,934)	(4,328)
Income taxes	47,948	41,463	65,992	67,133	(114,284)
Depreciation and amortization	74,980	72,769	51,834	49,394	122,266
EBITDA	183,169	185,581	208,919	224,625	237,510
Iridium NEXT expenses, net	8,064	18,064	17,296	16,732	23,316
Loss from investment in Aireon	3,332	4,296	-	-	-
Share-based compensation	6,715	9,559	8,602	13,689	15,806
Purchase accounting adjustments	(194)	(1,000)	(775)	(825)	(11,003)
Operational EBITDA	$201,086	$216,500	$234,042	$254,221	$ 265,629
OEBITDA Margin	52.6%	53.0%	56.9%	58.6%	59.3%

	For the Year Ended December 31,				
	2013	2014	2015	2016	2017
Reported revenue	$382,649	$408,557	$411,378	$433,640	$ 448,046
Iridium NEXT revenue	(298)	(10)	(845)	(1,166)	(3,208)
Purchase accounting adjustments	806	-	-	-	-
Adjusted revenue	383,157	408,547	410,533	432,474	444,838

Corporate Information

2018 ANNUAL MEETING

The Annual Meeting of Stockholders will be held on May 17, 2018 at 8:30 a.m. local time at 1750 Tysons Boulevard, Conference Center, McLean, VA 22102

BOARD OF DIRECTORS

Robert H. Niehaus
Chairman of the Board
Chairman, GCP Capital Partners LLC

Thomas C. Canfield
Senior Vice President and General Counsel, Spirit Airlines, Inc.

Matthew J. Desch
Chief Executive Officer

Thomas J. Fitzpatrick
Chief Financial Officer and Chief Administrative Officer

Jane L. Harman
Director, President and Chief Executive Officer, Woodrow Wilson International Center for Scholars

Alvin B. Krongard
Former Chairman and Chief Executive Officer, Alex. Brown Incorporated

Admiral Eric T. Olson (Ret.)
President and Managing Member, ETO Group, LLC
Former Commander, U.S. Special Operations Command

Steven B. Pfeiffer
Partner, Norton Rose Fulbright US LLP

Parker W. Rush
Chief Executive Officer, ClearView Risk Holdings, LLC

Henrik O. Schliemann
Managing Partner, PMB Capital LTD

S. Scott Smith
Chief Operating Officer

Barry J. West
Former Chief Executive Officer, Collision Communications Inc.

EXECUTIVE OFFICERS

Matthew J. Desch
Chief Executive Officer

Thomas J. Fitzpatrick
Chief Financial Officer and Chief Administrative Officer

Bryan J. Hartin
Executive Vice President, Sales and Marketing

Thomas D. Hickey
Chief Legal Officer

Timothy P. Kapalka
Vice President and Corporate Controller, Iridium Satellite LLC

Scott T. Scheimreif
Executive Vice President, Government Programs

S. Scott Smith
Chief Operating Officer

Donald L. Thoma
President and Chief Executive Officer, Aireon LLC

GENERAL INFORMATION

Transfer Agent and Registrar
American Stock Transfer and Trust Company
6201 15th Avenue
Brooklyn, NY 11219
(800) 937-5449
www.amstock.com

Independent Registered Public Accounting Firm
Ernst & Young LLP
1775 Tysons Boulevard
Tysons, VA 22102
(703) 747-1000
www.ey.com

INVESTOR INFORMATION

Stock Exchange
NASDAQ Global Select Market
Common Stock (IRDM)

Information Requests
Copies of the Company's Annual Report on Form 10-K and other investor information are available to stockholders upon written request to:
Iridium Communications Inc.
Attention: Investor Relations
1750 Tysons Boulevard, Suite 1400
McLean, VA 22102

Investor Inquiries
Kenneth B. Levy
Vice President, Investor Relations
(703) 287-7570
investor.relations@iridium.com
www.iridium.com

CORPORATE HEADQUARTERS

1750 Tysons Boulevard, Suite 1400
McLean, VA 22102
(703) 287-7400
www.iridium.com

BUSINESS OPERATIONS

8440 South River Parkway
Tempe, AZ 85284
(480) 752-1100

Only one communications company connects the entire globe

Iridium is the world's only truly global mobile communications company, with coverage of the entire earth, including oceans, airways and polar regions. Iridium voice and data products provide communications solutions that allow global companies, government agencies and individuals to stay connected, everywhere. The unique Iridium constellation, with its architecture of 66 low-earth orbiting (LEO) cross-linked satellites, routes communications traffic through space and around the world, creating highly efficient and reliable connections.

www.iridium.com

04/18