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## **FORM 10-Q**

**Iridium Communications Inc. - IRDM**

**Filed: April 23, 2019 (period: March 31, 2019)**

Quarterly report with a continuing view of a company's financial position

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 10-Q**

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(Mark One)

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

For the Quarterly Period Ended March 31, 2019

OR

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

Commission File Number 001-33963

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**Iridium Communications Inc.**

(Exact name of registrant as specified in its charter)

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**DELAWARE**  
(State of incorporation)

**26-1344998**  
(I.R.S. Employer  
Identification No.)

**1750 Tysons Boulevard, Suite 1400, McLean, Virginia**  
(Address of principal executive offices)

**22102**  
(Zip code)

**703-287-7400**  
(Registrant's telephone number, including area code)

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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, 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 on its corporate Web site, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 number of shares of the registrant's common stock, par value \$0.001 per share, outstanding as of April 18, 2019 was 113,241,666.

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IRIDIUM COMMUNICATIONS INC.

TABLE OF CONTENTS

<u>Item No.</u>		<u>Page</u>
<b><u>Part I. Financial Information</u></b>		
	<u>Financial Statements:</u>	
	<u>Condensed Consolidated Balance Sheets</u>	3
	<u>Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)</u>	4
	<u>Condensed Consolidated Statements of Changes in Stockholders' Equity</u>	5
	<u>Condensed Consolidated Statements of Cash Flows</u>	6
	<u>Notes to Condensed Consolidated Financial Statements</u>	8
ITEM 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	19
ITEM 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	28
ITEM 4.	<u>Controls and Procedures</u>	28
<b><u>Part II. Other Information</u></b>		
ITEM 1.	<u>Legal Proceedings</u>	29
ITEM 1A.	<u>Risk Factors</u>	29
ITEM 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	29
ITEM 3.	<u>Defaults Upon Senior Securities</u>	29
ITEM 4.	<u>Mine Safety Disclosures</u>	29
ITEM 5.	<u>Other Information</u>	29
ITEM 6.	<u>Exhibits</u>	30
	<u>Signatures</u>	31

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

	March 31, 2019	December 31, 2018
	(Unaudited)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 275,659	\$ 273,352
Accounts receivable, net	68,460	71,210
Inventory	35,179	27,538
Prepaid expenses and other current assets	17,590	18,284
Total current assets	396,888	390,384
Property and equipment, net	3,336,961	3,370,855
Restricted cash and cash equivalents	193,026	191,935
Intangible assets, net	48,114	48,540
Other assets	51,320	12,557
Total assets	\$ 4,026,309	\$ 4,014,271
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Short-term credit facility	\$ 225,000	\$ 126,000
Accounts payable	17,564	12,869
Accrued expenses and other current liabilities	35,088	56,990
Interest payable	58,992	29,431
Deferred revenue	39,798	37,429
Total current liabilities	376,442	262,719
Long-term credit facility, net	1,385,585	1,478,739
Long-term senior unsecured notes, net	351,477	350,998
Deferred income tax liabilities, net	231,549	241,422
Deferred revenue, net of current portion	64,430	74,656
Other long-term liabilities	30,126	4,160
Total liabilities	2,439,609	2,412,694
Commitments and contingencies		
Stockholders' equity:		
Series B preferred stock, \$0.0001 par value, 500 shares authorized and issued; and 497 shares outstanding at March 31, 2019 and December 31, 2018, respectively	—	—
Common stock, \$0.001 par value, 300,000 shares authorized; 113,240 and 112,200 shares issued and outstanding at March 31, 2019 and December 31, 2018, respectively	113	112
Additional paid-in capital	1,110,970	1,108,550
Retained earnings	483,688	501,712
Accumulated other comprehensive loss, net of tax	(8,072)	(8,797)
Total stockholders' equity	1,586,699	1,601,577
Total liabilities and stockholders' equity	\$ 4,026,308	\$ 4,014,271

See notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2019	2018
<b>Revenue:</b>		
Services	\$ 106,951	\$ 89,742
Subscriber equipment	21,008	25,782
Engineering and support services	5,726	3,624
Total revenue	<u>133,685</u>	<u>119,148</u>
<b>Operating expenses:</b>		
Cost of services (exclusive of depreciation and amortization)	22,521	18,952
Cost of subscriber equipment	12,431	15,214
Research and development	3,611	4,583
Selling, general and administrative	23,841	22,495
Depreciation and amortization	72,914	38,465
Total operating expenses	<u>135,318</u>	<u>99,709</u>
Operating income (loss)	<u>(1,633)</u>	<u>19,439</u>
<b>Other expense, net:</b>		
Interest expense, net	(25,804)	(4,165)
Other income (expense), net	(326)	37
Total other expense, net	<u>(26,130)</u>	<u>(4,128)</u>
Income (loss) before income taxes	(27,763)	15,311
Income tax benefit (expense)	9,739	(3,839)
Net income (loss)	(18,024)	11,472
Series A preferred stock dividends, declared and paid excluding cumulative dividends	—	1,750
Series B preferred stock dividends, declared and paid excluding cumulative dividends	—	2,109
Series B preferred stock dividends, undeclared	2,097	—
Net income (loss) attributable to common stockholders	<u>\$ (20,121)</u>	<u>\$ 7,613</u>
Weighted average shares outstanding - basic	113,038	100,686
Weighted average shares outstanding - diluted	113,038	104,345
Net income (loss) attributable to common stockholders per share - basic	\$ (0.18)	\$ 0.08
Net income (loss) attributable to common stockholders per share - diluted	\$ (0.18)	\$ 0.07
<b>Comprehensive income (loss):</b>		
Net income (loss)	\$ (18,024)	\$ 11,472
Foreign currency translation adjustments, net of tax	726	92
Unrealized loss on marketable securities, net of tax	—	(13)
Comprehensive income (loss)	<u>\$ (17,298)</u>	<u>\$ 11,551</u>

See notes to unaudited condensed consolidated financial statements.

**Iridium Communications Inc.**  
**Condensed Consolidated Statements of Changes in Stockholders' Equity**  
(In thousands, except per share amounts)  
(Unaudited)

	Three Months Ended March 31,	
	2019	2018
Total stockholders' equity, beginning balances	\$ 1,601,577	\$ 1,596,469
<b>Common stock:</b>		
Beginning balances	112	98
Stock options exercised and awards vested	1	2
Stock withheld to cover employee taxes	—	(1)
Preferred stock converted to common stock	—	11
Ending balances	113	110
<b>Additional paid-in capital:</b>		
Beginning balances	1,108,550	1,081,373
Stock-based compensation	3,780	4,520
Stock options exercised and awards vested	2,126	769
Stock withheld to cover employee taxes	(3,486)	(1,405)
Ending balances	1,110,970	1,085,257
<b>Retained earnings:</b>		
Beginning balances	501,712	518,794
Net income (loss)	(18,024)	11,472
Dividends on Series A preferred stock	—	(7,000)
Dividends on Series B preferred stock	—	(8,436)
Changes from adoption of ASC 606, net of tax	—	11,738
Ending balances	483,688	526,568
<b>Accumulated other comprehensive loss, net of tax:</b>		
Beginning balances	(8,797)	(3,796)
Cumulative translation adjustments, net of tax	725	92
Unrealized loss on marketable securities, net of tax	—	(13)
Ending balances	(8,072)	(3,717)
Total stockholders' equity, ending balances	\$ 1,586,699	\$ 1,608,218
<b>Dividends declared per share</b>		
Series A preferred stock	\$ —	\$ 7.00
Series B preferred stock	\$ —	\$ 16.85

See notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2019	2018
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ (18,024)	\$ 11,472
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Deferred income taxes	(9,873)	3,672
Depreciation and amortization	72,914	38,465
Loss on extinguishment of debt and Thales Alenia Space bills of exchange	—	3,981
Stock-based compensation (net of amounts capitalized)	3,327	4,286
Amortization of deferred financing fees	4,836	—
All other items, net	36	45
Changes in operating assets and liabilities:		
Accounts receivable	2,627	(7,092)
Inventory	(7,649)	(276)
Prepaid expenses and other current assets	821	(1,410)
Other assets	671	(937)
Accounts payable	3,863	3,943
Accrued expenses and other current liabilities	3,412	(1,447)
Deferred revenue	(8,012)	3,569
Other long-term liabilities	(829)	6
Net cash provided by operating activities	<u>48,120</u>	<u>58,277</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(34,643)	(82,961)
Purchase of other investments	(10,000)	—
Purchases of marketable securities	—	(17,007)
Sales and maturities of marketable securities	—	8,723
Net cash used in investing activities	<u>(44,643)</u>	<u>(91,245)</u>
<b>Cash flows from financing activities:</b>		
Borrowings under the senior unsecured notes	—	360,000
Extinguishment of the Thales Alenia Space bills of exchange	—	(59,936)
Payment of deferred financing fees	—	(19,445)
Proceeds from exercise of stock options	2,126	769
Tax payment upon settlement of stock awards	(3,486)	(1,405)
Payment of Series A preferred stock dividends	—	(7,000)
Payment of Series B preferred stock dividends	—	(8,427)
Net cash (used in) provided by financing activities	<u>(1,360)</u>	<u>264,556</u>
Effect of exchange rate changes on cash and cash equivalents	1,281	58
Net increase in cash and cash equivalents	3,398	231,646
Cash, cash equivalents, and restricted cash, beginning of period	465,287	388,257
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 468,685</u>	<u>\$ 619,903</u>

See notes to unaudited condensed consolidated financial statements.

	Three Months Ended March 31,	
	2019	2018
<b>Supplemental cash flow information:</b>		
Interest paid	\$ 419	\$ 787
Income taxes paid, net	\$ 280	\$ 253
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Property and equipment received but not paid	\$ 2,642	\$ 42,254
Interest capitalized but not paid	\$ 6,084	\$ 37,608
Capitalized amortization of deferred financing costs	\$ 1,489	\$ 6,549
Capitalized stock-based compensation	\$ 452	\$ 233

See notes to unaudited condensed consolidated financial statements.

**Iridium Communications Inc.**  
**Notes to Condensed Consolidated Financial Statements**

**1. Basis of Presentation and Principles of Consolidation**

Iridium Communications Inc. (the “Company”) has prepared its condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). The accompanying condensed 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 material intercompany transactions and balances have been eliminated.

In the opinion of management, the condensed consolidated financial statements reflect all normal recurring adjustments that the Company considers necessary for the fair presentation of its results of operations and cash flows for the interim periods covered, and of the financial position of the Company at the date of the interim condensed consolidated balance sheet. The operating results for interim periods are not necessarily indicative of the operating results for the entire year. Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to instructions, rules and regulations prescribed by the U.S. Securities and Exchange Commission (“SEC”). These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC on February 28, 2019.

**2. Significant Accounting Policies**

*Adopted Accounting Pronouncements*

Effective January 1, 2019, the Company adopted Accounting Standards Update (“ASU”) No. 2016-02, Leases (“ASU 2016-02”) using the required modified retrospective approach. 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. See discussion below under the caption “Leases” in this Note 2 and in [Note 5](#) for more detail on the Company's accounting policy with respect to lease accounting.

Effective January 1, 2019, the Company adopted ASU No. 2018-07, Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting (“ASU 2018-07”), which aligns accounting for share-based payments issued to nonemployees to that of employees under the existing guidance of Topic 718, with certain exceptions. This update supersedes previous guidance for equity-based payments to nonemployees under Subtopic 505-50, Equity - Equity-Based Payments to Non-Employees. The adoption of ASU 2018-07 did not have a material impact on the Company's condensed consolidated financial statements.

*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 2 and are included in cash and cash equivalents on the accompanying condensed 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 condensed 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 condensed consolidated balance sheets.

### ***Leases***

Upon transition under ASU 2016-02, the Company elected the suite of practical expedients as a package applied to all of its leases, including (i) not reassessing whether any expired or existing contracts are or contain leases, (ii) not reassessing the lease classification for any expired or existing leases, and (iii) not reassessing initial direct costs for any existing leases. For new leases, the Company will determine if an arrangement is or contains a lease at inception. Leases are included as right-of-use ("ROU") assets within other assets and ROU liabilities within accrued expenses and other liabilities and within other long-term liabilities on the Company's condensed consolidated balance sheets.

ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company's leases do not provide an implicit rate. The Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The ROU asset also includes any lease payments made and excludes lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain leases, such as teleport network ("TPN") facilities, the Company elected the practical expedient to combine lease and non-lease components as a single lease component.

Adoption of ASU 2016-02 had an impact of approximately \$27.1 million and \$30.1 million on the Company's assets and liabilities, respectively, and had no impact on cash provided by or used in operating, investing or financing activities on the Company's consolidated statements of cash flows.

### **3. Cash and Cash Equivalents and Restricted Cash and Cash Equivalents**

#### ***Cash and Cash Equivalents***

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 and regular interest bearing and non-interest bearing depository accounts, are classified as cash and cash equivalents in the accompanying condensed consolidated balance sheets.

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

	March 31, 2019	December 31, 2018	Recurring Fair Value Measurement
(in thousands)			
<b>Cash and cash equivalents:</b>			
Cash	\$ 10,649	\$ 20,879	
Money market funds	265,010	252,473	Level 2
Total cash and cash equivalents	<u>\$ 275,659</u>	<u>\$ 273,352</u>	

#### *Restricted Cash and Cash Equivalents*

The Company is required to maintain a minimum cash reserve within a debt service reserve account ("DSRA") for debt service related to its credit facility with Bpifrance Assurance Export S.A.S. ("BPIAE") (as amended to date, the "Credit Facility") (see [Note 6](#)). As of March 31, 2019 and December 31, 2018, the Company's restricted cash and cash equivalents balances, which included a minimum cash reserve for debt service and the interest earned on these amounts, were \$193.0 million and \$191.9 million, respectively.

#### **4. Commitments and Contingencies**

##### *Commitments*

##### *Thales Alenia Space*

In June 2010, the Company executed a primarily fixed-price full scale development contract ("FSD") with Thales Alenia Space for the design and build of its new, next-generation satellite constellation. The total price under the FSD is \$2.3 billion. As of March 31, 2019, the Company has paid substantially all of its obligations under the FSD and is expected to make final payments to Thales Alenia Space in the amount of approximately \$29.5 million during the second quarter of 2019. Approximately \$1.5 billion in aggregate payments made to Thales Alenia Space were financed from borrowings under the Credit Facility and were capitalized as construction in progress within property and equipment, net in the accompanying condensed consolidated balance sheets.

On March 9, 2018, the Company and Thales Alenia Space entered into an amendment to the FSD, pursuant to which the Company and Thales Alenia Space unwound prior changes that allowed for the deferral of certain milestone payments totaling \$100.0 million through the issuance of bills of exchange. The March 2018 amendment to the FSD became effective on March 21, 2018 upon the Company's receipt of proceeds from a senior unsecured notes offering (see [Note 6](#)). The Company utilized a portion of the proceeds from the senior unsecured notes to prepay in full the \$59.9 million of amounts due under outstanding bills of exchange, replenish the DSRA under the Credit Facility to \$189.0 million, and to pay approximately \$44.4 million in Thales Alenia Space milestones previously expected to be satisfied by the issuance of additional bills of exchange. In connection with the prepayment of the Thales Alenia Space bills of exchange, for the three months ended March 31, 2018, the Company recorded a \$4.0 million loss on extinguishment of debt, included within interest expense, representing premiums paid and the write-off of unamortized debt issuance costs. The Company had no such loss on extinguishment of debt recorded for the three months ended March 31, 2019.

##### *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 its next-generation satellite constellation (as amended to date, the "SpaceX Agreement"). The total price under the SpaceX Agreement for seven launches of ten satellites each and a reflight option in the event of a launch failure was \$448.9 million. All seven of these launches have been completed. In November 2016, the Company entered into an agreement for an eighth launch with SpaceX to launch five additional satellites and share the launch with GFZ German Research Centre for Geosciences ("GFZ"). This launch took place in May 2018. The total price under the SpaceX Agreement for the eighth launch was \$61.9 million. GFZ paid the Company \$29.8 million to include in the launch NASA's two Gravity Recovery and Climate Experiment Follow-On satellites. As of March 31, 2019, the Company had made aggregate payments of \$504.1 million to SpaceX, which were capitalized as construction in progress within property and equipment, net in the accompanying condensed consolidated balance sheets. The Company paid the final amounts due to SpaceX in April 2019.

### *In-Orbit Insurance*

The Company was required, pursuant to its Credit Facility, to obtain insurance covering the launch and first 12 months of operation of its upgraded constellation. The launch and in-orbit insurance the Company 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 new 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 for the Company's current launch and in-orbit insurance was \$120.7 million, which was paid in full as of December 31, 2018.

### *Contingencies*

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

### **5. Leases**

The Company has operating leases for land, office space, satellite network operations center ("SNOC") facilities, system gateway facilities, a warehouse and a distribution center. The Company also has operations and maintenance ("O&M") agreements that include leases associated with two TPN facilities. The Company's leases have remaining lease terms of 5 months to 11 years, some of which include options to extend the leases for up to 10 years and some include options to terminate the lease within 1 year. The Company's weighted-average remaining lease term relating to its operating leases is 8.28 years, with a weighted-average discount rate of 6.67%.

The table below summarizes the Company's lease-related assets and liabilities:

<b>Leases</b>	<b>Classification</b>	<b>March 31, 2019</b>
		<b>(in thousands)</b>
<b>Operating lease assets</b>		
Noncurrent	Other assets	\$ 28,908
<b>Total leased assets</b>		<b>28,908</b>
<b>Operating lease liabilities</b>		
Current	Accrued expenses and other current liabilities	3,155
Noncurrent	Other long-term liabilities	28,788
<b>Total lease liabilities</b>		<b>\$ 31,943</b>

The Company incurred lease expense of \$1.2 million for each of the three months ended March 31, 2019 and 2018.

Future payment obligations with respect to the Company's operating leases, exclusive of \$1.2 million paid during the three months ended March 31, 2019, which were existing at March 31, 2019, by year and in the aggregate, are as follows:

<b>Year Ending December 31,</b>	<b>Amount</b>
<b>(in thousands)</b>	
2019	\$ 3,837
2020	5,189
2021	5,321
2022	4,837
2023	4,808
Thereafter	17,723
<b>Total lease payments</b>	<b>\$ 41,715</b>

### *Lessor Arrangements*

Operating leases in which the Company is a lessor consist primarily of hosting agreements with Aireon (see [Note 11](#)) and Harris Corporation for space on the Company's upgraded satellites. These agreements provide for a fee that will be recognized over the life of the satellites, currently expected to be approximately 12.5 years. Lease income related to these agreements was \$5.5 million and \$0.5 million for the three months ended March 31, 2019 and 2018, respectively, and is recorded within hosted payload and other data service revenue within service revenue on the Company's condensed consolidated statements of operations and comprehensive income.

Both Aireon and Harris have made payments for their hosting agreements and will continue to do so. Future income with respect to the Company's operating leases in which it is the lessor existing at March 31, 2019, exclusive of the \$5.5 million recognized during the three months ended March 31, 2019, by year and in the aggregate, is as follows:

<b>Year Ending December 31,</b>	<b>Amount</b>
	<b>(in thousands)</b>
2019	\$ 16,084
2020	21,445
2021	21,445
2022	21,445
2023	21,445
Thereafter	141,797
<b>Total lease income</b>	<b>\$ 243,661</b>

## **6. Debt**

### *Credit Facility*

In October 2010, the Company entered into its \$1.8 billion Credit Facility with a syndicate of bank lenders, which was amended and restated on March 9, 2018, and further amended on December 21, 2018. As of March 31, 2019, the Company reported an aggregate total of \$1,684.9 million in borrowings, including \$74.3 million of deferred financing costs, for a net balance of \$1,610.6 million in borrowings from the Credit Facility in the accompanying condensed consolidated balance sheet. Ninety-five percent of the Company's obligations under the Credit Facility are insured by BPIAE. Scheduled semi-annual principal repayments began on April 3, 2018, and are scheduled to be paid each March 30 and September 30. Interest is paid on the same date as the principal repayments.

As amended and restated, the Credit Facility (i) allowed the Company to issue \$360.0 million in senior unsecured notes (the "Notes"), (ii) delayed a portion of the principal repayments scheduled under the Credit Facility for 2018, 2019 and 2020 into 2023 and 2024 pursuant to an amended repayment installment schedule, (iii) allows the Company access to up to \$87.0 million from the DSRA in the future if its projected cash level falls below \$75.0 million, and (iv) adjusted the Company's financial covenants, including eliminating covenants that required the Company to receive cash flows from hosted payloads and adding a covenant that requires the Company to receive \$200.0 million in hosting fees from Aireon, the Company's primary hosted payload customer, by December 2023. In the event that (a) the Company's cash balance exceeds \$140.0 million after September 30, 2019 (subject to specified exceptions) or (b) the Company receives hosting fees from Aireon, the Company would be required pursuant to the Credit Facility to use 50% of such excess cash and up to \$200.0 million of hosting fees to prepay the Credit Facility. Pursuant to this provision, the Company has used the \$43.1 million in hosting fees received from Aireon to date to prepay the Credit Facility. In addition, if any of the Company's senior unsecured notes remain outstanding on October 15, 2022, which is six months prior to the scheduled maturity thereof, the maturity of all amounts remaining outstanding under the Credit Facility would be accelerated from September 30, 2024 to October 15, 2022. Lender fees incurred related to the amended and restated Credit Facility were \$10.3 million, which were capitalized as deferred financing costs and are being amortized over the remaining term.

Under the terms of the Credit Facility, as of March 31, 2019, the Company is required to maintain a minimum cash reserve within the DSRA of \$189.0 million, which is classified as restricted cash and cash equivalents on the accompanying condensed consolidated balance sheet. The Credit Facility is scheduled to mature in September 2024, subject to acceleration as described above. The Company was in compliance with all Credit Facility covenants as of March 31, 2019.

### *Senior Unsecured Notes*

On March 21, 2018, the Company issued the Notes, which bear interest at 10.25% per annum and mature on April 15, 2023. Interest is payable semi-annually on April 15 and October 15, beginning on October 15, 2018, and principal is repaid in full upon maturity. The proceeds of the Notes were used to prepay the outstanding Thales Alenia Space bills of exchange, including premiums paid, of approximately \$59.9 million issued pursuant to the FSD, replenish the DSRA under the Credit Facility to \$189.0 million, and to pay approximately \$44.4 million in Thales Alenia Space milestones previously expected to be satisfied by the issuance of bills of exchange. The proceeds of the Notes also provided the Company with sufficient cash to meet its liquidity needs, including principal and interest payments under the Credit Facility. As of March 31, 2019, the Company reported an aggregate total of \$360.0 million in borrowings under the Notes, including \$8.5 million of deferred financing costs, for a net balance of \$351.5 million in borrowings in the accompanying condensed consolidated balance sheet. As of March 31, 2019, based upon recent trading prices (Level 2 - market approach), the fair value of the Company's \$360.0 million in borrowings under the Notes due in 2023 was \$396.1 million. The Notes contain covenant requirements that apply to certain permitted financing actions, and are no more restrictive than the covenants in the Credit Facility. The Company was in compliance with all covenant requirements of the Notes as of March 31, 2019 and 2018.

### *Total Debt*

Total interest incurred during the three months ended March 31, 2019 and 2018 was \$36.4 million and \$29.1 million, respectively. Interest incurred includes amortization of deferred financing fees of \$6.4 million and \$6.5 million for the three months ended March 31, 2019 and 2018, respectively. Interest capitalized during the three months ended March 31, 2019 and 2018 was \$7.6 million and \$28.0 million, respectively. Capitalized interest on the Credit Facility is dependent upon the average balance of satellites in construction which has decreased as satellites are placed in service.

### **7. 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. The Company registered with the SEC 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 registered. On March 31, 2019, the remaining aggregate number of shares of the Company's common stock available for future grants under the Amended 2015 plan was 6,816,778. The Amended 2015 Plan provides for the grant of stock-based awards, including nonqualified stock options, incentive stock options, restricted stock, restricted stock units ("RSUs"), stock appreciation rights and other equity securities as incentives and rewards for employees, consultants and non-employee directors of the Company and its affiliated entities. The number of shares of common stock available for issuance under the Amended 2015 Plan is reduced by (i) one share for each share of common stock issued pursuant to an appreciation award, such as a stock option or stock appreciation right with an exercise or strike price of at least 100% of the fair market value of the underlying common stock on the date of grant, and (ii) 1.8 shares for each share of common stock issued pursuant to any stock award that is not an appreciation award, also known as a "full value award." The Amended 2015 Plan allows the Company to utilize a broad array of equity incentives and performance cash incentives in order to secure and retain the services of its employees, directors and consultants, and to provide long-term incentives that align the interests of its employees, directors and consultants with the interests of the Company's stockholders. The Company accounts for stock-based compensation at fair value.

### *Stock Option Awards*

The fair value of stock options is determined at the grant date using the Black-Scholes option pricing model. The stock option awards granted to employees generally (i) have a term of ten years, (ii) vest over four years 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.

During the three months ended March 31, 2019 and 2018, the Company granted approximately 139,000 and 161,000 stock options, respectively, to its employees, with an estimated aggregate grant date fair value of \$1.3 million and \$0.8 million, respectively.

### *Restricted Stock Units*

The RSUs granted to employees for service generally vest over four years, with 25% vesting on the first anniversary of the grant date and the remainder vesting ratably on a quarterly basis thereafter, subject to continued employment. The RSUs granted to non-employee directors generally vest in full on the first anniversary of the grant date. Some RSUs granted to employees for performance 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 fair value of the awards is 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 terms of the award.

#### *Service-Based RSUs*

The majority of the annual compensation the Company provides to members of its board of directors is paid in the form of RSUs. In addition, certain members of the Company's board of directors elect to receive the remainder of their annual compensation, or a portion thereof, in the form of RSUs. An aggregate amount of approximately 76,000 and 110,000 service-based RSUs were granted to its directors as a result of these payments and elections during the three months ended March 31, 2019 and 2018, respectively, with an estimated grant date fair value of \$1.4 million and \$1.3 million, respectively.

During the three months ended March 31, 2019 and 2018, the Company granted approximately 629,000 and 900,000 service-based RSUs, respectively, to its employees, with an estimated aggregate grant date fair value of \$14.6 million and \$10.7 million, respectively.

In January 2019, the Company granted approximately 7,000 service-based RSUs to non-employee consultants. The RSUs are generally subject to service-based vesting. The RSUs will vest 50% in January 2020, and the remaining 50% will vest quarterly thereafter through January 2021. The estimated aggregate grant date fair value of the RSUs granted to non-employee consultants during the three months ended March 31, 2019 was \$0.1 million. No RSUs were granted to non-employee consultants during the comparable period in 2018.

#### *Performance-Based RSUs*

In March 2019 and 2018, the Company granted approximately 125,000 and 474,000 annual incentive, performance-based RSUs, respectively, to the Company's executives and employees (the "Bonus RSUs"), with an estimated grant date fair value of \$2.9 million and \$5.6 million, respectively. Vesting of the Bonus RSUs is and was dependent upon the Company's achievement of pre-established performance goals over one year (fiscal year 2019 for the 2019 Bonus RSUs and fiscal year 2018 for the 2018 Bonus RSUs), and individual performance. 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 substantially all of the 2019 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 2019 Bonus RSUs will vest, subject to continued employment, in March 2020. Substantially all of the 2018 Bonus RSUs vested in March 2019 upon the determination of the level of achievement of the performance goals.

Additionally, in March 2019 and 2018, the Company granted approximately 96,000 and 134,000 long-term, performance-based RSUs, respectively, to the Company's executives (the "Executive RSUs"). The estimated aggregate grant date fair value of the Executive RSUs was \$2.2 million for the 2019 grants and \$1.6 million for the 2018 grants. Vesting of the Executive RSUs is dependent upon the Company's achievement of specified performance goals over two years (fiscal years 2019 and 2020 for the Executive RSUs granted in 2019 and fiscal years 2018 and 2019 for the Executive RSUs granted in 2018) and further subject to additional time-based vesting. Management believes it is probable that the Executive RSUs will vest at least in part. The vesting of Executive RSUs will ultimately range from 0% to 150% of the number of shares underlying the Executive RSUs granted based on the level of achievement of the performance goals. If the Company achieves the performance goals, 50% of the Executive 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 executive's continued service as of the vesting date.

## **8. 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 remain undesignated and unissued as of March 31, 2019.

### *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 (the "Series A Preferred Stock") in a private offering. During the three months ended March 31, 2018, the Company's daily volume-weighted average stock price remained at or above \$12.26 per share for a period of 20 out of 30 trading days, thereby allowing for the conversion of the Series A Preferred Stock at the election of the Company. On March 20, 2018, the Company converted all outstanding shares of its Series A Preferred Stock into shares of common stock, resulting in the issuance of 10,599,974 shares of common stock. The Company declared and paid all current and cumulative dividends to holders of record of Series A Preferred Stock as of March 8, 2018. As such, the Company paid cash dividends of \$7.0 million to the holders of the Series A Preferred Stock during the three months ended March 31, 2018. The Company no longer withholds undeclared dividends within this class of preferred stock, as all outstanding shares have been converted into common stock.

### *Series B Cumulative Perpetual Convertible Preferred Stock*

In May 2014, the Company issued 500,000 shares of its 6.75% Series B Cumulative Perpetual Convertible Preferred Stock (the "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 underwriter discount and \$0.4 million of offering costs.

As of March 31, 2019, there were 497,000 shares of Series B Preferred Stock outstanding. 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 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).

In connection with the conversion of the Series A Preferred Stock described above, the Company declared and paid all current and cumulative dividends to holders of record of Series B Preferred Stock as of March 8, 2018. The Company paid cash dividends of zero and \$8.4 million to holders of the Series B Preferred Stock during the three months ended March 31, 2019 and 2018, respectively. In compliance with the Credit Facility, subsequent to the \$8.4 million dividend payment in March 2018, the Company began the planned suspension of dividends to holders of the Series B Preferred Stock for five quarters, beginning with the dividend payment that otherwise would have been payable on June 15, 2018.

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, including (i) a daily volume-weighted average stock price of at least \$11.21 per share over a period of 20 trading days in a 30-day period and (ii) the payment of cumulative dividends. 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.

## 9. Revenue

The following table summarizes the Company's services revenue:

	Three Months Ended March 31,	
	2019	2018
	(in thousands)	
Commercial voice and data services	\$ 48,595	\$ 43,730
Commercial IoT data services	22,491	19,783
Hosted payload and other data services	13,865	4,229
Government services	22,000	22,000
<b>Total services</b>	<b>\$ 106,951</b>	<b>\$ 89,742</b>

The following table summarizes the Company's engineering and support services revenue:

	Three Months Ended March 31,	
	2019	2018
	(in thousands)	
Commercial	\$ 225	\$ 81
Government	5,501	3,543
<b>Total</b>	<b>\$ 5,726</b>	<b>\$ 3,624</b>

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and deferred revenue (contract liabilities) on the condensed consolidated balance sheets. The Company bills amounts under its agreed-upon contractual terms at periodic intervals (for services), upon shipment (for equipment), or upon achievement of contractual milestones or as work progresses (for engineering and support services). Billing may occur subsequent to revenue recognition, resulting in accounts receivable (contract assets). The Company may also receive payments from customers before revenue is recognized, resulting in deferred revenue (contract liabilities). The Company recognized revenue that was previously recorded as deferred revenue in the amounts of \$14.5 million and \$6.4 million for the three months ended March 31, 2019 and 2018. The Company has also recorded costs of obtaining contracts expected to be recovered in prepaid expenses and other current assets (contract assets or commissions), that are not separately disclosed on the condensed consolidated balance sheets. The commissions are recognized over the estimated prepaid usage period. The contract assets not separately disclosed are as follows:

	March 31, 2019	December 31, 2018
	(in thousands)	
<b>Contract Assets:</b>		
Commissions	\$ 938	\$ 1,010
Other contract costs	\$ 3,740	\$ 3,631

The primary impact of adopting the new revenue recognition standard as of January 1, 2018 related to the Company's prepaid service revenue and associated breakage. Under the new standard, the Company now estimates the expected revenue that will expire unused on an ongoing basis and recognizes this revenue in a manner consistent with the usage period. Upon adoption, the contract liability (deferred revenue associated with prepaid service revenue) was reduced by approximately \$15.7 million as a result of the change to include a breakage estimate over the usage period.

## 10. 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 outstanding convertible preferred securities is computed using the as-if converted method at the stated conversion rate. As noted above, the Series A Preferred Stock was converted into shares of common stock on March 20, 2018. 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 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 as follows:

	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>(in thousands, except per share data)</b>		
<b>Numerator:</b>		
Net income (loss) attributable to common stockholders	\$ (20,121)	\$ 7,613
Net income allocated to participating securities	—	(8)
Numerator for basic net income (loss) per share	(20,121)	7,605
Numerator for diluted net income (loss) per share	(20,121)	7,605
<b>Denominator:</b>		
Denominator for basic net income (loss) per share - weighted average outstanding common shares	113,038	100,686
Dilutive effect of stock options	—	2,172
Dilutive effect of contingently issuable shares	—	1,487
Denominator for diluted net income (loss) per share	113,038	104,345
Net income (loss) per share attributable to common stockholders - basic	\$ (0.18)	\$ 0.08
Net income (loss) per share attributable to common stockholders - diluted	\$ (0.18)	\$ 0.07

Due to the Company's net loss for the three months ended March 31, 2019, all potential common stock equivalents were anti-dilutive. For the three months ended March 31, 2019, 0.3 million unvested performance-based RSUs were not included in the computation of basic and diluted net loss per share as certain performance criteria had not been satisfied, and options to purchase 0.3 million shares of common stock were not included in the computation of diluted net loss per share, as the effect would be anti-dilutive. For the three months ended March 31, 2019, 16.6 million as-if converted shares of the Series B Preferred Stock were not included in the computation of diluted net loss per share, as the effect would be anti-dilutive.

For the three months ended March 31, 2018, options to purchase 0.3 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 0.3 million unvested performance-based RSUs were not included in the computation of basic and diluted net income per share, as certain performance criteria had not been satisfied. For the three months ended March 31, 2018, 9.2 million and 16.7 million as-if converted shares of the Series A Preferred Stock and Series B Preferred Stock, respectively, were not included in the computation of diluted net income per share, as the effect would be anti-dilutive.

For the three months ended March 31, 2019, \$2.1 million unpaid dividends to holders of the Series B Preferred Stock were not declared or accrued as a result of all cash dividends being suspended, but such amounts were deducted to arrive at net loss attributable to common stockholders. For the three months ended March 31, 2018, there were no cumulative unpaid dividends to holders of the Series A Preferred Stock or the Series B Preferred Stock as all dividends were declared and released.

## 11. Related Party Transactions

### *Aireon LLC and Aireon Holdings LLC*

The Company's satellite constellation hosts the Aireon<sup>SM</sup> system, which provides a global air traffic surveillance service through a series of automatic dependent surveillance-broadcast ("ADS-B") receivers. The Company formed Aireon in 2011, with subsequent investments from the air navigation service providers ("ANSPs") of Canada, Italy, Denmark, Ireland and the United Kingdom, to develop and market this service. Aireon has contracted to pay the Company a fee to host the ADS-B receivers on its constellation, as well as data service fees for the delivery of the air traffic surveillance data. Pursuant to agreements with Aireon, Aireon will pay the Company fees of \$200.0 million to host the ADS-B receivers and additional power fees of approximately \$2.8 million per year (the "Hosting Agreement"), as well as data services fees of up to approximately \$19.8 million per year for the delivery of the air traffic surveillance data (the "Data Services Agreement"). The Aireon ADS-B receivers were activated on an individual basis as the satellite on which the receiver is hosted began carrying traffic. Pursuant to ASU 2016-02, the Company considers the agreement with Aireon related to the hosting as an operating lease. The Company had previously determined there was not sufficient support that Aireon would be able to make the payments due under the Hosting Agreement. Beginning in the second quarter of 2018, the Company began receiving payments due under the Hosting Agreement, and recognizing the related revenue. For the three months ended March 31, 2019, the Company recorded \$3.9 million related to this agreement.

In December 2018, in connection with Aireon's entry into a debt facility, we and the other Aireon investors contributed our interests in Aireon into a new holding company, Aireon Holdings LLC, and entered into an Amended and Restated Aireon Holdings LLC Agreement. Aireon Holdings holds 100% of the membership interests in Aireon, which remains the operating entity. At March 31, 2019, the Company had a fully diluted ownership stake in Aireon Holdings of approximately 35.7%, subject to certain redemption provisions contained in the Amended and Restated Limited Liability Company Agreement (the "Aireon Holdings LLC Agreement").

Under the Data Services Agreement, Aireon pays the Company monthly data service payments on a per satellite basis. The Company recorded data service revenue from Aireon of \$3.1 million and \$1.5 million for the three months ended March 31, 2019 and 2018, respectively.

Under two services agreements, the Company also provides administrative services and support services, including services relating to Aireon's hosted payload operations center to Aireon, which are paid monthly. Aireon receivables due to the Company under all agreements totaled \$1.4 million and \$1.0 million at March 31, 2019 and December 31, 2018, respectively.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

You should read the following discussion along with our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed on February 28, 2019 with the Securities and Exchange Commission, or the SEC, as well as our condensed consolidated financial statements included in this Form 10-Q.

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 development or otherwise are not statements of historical fact. Without limiting the foregoing, the words "believe," "anticipate," "plan," "expect," "intend" 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 described under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 filed on February 28, 2019 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.

### 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 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 sell our products and services to commercial end-users through a wholesale distribution network, encompassing approximately 110 service providers, approximately 240 value-added resellers, or VARs, and approximately 90 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.

At March 31, 2019, we had approximately 1,151,000 billable subscribers worldwide, representing an increase of 16% from approximately 996,000 billable subscribers at March 31, 2018. We have a diverse customer base, with end users in the following lines of business: land mobile, maritime, aviation, Internet of Things, or IoT, hosted payloads and other data services and U.S. government.

We recognize revenue from both the provision of services and the sale of equipment. Over the past several years, an increasing proportion of our revenue has been derived from service revenue, including revenue from hosting and data services, and we expect that trend to continue.

We recently completed the Iridium NEXT program, which replaced our first-generation constellation of satellites with upgraded satellites that support new services and higher data speeds for new products, at a cost of approximately \$3 billion. We deployed a total of 75 new satellites on eight Falcon 9 rockets launched by SpaceX, with 66 operational satellites, as well as in-orbit and ground spares, maintaining the same interlinked mesh architecture of our first-generation constellation.

Our new constellation also hosts the Aireon<sup>SM</sup> system, which provides a global air traffic surveillance service through a series of automatic dependent surveillance-broadcast, or ADS-B, receivers on the upgraded satellites. We formed Aireon LLC in 2011, with subsequent investments from the air navigation service providers, or ANSPs, of Canada, Italy, Denmark, Ireland and the United Kingdom, to develop and market this service. Aireon has contracted to provide the service to our co-investors in Aireon and other ANSPs. Aireon is also offering the service to other customers worldwide, including the U.S. Federal Aviation Administration, or FAA. Last year, the FAA announced that it will run operational trials of the Aireon system beginning in

2020. Aireon has contracted to pay us a fee to host the ADS-B receivers on our constellation, and made initial payments for a portion of its hosting fees to us in the amount of \$43.1 million during 2018. Aireon also pays us data service fees for the delivery of the air traffic surveillance data over the upgraded constellation on a per satellite basis, which will have one further increase one Aireon meets a customer milestone, which we expect in the second half of this year. 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 for the remaining hosted payload capacity which it has sold to its customers; Harris also pays us data service fees on behalf of these customers.

## Recent Developments

### *U.S. Government Contracts*

We provide maintenance services for the U.S. Department of Defense, or DoD, gateway pursuant to our Gateway Maintenance and Support Services, or GMSS, contract managed by the Air Force Space Command, or AFSPC. In September 2013, we entered into a GMSS contract. All options to extend the term were exercised and the contract expired at the end of March 2019. Prior to its expiration, we entered into a new GMSS contract. This new agreement is structured similar to the previous agreement and provides for a six-month base term and up to four additional one-year options exercisable at the election of the U.S. government. If the U.S. government elects to exercise all available one-year options, the total value of the contract to us will be approximately \$54.1 million. Pursuant to federal acquisition regulations, the U.S. government may terminate the GMSS contract, in whole or in part, at any time.

We provide airtime and airtime support to U.S. government and other authorized customers pursuant to our Enhanced Mobile Satellite Services, or EMSS, contract also managed by AFSPC. The EMSS contract, entered into in October 2013, provided for a five-year term. In October 2018, the U.S. government exercised its right under federal acquisition regulations to extend the contract for an additional six months, through April 21, 2019. On April 19, 2019, we executed an amendment to the EMSS contract to extend it for an additional one-month to continue to provide services to the U.S. government while we finalize the terms of a new EMSS contract. We expect the new agreement will be a five-year contract with revenues in all years greater than the final year of the existing EMSS contract. The fixed-price rate for the one-month bridge period is \$8.3 million. Under the terms of the bridge agreement, authorized customers will continue to utilize our airtime services, provided through the DoD's dedicated gateway, for an unlimited number of DoD and other federal subscribers. 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 bridge contract, in whole or in part, at any time.

## Material Trends and Uncertainties

Our industry and customer base has historically grown as a result of:

- demand for remote and reliable mobile communications services;
- a growing number of new products and services and related applications;
- a broad wholesale distribution network with access to diverse and geographically dispersed niche markets;
- increased demand for communications services by disaster and relief agencies, and emergency first responders;
- 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 maintain the health, capacity, control and level of service of our satellites;
- our ability to develop and launch new and innovative products and services;
- our ability to generate sufficient internal cash flows to support our ongoing business and to satisfy our debt service obligations;
- 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.

Comparison of Our Results of Operations for the Three Months Ended March 31, 2019 and 2018

(\$ in thousands)	Three Months Ended March 31,				Change	
	2019	% of Total Revenue	2018	% of Total Revenue	Dollars	Percent
<b>Revenue:</b>						
Services	\$ 106,951	80 %	\$ 89,742	75 %	\$ 17,209	19 %
Subscriber equipment	21,008	16 %	25,782	22 %	(4,774)	(19)%
Engineering and support services	5,726	4 %	3,624	3 %	2,102	58 %
Total revenue	133,685	100 %	119,148	100 %	14,537	12 %
<b>Operating expenses:</b>						
Cost of services (exclusive of depreciation and amortization)	22,521	17 %	18,952	16 %	3,569	19 %
Cost of subscriber equipment	12,431	9 %	15,214	13 %	(2,783)	(18)%
Research and development	3,611	3 %	4,583	4 %	(972)	(21)%
Selling, general and administrative	23,841	18 %	22,495	19 %	1,346	6 %
Depreciation and amortization	72,914	54 %	38,465	32 %	34,449	90 %
Total operating expenses	135,318	101 %	99,709	84 %	35,609	36 %
Operating income (loss)	(1,633)	(1)%	19,439	16 %	(21,072)	(108)%
<b>Other expense:</b>						
Interest expense, net	(25,804)	(20)%	(4,165)	(3)%	(21,639)	520 %
Other income (expense), net	(326)	—%	37	—%	(363)	(981)%
Total other expense, net	(26,130)	(20)%	(4,128)	(3)%	(22,002)	533 %
Income (loss) before income taxes	(27,763)	(21)%	15,311	13 %	(43,074)	(281)%
Income tax benefit (expense)	9,739	7 %	(3,839)	(3)%	13,578	(354)%
Net income (loss)	\$ (18,024)	(13)%	\$ 11,472	10 %	\$ (29,496)	(257)%

## Revenue

### Commercial Service Revenue

	Three Months Ended March 31,								
	2019			2018			Change		
	Revenue	Billable Subscribers <sup>(1)</sup>	ARPU <sup>(2)</sup>	Revenue	Billable Subscribers <sup>(1)</sup>	ARPU <sup>(2)</sup>	Revenue	Billable Subscribers	ARPU
	(Revenue in millions and subscribers in thousands)								
Commercial voice and data	\$ 48.6	358	\$ 45	\$ 43.7	354	\$ 41	\$ 4.9	4	\$ 4
Commercial IoT data	22.5	678	11.32	19.8	538	12.59	2.7	140	(1.27)
Hosted payload and other data services	13.9	N/A		4.2	N/A		9.7	N/A	
Total Commercial	\$ 85.0	1,036		\$ 67.7	892		\$ 17.3	144	

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

For the three months ended March 31, 2019, total commercial service revenue increased \$17.3 million, or 26%, primarily due to the increase in hosted payload and other data service revenue of \$9.7 million, or 231%. This increase was primarily due to revenue recognition from hosting services related to Aireon and Harris and increased data services due to an increase in the number of upgraded satellites in service. We recognized additional hosting data service revenue of \$2.3 million related to the usage and estimated breakage of prepaid data services on our hosted payloads. In addition, commercial voice and data revenue increased by \$4.9 million, or 11%, from the prior year period principally due to an increase in average revenue per unit resulting from certain price increases in access fees, roaming and growth in Iridium OpenPort<sup>®</sup> subscribers. Commercial IoT data revenue increased by \$2.7 million, or 14%, from the prior year period primarily due to a 26% increase in commercial IoT data billable subscribers with an increased mix of personal location products, partially offset by a decline in related ARPU.

We anticipate continued growth in billable commercial subscribers throughout 2019.

### Government Service Revenue

	Three Months Ended March 31,					
	2019		2018		Change	
	Revenue	Billable Subscribers <sup>(1)</sup>	Revenue	Billable Subscribers <sup>(1)</sup>	Revenue	Billable Subscribers
	(Revenue in millions and subscribers in thousands)					
Government service revenue	\$ 22.0	115	\$ 22.0	104	\$ —	11

(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 an extension of the five-year EMSS contract executed in October 2013 and managed by AFSPC. In October 2018, the U.S. government exercised its right under the federal acquisition regulations to extend the contract for an additional six months, through April 21, 2019. Under the terms of this agreement, authorized customers utilize certain 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 fee is not based on subscribers or usage, allowing an unlimited number of users access to such existing services. On April 19, 2019, we executed an amendment to the EMSS contract to extend it for an additional one-month to continue to provide services to the U.S. government while we finalize the terms of a new EMSS contract. We expect the new agreement will be a five-year contract with revenues in all years greater than the final year of the existing EMSS contract. The fixed-price rate for the one-month bridge period is \$8.3 million.

### Subscriber Equipment Revenue

Subscriber equipment revenue decreased by \$4.8 million, or 19%, for the three months ended March 31, 2019 compared to the prior year period, primarily due to a decrease in volume of handset sales and Iridium Pilot® unit sales. Handset volumes in 2018 were abnormally strong.

### Engineering and Support Service Revenue

	Three Months Ended March 31,		
	2019	2018	Change
	(Revenue in millions)		
Commercial	\$ 0.2	\$ 0.1	\$ 0.1
Government	5.5	3.5	2.0
Total	<u>\$ 5.7</u>	<u>\$ 3.6</u>	<u>\$ 2.1</u>

Engineering and support service revenue increased for the three months ended March 31, 2019 compared to the prior year period primarily as a result of an increase in the volume of contracted work for government agencies.

### 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 \$3.6 million, or 19%, for the three months ended March 31, 2019 from the prior year period, primarily as a result of increased volume of contracted engineering and support services, network operations and engineering costs associated with a greater number of upgraded satellites in service during the current period and higher levels of activity directed towards operating the completed system.

#### 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 decreased by \$2.8 million, or 18%, for the three months ended March 31, 2019 compared to the prior year period primarily due to decreased subscriber equipment revenue primarily from decreased volume of handset sales and Iridium Pilot unit sales.

#### Research and Development

Research and development expenses decreased by \$1.0 million, or 21%, for the three months ended March 31, 2019 compared to the prior year period due to decreased spend on devices for our new, upgraded network.

#### Selling, General and Administrative

Selling, general and administrative expenses that are not directly attributable to the sale of services or products include sales and marketing costs as well as employee-related expenses (such as salaries, wages, and benefits), legal, finance, information technology, facilities, billing and customer care expenses.

Selling, general and administrative expenses increased by \$1.3 million, or 6%, for the three months ended March 31, 2019 compared to the prior year period, primarily due to an increase in professional fees, including an increase in stock appreciation rights expense resulting from an increase in the share price of our common stock and an increase in employee-related expenses.

#### Depreciation and Amortization

Depreciation and amortization expense increased by \$34.4 million, or 90%, for the three months ended March 31, 2019 compared to the prior year period, primarily due to the increased number of new satellites in service during the first three months of 2019 as we completed the replacement of our first-generation satellites.

### Other Expense

#### Interest Income (Expense), Net

Interest expense, net increased \$21.6 million for the three months ended March 31, 2019 compared to the prior year period. The increase in interest expense is primarily related to a decrease in the credit facility interest being capitalized as the average balance of satellites in construction has decreased as additional satellites are launched and placed into orbit.

### ***Income Tax Benefit (Expense)***

For the three months ended March 31, 2019, our income tax benefit was \$9.7 million, compared to income tax expense of \$3.8 million for the prior year period. The decrease in income tax expense is primarily related to a decrease in net income before income taxes, compared to the prior year.

### ***Net Income (Loss)***

Net loss was \$18.0 million for the three months ended March 31, 2019, compared to net income of \$11.5 million for the prior year period, primarily resulting from the \$34.4 million increase in depreciation and amortization expense and the \$21.6 million increase in interest expense, net, as described above, partially offset by the \$14.5 million increase in total revenues and the \$13.6 million decrease in income tax expense as described above.

### **Liquidity and Capital Resources**

As of March 31, 2019, our total cash and cash equivalents balance was \$275.7 million. Our principal sources of liquidity are cash and cash equivalents, as well as internally generated cash flows. Our principal liquidity requirements over the next twelve months are primarily principal and interest on the Credit Facility, interest on the senior unsecured Notes and dividends on our Series B Preferred Stock.

The aggregate costs associated with the design, build and launch of the upgraded constellation and related infrastructure upgrades through the second quarter of 2019 are estimated to be approximately \$3 billion. We have paid for these costs using the substantial majority of our \$1.8 billion Credit Facility, which was fully drawn as of February 2017, together with cash and cash equivalents on hand and internally generated cash flows. As of March 31, 2019, we expect our remaining costs relating to the completion of our upgraded constellation to be less than \$60.0 million.

In March 2018, we issued \$360.0 million aggregate principal amount of Notes, before \$9.0 million of deferred financing costs, for net proceeds of \$351.0 million from the Notes. The Notes bear interest at 10.25% per annum and mature on April 15, 2023. Interest is payable semi-annually on April 15 and October 15, and outstanding principal amounts will be due in full upon maturity. The proceeds of the Notes were used to prepay amounts due to Thales Alenia Space, to replenish the debt service reserve account, or DSRA, under the Credit Facility and to pay Thales Alenia Space milestones previously expected to be satisfied by the issuance of additional bills of exchange. The proceeds of the Notes also provide us with additional cash to make principal and interest payments under our Credit Facility and interest payments on the Notes. We were in compliance with all covenants under the Notes as of March 31, 2019.

Also in March 2018, we amended and restated our Credit Facility by a supplemental agreement, which was effective upon the issuance of the Notes. As amended and restated, the Credit Facility (i) allowed us to issue the Notes, (ii) delayed a portion of the principal repayments scheduled under the Credit Facility for 2018, 2019 and 2020 into 2023 and 2024 pursuant to an amended repayment installment schedule, (iii) allows us to access up to \$87.0 million from the DSRA in the future if our projected cash level falls below \$75.0 million, and (iv) adjusted our financial covenants, including eliminating covenants that required us to receive cash flows from hosted payloads and adding a covenant that requires us to receive \$200.0 million in hosting fees from Aireon by December 2023. Under the Credit Facility, as amended to date, in the event that (a) our cash balance exceeds \$140.0 million after September 30, 2019 (subject to specified exceptions) or (b) we receive hosting fees from Aireon, we would be required to use 50% of such excess cash and up to \$200.0 million of hosting fees to prepay the Credit Facility. In addition, if any of the Notes remain outstanding on October 15, 2022, which is six months prior to the scheduled maturity of the Notes, the maturity of all amounts remaining outstanding under the Credit Facility would be accelerated from September 30, 2024 to October 15, 2022.

In March 2018, we converted all outstanding shares of our Series A Preferred Stock into shares of common stock, resulting in the issuance of approximately 10.6 million shares of common stock. In order to convert the Series A Preferred Stock, we declared and paid all current and cumulative dividends on our Series A Preferred Stock and Series B Preferred Stock in the amounts of \$7.0 million and \$8.4 million, respectively. In compliance with the Credit Facility, subsequent to the dividend payment, we began the planned suspension of dividends to holders of the Series B Preferred Stock for five quarters, beginning with the June 2018 dividend payment. The terms of our Series B Preferred Stock provide that, beginning in May 2019, we may cause the conversion of the outstanding shares of our Series B Preferred Stock into common stock, subject to specified conditions, including (i) a daily volume-weighted average stock price of at least \$11.21 per share over a period of 20 trading days in a 30-day period and (ii) the payment of cumulative dividends. Based on the current market price of our common stock, we expect to be able to cause the conversion of the Series B Preferred Stock prior to the completion of the five-quarter deferral period. However, prior to any such conversion, we will be required to declare and pay all dividends in arrears on the Series B Preferred Stock.

As of March 31, 2019, we reported \$1,684.9 million in borrowings under the Credit Facility in our condensed consolidated balance sheet, net of \$74.3 million of deferred financing costs, for an aggregate balance of \$1,610.6 million under the Credit Facility. Pursuant to the Credit Facility, we maintain the DSRA. As of March 31, 2019, the DSRA balance was \$193.0 million, which is classified as restricted cash and cash equivalents in our condensed consolidated balance sheet. This amount includes a minimum cash reserve for debt service related to the Credit Facility as well as the interest earned on these amounts. 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 Iridium NEXT program) through the year ending December 31, 2024;
- a debt service coverage ratio, measured during the repayment period, of not less than 1.5 to 1, measured each June 30 and December 31 through the year ending December 31, 2020, not less than 1.25 to 1 for June 30 and December 31, 2021, and not less than 1.5 to 1, for each June 30 and December 31 thereafter through 2024;
- specified maximum leverage levels during the repayment period that decline from a ratio of 7.64 to 1 for the twelve months ending June 30, 2019 to a ratio of 2.00 to 1 for the twelve months ending December 31, 2024; and
- a requirement that we receive at least \$200.0 million in hosting fees from Aireon by December 31, 2023.

Our available cash balance, as defined by the Credit Facility, was \$275.7 million as of March 31, 2019. Our debt-to-equity ratio was 0.53 to 1 as of December 31, 2018, the last point at which it was required to be measured. Our debt service coverage ratio was 3.4 as of December 31, 2018, the last point at which it was required to be measured, and our leverage was 5.9 to 1 for the twelve months ending December 31, 2018, the last point at which it was required to be measured. We were also in compliance with the annual capital expenditures covenant as of December 31, 2018, the last point at which it was required to be measured.

The covenant regarding capital expenditures is 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 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, 2018, the last point at which it was measured, we had an available cure amount of \$62.5 million, 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. The covenants under the Notes are no more restrictive than the covenants under the Credit Facility.

## Cash Flows

The following table summarizes our cash flows:

	Three Months Ended March 31,		
	2019	2018	Change
	(in thousands)		
Cash provided by operating activities	\$ 48,120	\$ 58,277	\$ (10,157)
Cash used in investing activities	\$ (44,643)	\$ (91,245)	\$ 46,602
Cash (used in) provided by financing activities	\$ (1,360)	\$ 264,556	\$ (265,916)

### Cash Flows from Operating Activities

Net cash provided by operating activities for the three months ended March 31, 2019 decreased by \$10.2 million from the prior year period principally due to the decrease in net income and to an increase in working capital related to the timing of working capital requirements.

### Cash Flows from Investing Activities

Net cash used in investing activities for the three months ended March 31, 2019 decreased by \$46.6 million compared to the prior year period primarily due to a decrease in capital expenditures as we finish making payments for the construction of our upgraded constellation.

### Cash Flows from Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2019 decreased by \$265.9 million from the prior year period primarily due to the issuance of the Notes in March 2018, which was offset by related transactions in the prior period, including deferred financing fees, extinguishment of the Thales Alenia Space bills of exchange and the payment of cumulative preferred dividends. See [Note 6](#) to our condensed consolidated financial statements included in this report for further discussion of our indebtedness.

## 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.

## Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. The preparation of these financial statements requires the use of estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to revenue recognition, useful lives of property and equipment, long-lived assets and other intangible assets, deferred financing costs, income taxes, stock-based compensation, 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. There have been no changes to our critical accounting policies from those described in our Annual Report on Form 10-K for the year ended December 31, 2018.

## Recent Accounting Pronouncements

Refer to [Note 2](#) to our condensed consolidated financial statements for a full description of recent accounting pronouncements and recently adopted pronouncements.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

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

We have outstanding an aggregate of \$1,684.9 million under the Credit Facility as of March 31, 2019. 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. A one-half percentage point increase or decrease in the LIBOR would not have had a material impact on our interest cost for the three months ended March 31, 2019.

The interest rate under the Notes is fixed, and as a result we are not exposed to fluctuations in interest rates with respect to our obligations under the Notes.

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents, marketable securities, accounts receivable and accounts payable. At times we maintain cash and cash equivalent deposit balances in excess of Federal Deposit Insurance Corporation limits, and we may have marketable securities balances in excess of Securities Investment Protection Corporation limits. However, we maintain our cash, cash equivalents and marketable securities with financial institutions with high credit ratings. The majority of our cash is invested into funds that invest in or are collateralized by U.S. government-backed securities. We invest in marketable securities consisting of U.S. treasury notes, fixed income debt instruments and commercial paper debt instruments with fixed interest rates and maturity dates within one year of original purchase. Due to the credit quality and nature of these debt instruments, we do not believe there has been a significant change in our market risk exposure since December 31, 2018. 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.

### **ITEM 4. 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, as of the end of the period covered by this report, 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.

#### *Changes in Internal Control Over Financial Reporting*

During the quarter ended March 31, 2019, 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.

**PART II.**

**OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS.**

None.

**ITEM 1A. RISK FACTORS.**

Our business is subject to risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our securities. In addition to the other information set forth in this quarterly report on Form 10-Q, you should carefully consider the factors described in “Part I, Item 1A. Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the Securities and Exchange Commission on February 28, 2019.

There have been no material changes from the risk factors described in the annual report.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

**ITEM 4. MINE SAFETY DISCLOSURES.**

Not applicable.

**ITEM 5. OTHER INFORMATION.**

None.

**ITEM 6. EXHIBITS.**

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

Exhibit	Description
10.1††	<a href="#"><u>Amendment No. 34 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 1, 2019.</u></a>
10.2*	<a href="#"><u>Iridium Communications Inc. 2019 Performance Bonus Plan.</u></a>
10.3*	<a href="#"><u>Amended and Restated Performance Share Program established under the Iridium Communications Inc. Amended and Restated 2015 Equity Incentive Plan.</u></a>
10.4*	<a href="#"><u>Transition Agreement between the Registrant and S. Scott Smith, dated as of March 15, 2019.</u></a>
10.5*	<a href="#"><u>Executive Employment Agreement between the Registrant and Suzanne E. McBride, dated as of February 11, 2019.</u></a>
31.1	<a href="#"><u>Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as adopted pursuant to section 302 of The Sarbanes-Oxley Act of 2002.</u></a>
31.2	<a href="#"><u>Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as adopted pursuant to section 302 of The Sarbanes-Oxley Act of 2002.</u></a>
32.1**	<a href="#"><u>Certifications of Principal Executive Officer and Principal Financial Officer pursuant to Rules 13a-14(b) and 15d-14(b) promulgated under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to section 906 of The Sarbanes-Oxley Act of 2002.</u></a>
101	The following financial information from the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, filed with the Securities and Exchange Commission on April 23, 2019, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at March 31, 2019 and December 31, 2018; (ii) Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the three months ended March 31, 2019 and 2018; (iii) Condensed Consolidated Statements of Changes in Stockholders' Equity for the three months ended March 31, 2019 and 2018; (iv) Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2019 and 2018; and (v) Notes to Condensed Consolidated Financial Statements.

†† Certain portions of this exhibit have been omitted because they are not material and would likely cause competitive harm to the Company if publicly disclosed.

\* Denotes compensatory plan, contract or arrangement.

\*\* These certifications are being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

## SIGNATURES

Pursuant to the requirements 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.

By: /s/ Thomas J. Fitzpatrick  
Thomas J. Fitzpatrick  
Chief Financial Officer  
(as duly authorized officer and as principal financial officer of the registrant)

Date: April 23, 2019

**CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [\*\*\*], HAS BEEN OMITTED BECAUSE IT IS NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE COMPANY IF PUBLICLY DISCLOSED**

**AMENDMENT N° 34**

**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**

Execution Copy

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## PREAMBLE

This Amendment N° 34 (the "Amendment") to the Full Scale System Development Contract No. IS-10-021 signed on June 1, 2010 between Iridium Satellite LLC and Thales Alenia Space France for the Iridium NEXT System, as amended, (the "Contract") is entered into on this 1st day of March, 2019 by and between Thales Alenia Space France, a company organized and existing under the laws of France, having its registered office at 26 avenue Jean François Champollion 31100 Toulouse – FRANCE ("Contractor"), and Iridium Satellite LLC, a limited liability company organized under the laws of Delaware, having an office at 1750 Tysons Boulevard, Suite 1400, McLean, VA 22102 - USA ("Purchaser").

## RECITALS

**WHEREAS**, Purchaser and Contractor have engaged in discussions relating to changes the Parties would like to incorporate in the Contract; and

**WHEREAS**, the Parties now desire to amend Article 4 and Exhibit D of the Contract in accordance with the terms and conditions provided for in the Amendment.

**NOW, THEREFORE**, in consideration of the premises and for good and valuable consideration, the receipt and adequacy of which are hereby expressly acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

**Article 1:** Capitalized terms used but not defined in this Amendment shall have the meanings ascribed thereto in the Contract or any amendments thereto, as the case may be.

**Article 2:** The Parties have agreed that Contractor shall update the [\*\*\*] as set forth in [\*\*\*], as approved by the Parties.

**Article 3:** The Base Contract Price set forth in Article 4.1 of the Contract is hereby increased by the amount of [\*\*\*] U.S. Dollars (US\$[\*\*\*]) to a new Base Contract Price of no more than [\*\*\*] U.S. Dollars (US\$[\*\*\*]).

**Article 4:** The Payment Plan is hereby revised by the addition of the following new Milestones.

M/S No.	Milestone	Months after EDC	Planned Date	USD
***	***	***	***	***
***	***	***	***	***

**Article 5:** This Amendment may be executed and delivered (including via facsimile or other electronic means) in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

**Article 6:** All other provisions of the Contract not expressly referred to in this Amendment remain in full force and effect.

**IN WITNESS WHEREOF**, the Parties have executed this Amendment by their duly authorized officers as of the date set forth in the Preamble.

**IRIDIUM SATELLITE LLC**

**THALES ALENIA SPACE FRANCE**

/s/ Suzi McBride

/s/ Denis Allard

Suzi McBride

Denis Allard

Chief Operating Officer

Vice President

Iridium Program Director

Execution Copy Iridium / Thales Alenia Space Confidential & Proprietary

**IRIDIUM COMMUNICATIONS INC.  
2019 PERFORMANCE BONUS PLAN**

**1. Purpose.** As part of its employee compensation program, Iridium Communications Inc. (the “*Company*”) has designed this 2019 Performance Bonus Plan (the “*Bonus Plan*”) for the 2019 calendar year. The Bonus Plan provides Participants with incentive awards, paid in restricted stock units granted pursuant to the Iridium Communications Inc. Amended and Restated 2015 Equity Incentive Plan (the “*A&R 2015 Plan*”) and cash, based on the achievement of corporate and individual performance goals.

**2. Definitions.** Defined terms not explicitly defined in the Bonus Plan but defined in the A&R 2015 Plan shall have the same definitions as in the A&R 2015 Plan.

(a) “*Actual Bonus Award*” means, with respect to each Participant, the award determined pursuant to Section 5(g).

(b) “*Affiliate*” means any parent or subsidiary of the Company.

(c) “*Base Compensation*” means the base salary or consulting fees, as applicable, actually earned by a Participant during the Performance Period. Such Base Compensation shall be before both (i) deductions for taxes or benefits, and (ii) deferrals of compensation pursuant to Company-sponsored plans.

(d) “*Board*” means the Board of Directors of the Company.

(e) “*Bonus Pool*” means, with respect to the Performance Period, the bonus pool established under the Bonus Plan for the payment of Actual Bonus Awards to Participants that are not Officer Participants.

(f) “*Code*” means the Internal Revenue Code of 1986, as amended.

(g) “*Committee*” means the Compensation Committee of the Board or a subcommittee thereof.

(h) “*Common Stock*” means the common stock of the Company.

(i) “*Corporate Achievement Determination Date*” means the date or dates upon which the Committee determines the Company’s level of achievement of the Corporate Performance Goals for the Performance Period and calculates the Bonus Pool for the Performance Period.

(j) “*Corporate Achievement Factor*” means, with respect to the Performance Period, the percentage determined by the Committee based on the Company’s achievement of the Corporate Performance Goals during the Performance Period.

(k) “*Corporate Performance Goals*” means the corporate goal(s) (or combined goal(s)) determined by the Committee, in its sole discretion. The goals may relate to the Company, one or more of its Affiliates or one or more of its or their divisions or units, or any combination of the

foregoing, and may be applied on an absolute basis and/or be relative to one or more peer group companies or indices, or any combination thereof, all as the Committee will determine.

(l) “**Corporate Performance Goal Determination Date**” means the date or dates upon which the Committee sets the Corporate Performance Goals with respect to the Performance Period.

(m) “**Designated Officer**” means one or more officers of the Company who are designated by the Committee to administer the Bonus Plan with respect to Participants who are not Officer Participants in accordance with Section 3(c).

(n) “**Maximum Bonus Award**” means, as to any Participant for the Performance Period, the maximum award that may be granted to the Participant under the Bonus Plan.

(o) “**Officer Participant**” means a Participant that is an officer of the Company who is regularly employed (full or part time) during the Performance Period at the level of Executive Vice President or above and who is subject to Section 16 of the Securities Exchange Act of 1934, as amended .

(p) “**Participant**” means an employee or consultant of the Company or an Affiliate who is eligible to participate in the Bonus Plan pursuant to Section 4.

(q) “**Payout Determination Date**” means the date or dates following the end of the Performance Period on which the Committee or the Designated Officer, as applicable, determines (i) the Actual Bonus Awards payable to the Participants, as applicable, with respect to the completed Performance Period, in accordance with Section 5(g) and (ii) the vesting amount of any Restricted Stock Units granted to the Participants, as applicable, with respect to such Actual Bonus Awards.

(r) “**Performance Period**” means the 2019 calendar year.

(s) “**Personal Performance Factor**” means, with respect to the Performance Period, the percentage determined by the Committee or Designated Officer, as applicable, based on the Participant’s personal performance during the Performance Period.

(t) “**Restricted Stock Unit**” means a right to receive one share of Common Stock granted as a Restricted Stock Unit Award (as defined in the A&R 2015 Plan) pursuant to the terms and conditions of the A&R 2015 Plan.

(u) “**Target Bonus Award**” means the target bonus award potentially payable to a Participant in accordance with the target bonus percentage set forth in the Participant’s offer letter or other written agreement between the Participant and the Company, as such offer letter or agreement may be amended from time to time, or as otherwise determined or approved with respect to a Participant by the Committee or Designated Officer, as applicable. A Participant’s Target Bonus Award equals the product of such target bonus percentage and the Participant’s Base Compensation.

(v) “**Vesting Date**” means the Payout Determination Date or such later date, as determined by the Committee or Designated Officer, as applicable, but in each case not later than March 15, 2020.

### 3. Plan Administration.

(a) The Committee shall have the authority to adopt Corporate Performance Goals and to determine the Corporate Achievement Factor for the Performance Period with respect to all Participants.

(b) The Committee shall be responsible for the general administration and interpretation of the Bonus Plan and for carrying out its provisions. The Committee may delegate some or all of the administration of the Bonus Plan to officers or other employees of the Company, as necessary or desirable for proper administration of the Bonus Plan. The Committee shall have such powers as may be necessary to discharge its duties under the Bonus Plan, including, but not by way of limitation, the following:

(i) to determine eligibility and the amount, form, manner and time of payment of any Actual Bonus Awards under the Bonus Plan, including authority to determine a Participant's Personal Performance Factor, provided that any Restricted Stock Units granted under the A&R 2015 Plan in accordance with the Bonus Plan shall be approved and administered in accordance with the terms of the A&R 2015 Plan;

(ii) to construe and interpret the terms of the Bonus Plan;

(iii) to prescribe forms and procedures for purposes of Bonus Plan participation and distribution of Actual Bonus Awards; and

(iv) to adopt rules and to take such actions as it deems necessary or desirable for the proper administration of the Bonus Plan.

(c) Notwithstanding the foregoing, subject to Section 3(a), the Designated Officer is delegated concurrent authority for the general administration and interpretation of the Bonus Plan and for carrying out its provisions with respect to each Participant that is not an Officer Participant, and the Designated Officer will have concurrent authority to take all actions set forth in Section 3(b) with respect to the administration of the Bonus Plan related to Participants that are not Officer Participants. The Committee may, at any time, abolish the powers and authority delegated to the Designated Officer. The Committee retains the authority to concurrently administer the Plan with respect to all Participants and retains the sole authority to administer the Plan with respect to Officer Participants.

(d) Any rule or decision by the Committee, or with respect to Participants that are not Officer Participants, the Designated Officer, that is not inconsistent with the provisions of the Bonus Plan shall be conclusive and binding on all persons and shall be given the maximum deference permitted by law.

**4. Eligibility.** Employees of the Company or an Affiliate who are regularly employed (full or part time) during the Performance Period and certain consultants of the Company or an Affiliate designated by the Committee or Designated Officer, as applicable from time to time, in each case who are eligible for awards under the A&R 2015 Plan, are eligible to participate in the Bonus Plan.

Participation in the Bonus Plan is at the discretion of the Committee or the Designated Officer, as applicable. If an employee's employment or a consultant's service with the Company or an Affiliate commences after the beginning of the Performance Period, the Committee or the Designated Officer, as applicable, shall have the discretion to determine whether and on what basis (for example, an Actual Bonus Award that is pro-rated based on completed months of service during the Performance Period) such employee or consultant will be eligible to participate in the Bonus Plan. If the Participant's Target Bonus Award changes during the Performance Period because of a change in the target bonus percentage set forth in the Participant's offer letter or other written agreement with the Company, the Participant's Target Bonus Award will be pro-rated based on the number of days during the Performance Period when each of the target bonus percentages was in effect. A Participant must be employed by, or in the service of, the Company or an Affiliate through the payment date to earn any portion of an Actual Bonus Award paid in cash under the Bonus Plan; if the Participant's employment or service terminates before such payment date, such Participant shall not be eligible to receive such portion of the Actual Bonus Award, in each case except to the extent an applicable severance plan or an individual employment, retention, or other written agreement between the Company and such Participant provides for payment of any portion of an annual performance bonus in connection with a qualifying termination of employment. A Participant must be employed by, or in the service of, the Company or an Affiliate through the Vesting Date to earn any portion of an Actual Bonus Award paid in the form of Restricted Stock Units; if the Participant's employment or service terminates before the Vesting Date, such Restricted Stock Units granted to the Participant pursuant to this Bonus Plan with respect to the Performance Period shall be forfeited, in each case except to the extent an applicable severance plan or an individual employment, retention, or other written agreement between the Company and such Participant provides for payment of any portion of an annual performance bonus in connection with a qualifying termination of employment resulting in the accelerated vesting of any such Restricted Stock Units. If a Participant is on a leave of absence for a portion of the Performance Period or is not providing service during a portion of the Performance Period, at the discretion of the Committee or the Designated Officer, as applicable, such Participant shall be eligible for an Actual Bonus Award under the Bonus Plan based on actual salary or fees, as applicable, earned during the Performance Period (exclusive of any salary replacement benefits paid during the leave through insurance).

## 5. How the Bonus Plan Works.

(a) **Bonus Plan Components.** The Bonus Plan components are: (i) the Corporate Performance Goals; (ii) the Corporate Achievement Factor; (iii) the Target Bonus Award; (iv) the Bonus Pool; (v) the Maximum Bonus Award, (vi) the Personal Performance Factor; and (vii) the Actual Bonus Award.

(b) **Corporate Performance Goals.** On the Corporate Performance Goal Determination Date, the Committee, in its sole discretion, shall establish the Corporate Performance Goals for the Performance Period. The Corporate Performance Goals for the Performance Period are set forth in **EXHIBIT A** of the Bonus Plan.

(c) **Corporate Achievement Factor.** On the Corporate Achievement Determination Date, the Committee, in its sole discretion, shall determine the Company's level of achievement of the Corporate Performance Goals and the resulting Corporate Achievement Factor.

(d) **Target Bonus Award.** On the Corporate Performance Goal Determination Date, the Committee or the Designated Officer, as applicable, shall calculate each Participant's Target Bonus Award. In addition, the Committee or the Designated Officer, as applicable, shall recalculate each Participant's Target Bonus Award on the Corporate Achievement Determination Date to account for any changes to any Participant's Target Bonus Award as set forth in Section 4.

(e) **Bonus Pool for Participants that are not Officer Participants.** On the Corporate Achievement Determination Date, the Committee or the Designated Officer, as applicable, shall calculate the Bonus Pool for the payment of Bonus Awards to Participants that are not Officer Participants, which shall equal, in dollars, the product of (i) the sum of the Target Bonus Awards for all Participants that are not Officer Participants and (ii) the Corporate Achievement Factor. The Company is under no obligation to pay out in Actual Bonus Awards the entire Bonus Pool. The Designated Officer shall allocate the Bonus Pool to Participants that are not Officer Participants based on each Participant's Personal Performance Factor in accordance with Sections 5(f) and 5(g), but in no event may the sum of the Actual Bonus Awards payable to all Participants who are not Officer Participants under the Bonus Plan exceed the Bonus Pool.

(f) **Personal Performance Factor.** On the Payout Determination Date, the Committee or the Designated Officer, as applicable, shall determine a Personal Performance Factor for each Participant ranging from 0% to 150%. A Participant's Personal Performance Factor may be based upon the Committee's or the Designated Officer's, as applicable, assessment of the Participant's performance against personal goals during the Performance Period that are established and reviewed in connection with the Company's annual review process, or any additional factors the Committee or the Designated Officer, as applicable considers relevant.

(g) **Actual Bonus Awards.** On the Payout Determination Date, Actual Bonus Awards for Officer Participants and Participants that are not Officer Participants shall be determined by the Committee or the Designated Officer, as applicable, as follows, provided, however, that notwithstanding any contrary provision of the Bonus Plan, (i) the Committee or the Designated Officer, as applicable, in its sole discretion, may eliminate or reduce the Actual Bonus Award payable to any Participant below that which otherwise would be payable hereunder in its discretion, including but not limited to elimination or reduction based upon the Participant's Personal Performance Factor, reducing any Actual Bonus Award to \$0 and the forfeiture of Restricted Stock Units granted pursuant to Section 6, and (ii) the Maximum Bonus Award that may be earned by any Participant is 200% of his or her Target Bonus Award.

(i) **Officer Participants.** On the Payout Determination Date, the Committee shall determine the Actual Bonus Award earned by each Officer Participant by multiplying (i) the Officer Participant's Target Bonus Award by (ii) the Corporate Achievement Factor and by (iii) the Officer Participant's Personal Performance Factor, and shall determine the performance vesting of the Restricted Stock Units granted to the Officer Participant pursuant to this Bonus Plan. For example, assuming an Officer Participant's Target Bonus Award equals \$250,000, the Corporate

Achievement Factor equals 120% and the Participant's Personal Performance Factor equals 100%, the Participant's Actual Bonus Award would be \$300,000 ( $\$250,000 \times 120\% \times 100\%$ ).

**(ii) Other Participants.** On the Payout Determination Date, the Committee or the Designated Officer shall determine the Actual Bonus Award earned by each Participant that is not an Officer Participant by multiplying (i) the Participant's Target Bonus Award by (ii) the Corporate Achievement Factor and by (iii) the Participant's Personal Performance Factor, and shall determine the performance vesting of the Restricted Stock Units granted to the Participant pursuant to this Bonus Plan; provided, however, in no event shall the sum of the Actual Bonus Awards payable to all Participants that are not Officer Participants exceed the amount of the Bonus Pool. For example, assuming a Participant's Target Bonus Award equals \$60,000, the Corporate Achievement Factor equals 120% and the Participant's Personal Performance Factor equals 100%, the Participant's Actual Bonus Award would be \$72,000 ( $\$60,000 \times 120\% \times 100\%$ ).

## 6. Actual Bonus Award Payment.

**(a) Right to Receive Payment.** Each Actual Bonus Award under the Bonus Plan shall be paid solely from the general assets of the Company, or as applicable, the issuance of shares of Common Stock pursuant to Restricted Stock Units. Nothing in the Bonus Plan shall be construed to create a trust or to establish or evidence any Participant's claim of any right to payment of an Actual Bonus Award other than as an unsecured general creditor with respect to any payment to which he or she may be entitled.

**(b) Form of Payment of Actual Bonus Awards.** Except as otherwise determined by the Committee or the Designated Officer, as applicable, subject to Section 4, the Company shall distribute all Actual Bonus Awards to the Participants as follows.

**(i) Equity Portion of Actual Bonus Award.** A portion of a Participant's Actual Bonus Award equal in value to twenty (20) percent of the Participant's Target Bonus Award (determined as of the Corporate Performance Goal Determination Date) will be paid in the form of Restricted Stock Units. The Restricted Stock Units shall be granted to each Participant under the A&R 2015 Plan on such date as the Committee shall determine in its sole discretion (in each case, the "**Grant Date**"), and shall vest on the Vesting Date, subject to the Participant's Continuous Service (as defined in the A&R 2015 Plan) through the Vesting Date (except to the extent an applicable severance plan or an individual employment, retention or other written agreement between the Company and the Participant provides for payment of any portion of an annual performance bonus in connection with a qualifying termination of employment resulting in the accelerated vesting of any such Restricted Stock Units) and level of achievement of the Corporate Achievement Factor and Personal Performance Factor as set forth in this Section 6(b). The level of achievement of the Corporate Achievement Factor and the Participant's Personal Performance Factor shall apply first to the vesting of the Restricted Stock Units and then to the payment of any portion of a Participant's Bonus Award in cash in accordance with Section 6(b)(ii). The number of shares of Common Stock subject to the Restricted Stock Units granted to each Participant shall be equal to (x) twenty (20) percent of the Participant's Target Bonus (determined as of the Corporate Performance Goal Determination Date), divided by (y) the fair market value of a share of Common Stock on the Grant Date (as determined in accordance with the terms of the A&R 2015 Plan) (the "**Grant Date FMV**"),

rounded down to the nearest whole share. The dollar amount of the portion of twenty (20) percent of any Participant's Target Bonus Award that exceeds the value of the shares of Common stock subject to the Restricted Stock Units granted to such Participant as of the Corporate Performance Goal Determination Date due to rounding down to the nearest whole share, if any, may, at the discretion of the Committee or the Designated Officer, as applicable, be paid in cash when the Participant's Actual Bonus Award is otherwise scheduled to be paid in accordance with the terms of the Bonus Plan, provided that the product of the Corporate Achievement Factor and the Personal Performance Factor for the Participant is equal to or greater than twenty (20) percent. The Restricted Stock Units shall be subject to the terms of the A&R 2015 Plan and a form of restricted stock unit agreement as determined by the Committee in its sole discretion and shall be settled in accordance with the terms of such restricted stock unit agreement. Subject to the terms and conditions of this Bonus Plan, the number of Restricted Stock Units granted to a Participant pursuant to this Section 6(b)(i) that are eligible to vest on the Vesting Date, if any, shall equal (x) the dollar amount of the Participant's Actual Bonus Award actually earned by the Participant and determined in accordance with Section 5(g), divided by (y) the Grant Date FMV, rounded down to the nearest number of whole shares, subject to a limit on vesting equal to 100% of the number of Restricted Stock Units granted to the Participant with respect to the Performance Period pursuant to this Bonus Plan. In no event may any Participant vest in, or have any entitlement to, a number of Restricted Stock Units under the terms of this Bonus Plan that exceeds 100% of the number of Restricted Stock Units actually granted to the Participant pursuant to this Bonus Plan. Any Restricted Stock Units that do not vest in accordance with this Section 6(b)(i) shall be forfeited and terminated for no consideration on the Vesting Date, provided that a Participant shall forfeit all of his or her Restricted Stock Units granted in accordance with this Section 6(b) upon termination of Continuous Service (as defined in the A&R 2015 Plan) for any reason prior to the Vesting Date, except to the extent an applicable severance plan or an individual employment, retention, or other written agreement between the Company and such Participant provides for payment of any portion of an annual performance bonus in connection with a qualifying termination of employment resulting in the accelerated vesting of any such Restricted Stock Units. Notwithstanding the foregoing, the Committee may, subject to the consent of a Participant, pay any portion of an Actual Bonus Award that is greater than or less than twenty (20) percent of the Participant's Target Bonus Award (determined as of the Corporate Performance Goal Determination Date) in the form of Restricted Stock Units, subject to the requirements of applicable law. Notwithstanding anything to the contrary set forth in this Bonus Plan, any Actual Bonus Award that becomes payable under this Bonus Plan to an employee or consultant that becomes a Participant in the Bonus Plan following March 1, 2019 but on or before October 1, 2019, may be paid in cash or in a combination of Restricted Stock Units and cash, in each case at the sole discretion of the Committee or the Designated Officer, as applicable.

**(ii) Cash Portion of Actual Bonus Award.** Subject to Sections 6(d), to the extent a Participant's Actual Bonus Award determined on the Payout Determination Date exceeds twenty (20) percent of the Participant's Target Bonus Award (determined as of the Corporate Performance Goal Determination Date) and the Participant was granted Restricted Stock Units in accordance with the terms of Section 6(b)(i), the remainder of a Participant's Actual Bonus Award (determined by subtracting the dollar amount of twenty (20) percent of the Target Bonus Award as of the Corporate Performance Goal Determination Date (without regard to the value of the Restricted Stock Units at any date) from the dollar amount of the Actual Bonus Award determined on the

Payout Determination Date), if any, shall be paid to the Participant in cash as soon as is practicable following the Payout Determination Date for the Performance Period, but in no event later than the 15th day of the third calendar month after the end of the calendar year in which the Participant's Actual Bonus Award is no longer subject to a substantial risk of forfeiture, within the meaning of Treasury Regulation Section 1.409A-1(d). Payments under this Bonus Plan shall be made in a manner that complies with Treasury Regulation Section 1.409A-1(b)(4) and this Bonus Plan shall be construed in accordance with such provision. To the extent the dollar amount of a Participant's Actual Bonus Award determined on the Payout Determination Date is greater than \$0 but less than twenty (20) percent of the Participant's Target Bonus Award on the Corporate Performance Goal Determination Date (determined as the dollar amount of the Target Bonus Award as of the Corporate Performance Goal Determination Date without regard to the value of the Restricted Stock Units at any date), the Participant shall not be entitled to any portion of his or her Actual Bonus Award paid in cash, and the Participant shall forfeit for no consideration any Restricted Stock Units that have not vested in accordance with this Section 6(b).

**(iii) Example.** Assume a Participant's Base Salary is \$120,000 and bonus target is 20% of Base Salary, such that the Participant's Target Bonus Award as of the Corporate Performance Goal Determination Date is \$24,000. Assume further that the fair market value of a share of Common Stock on the Grant Date of the Restricted Stock Units for the applicable Performance Period is \$10.00 per share. On the Grant Date the Participant shall be granted Restricted Stock Units with respect to 480 shares of Common Stock (\$24,000 multiplied by 20% divided by \$10.00) that are eligible to vest on the Vesting Date for the applicable Performance Period based upon the level of achievement and the Corporate Achievement Factor and the Participant's Personal Performance Factor. Assume further that the Committee determines that the Corporate Achievement Factor for the Performance Period is 100% and the Committee or the Designated Officer, as applicable, determines that the Participant's Personal Performance Factor is 120%. As a result of these determinations, the Participant is entitled to an Actual Bonus Award for the Performance Period equal to \$28,800 (\$24,000 x 100% x 120%). On the Payout Determination Date 480 shares subject to the Restricted Stock Units shall vest (\$28,800 Actual Bonus Award divided by \$10.00 (subject to a limit of 100% of Restricted Stock Units granted)). In addition, since Restricted Stock Units with a value of \$4,800 were granted to the Participant on the Grant Date, the cash portion of the Participant's Actual Bonus Award shall be \$24,000 (\$28,800 - \$4,800), paid in accordance with the terms of the Bonus Plan, regardless of the value of the Restricted Stock Units on the Payout Determination Date. Alternatively, assume that on the Payout Determination Date the Committee determines that the Corporate Achievement Factor is 60% and the Committee or the Designated Officer, as applicable, determines that the Participant's Personal Performance Factor for the Performance Period is 60%. As a result of these determinations, the Participant is entitled to an Actual Bonus Award for the Performance Period equal to \$3,840 (\$24,000 x 40% x 40%). The Participant will not be entitled to the payment of any portion of the Actual Bonus Award in cash, and the Participant will vest in only 384 Restricted Stock Units (\$3,840 Actual Bonus Award divided by \$10.00) and the remaining 96 Restricted Stock Units will be forfeited.

**(c) Tax Withholding.** The Company will withhold from any payments under the Bonus Plan and from any other amounts payable to a Participant by the Company any amount required to satisfy the income and employment tax withholding obligations arising under applicable federal

and state laws in respect of an Actual Bonus Award. Without limiting the foregoing, with respect to any portion of an Actual Bonus Award paid in Restricted Stock Units, the Company may, in its sole discretion, satisfy all or any portion of its tax withholding obligations by (i) causing a Participant to tender a cash payment, (ii) permitting or requiring a Participant to enter into a “same day sale” commitment, if applicable, with a broker-dealer whereby the Participant irrevocably elects to sell a portion of the shares of Common Stock to be delivered in connection with the settlement of the Restricted Stock Units to satisfy the Company’s withholding obligation and whereby the broker-dealer irrevocably commits to forward the proceeds necessary to satisfy the Company’s withholding obligation directly to the Company, or (iii) withholding from any shares of Common Stock otherwise issuable to a Participant upon settlement of Restricted Stock Units a number of whole shares having a fair market value as of the date of payment (as determined under the A&R 2015 Plan) not in excess of the minimum amount of tax required to be withheld by the Company by law. The Company may require the Participant to satisfy any remaining amount of the tax withholding obligations by tendering a cash payment. Each Participant is encouraged to contact his or her personal legal or tax advisors with respect to the benefits provided by the Bonus Plan. Neither the Company nor any of its employees, directors, officers or agents are authorized to provide any tax advice to Participants with respect to the benefits provided under the Bonus Plan.

**(d) Deferral.** The Committee or the Designated Officer, as applicable, in its sole discretion, may permit a Participant to defer receipt of the payment of any Actual Bonus Award in cash that would otherwise be delivered to a Participant under the Bonus Plan pursuant to Section 6(b). Any such deferral elections will comply with the requirements of Section 409A of the Code, and will be subject to such rules and procedures as will be determined by the Committee or the Designated Officer, as applicable, in its sole discretion.

**7. Amendment and Termination of the Bonus Plan.** The Committee may amend, modify, suspend or terminate the Bonus Plan, in whole or in part, at any time, including adopting amendments deemed necessary or desirable to correct any defect or to supply omitted data or to reconcile any inconsistency in the Bonus Plan or in any Actual Bonus Award granted hereunder; *provided, however*, that no amendment, alteration, suspension or discontinuation shall be made that would change the settlement dates of any Restricted Stock Units if such change would fail to comply with the requirements of Section 409A of the Code. At no time before the actual distribution of funds to Participants under the Bonus Plan or the vesting of Restricted Stock Units granted pursuant to the Bonus Plan shall any Participant accrue any vested interest or right whatsoever under the Bonus Plan except as otherwise stated in the Bonus Plan.

**8. No Guarantee of Employment.** The Bonus Plan is intended to provide a financial incentive to Participants and is not intended to confer any rights to continued employment or service upon Participants, whose employment or service will remain at-will and subject to termination by either the Company or Participant at any time, with or without cause or notice.

**9. Recovery.** Any amounts paid (or Restricted Stock Units granted) under this Bonus Plan will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company’s securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform

and Consumer Protection Act or other applicable law. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for “good reason” or “constructive termination” (or similar term) under any plan of or agreement with the Company.

**EXHIBIT A**

**2019 CORPORATE PERFORMANCE GOALS**

**IRIDIUM COMMUNICATIONS INC.  
2015 EQUITY INCENTIVE PLAN**

**AMENDED AND RESTATED PERFORMANCE SHARE PROGRAM**

**ADOPTION DATE: FEBRUARY 13, 2019**

**1. Purpose.** The Iridium Communications Inc. Amended and Restated Performance Share Program (the “**A&R Program**”), established under the amended and restated Iridium Communications Inc. 2015 Equity Incentive Plan (the “**2015 Plan**”), is intended to provide equity incentive compensation to individuals who make a significant contribution to the performance of Iridium Communications Inc. (the “**Company**”). A&R Program objectives are to: (i) focus key Employees on achieving specific performance targets; (ii) reinforce a team-oriented approach; (iii) provide significant award potential for achieving outstanding performance; and (iv) enhance the ability of the Company to attract and retain highly talented and competent individuals.

**2. Effective Date.** This A&R Program shall be effective as of the Adoption Date set forth above and shall only apply to awards granted after the Adoption Date. For the avoidance of doubt, this A&R Program shall not apply to or affect in any way any awards granted pursuant to the Company’s Performance Share Program in effect prior to the Adoption Date.

**3. Definitions.**

Defined terms not explicitly defined in this A&R Program but defined in the 2015 Plan will have the same definitions as in the 2015 Plan.

(a) “**Actual Award**” means the number of Shares ultimately credited to a Designated Participant under the A&R Program at the end of a Performance Period based on achievement of applicable Performance Goals and Other Performance Goals, which may be subject to a subsequent additional vesting period set forth in the Award Agreement approved for use by the Committee under the A&R Program.

(b) “**Board**” means the Board of Directors of the Company.

(c) “**Certification Date**” means the date on which the Committee certifies whether the Performance Goals for a particular Performance Period have been met and whether any reductions in the Maximum Awards should be made on account of the degree of achievement of the Other Performance Goals. Absent extraordinary circumstances that delay the finalization of the Company’s audited financial statements for the Performance Period beyond March 14 of the year following the close of such Performance Period, the Certification Date will be no later than March 15 of the year following the close of the Performance Period.

(d) “**Committee**” means the Compensation Committee of the Board (or subcommittee thereof), or such other committee of the Board (including, without limitation, the full Board) to which the Board has delegated power to act under or pursuant to the provisions of the 2015 Plan.

(e) “**Disability**” means, with respect to a Designated Participant, the inability of such Designated Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a

continuous period of not less than twelve (12) months, as provided in Section 22(e)(3) and 409A(a)(2)(C)(i) of the Code.

(f) “**Designated Participant**” means a key Employee of the Company or any other Affiliate who is designated by the Committee in writing to participate in the A&R Program.

(g) “**Employee**” means any person treated as an employee (including an officer or a member of the Board who is also treated as an employee) in the records of the Company or an Affiliate.

(h) “**Maximum Award**” means a “restricted stock unit award” that covers the maximum number of Shares that may be credited to a Designated Participant under the A&R Program in respect of a specified Performance Period if the applicable Performance Goals are achieved at the levels set by the Committee during the applicable Performance Period, if no exercise of negative discretion occurs as a result of the application of the Other Performance Goals, and if the Designated Participant continues to render service to the Company or any other Affiliate during the entire Performance Period, through the Certification Date and any subsequent vesting period thereafter.

(i) “**Other Performance Goal**” means a Performance Goal established by the Committee under the 2015 Plan that may or may not be based on one or more of the expressly specified Performance Criteria set forth in Section 13(o) of the 2015 Plan.

(j) “**Performance Goal**” means a Performance Goal established by the Committee under the 2015 Plan that is based on one or more of the expressly specified Performance Criteria set forth in Section 13 (oo) of the 2015 Plan.

(k) “**Performance Period**” means the period of time selected by the Committee over which the attainment of one or more Performance Goals and Other Performance Goals will be measured for the purpose of determining a Designated Participant’s right to an Actual Award. At the discretion of the Committee, a Performance Period may be divided into shorter periods (e.g., fiscal years of the Company) over which the attainment of one or more Performance Goals or Other Performance Goals will be measured.

(l) “**Target Award**” means the target number of Shares that would be credited to a Designated Participant under the A&R Program in respect of the Performance Period if the Performance Goals are achieved at a target level specified by the Committee and the Other Performance Goals are achieved. The Maximum Award is calculated by reference to the Target Award.

#### **4. How Awards Are Earned Under the A&R Program.**

(a) **General A&R Program Description.** The A&R Program provides the opportunity for certain key Employees to earn Shares based on the performance of the Company. In general, the Committee will select certain key Employees to participate in the A&R Program at the beginning of the Performance Period. Upon selection to participate in the A&R Program, each such Designated Participant will be granted a Maximum Award reflecting the maximum number of Shares that the Designated Participant will be eligible to earn and vest in as an Actual Award if (i) specified levels of applicable Performance Goals are achieved during the Performance Period, (ii) the Committee does not reduce the Maximum Award on account of the degree of achievement of the Other Performance Goals, and (iii) the Designated Participant continues to be employed by the Company or any other Affiliate during the entire Performance Period and through the Certification Date and any subsequent additional vesting period. If the Committee does reduce the Maximum Award on account of the degree of achievement of applicable Other Performance Goals, the Actual Award for the Designated Participant will be the applicable portion (or none) of the Shares subject

to the Maximum Award. If the specified minimum levels of the Performance Goals are not achieved during the Performance Period, the Designated Participant will forfeit his entire Maximum Award and not receive any Actual Award. The maximum number of Shares that a Designated Participant may receive as an Actual Award will in no event exceed the Maximum Award. In no event may the Maximum Award for any Designated Participant granted during a calendar year exceed 3,000,000 Shares.

(b) **Designated Participants.** Each key Employee of the Company or any other Affiliate who is designated by the Committee in writing for participation in the A&R Program for a particular Performance Period will be eligible for a Maximum Award (in a size determined by the Committee) with respect to such Performance Period. The Committee may designate a key Employee who commences service after the beginning of a particular Performance Period as eligible to receive a prorated Maximum Award for such Performance Period. The determination as to whether an individual is a Designated Participant will be made by the Committee, in its sole discretion, and such determination will be binding and conclusive on all persons.

No Employee will have any right to (i) be a Designated Participant in the A&R Program in the current or any future year, (ii) continue as an Employee, or (iii) be granted a Maximum Award or Actual Award under the A&R Program. The Company is not obligated to give uniform treatment (e.g., number of Shares subject to Maximum Awards) to Employees or Designated Participants under the A&R Program. Participation in the A&R Program as to a particular Performance Period does not convey any right to participate in the A&R Program as to any other Performance Period.

(c) **Performance Goals and Other Performance Goals.** The Performance Goals and Other Performance Goals, if applicable, for a particular Performance Period, and their relative weights, will be determined by the Committee, in its sole discretion. The Committee also may establish, in its sole discretion, Performance Goals and Other Performance Goals for annual, quarterly or other periods within the applicable Performance Period. The Performance Goals and Other Performance Goals for a Performance Period or for shorter periods within a Performance Period are not required to be identical to the Performance Goals and Other Performance Goals for any other Performance Period or shorter period within a Performance Period. The Committee may establish Performance Goals and Other Performance Goals for the Company that differ from those established for one or more other Affiliates and may establish different Performance Goals and Other Performance Goals for each Designated Participant or for groups of Designated Participants.

## 5. Other A&R Program Provisions.

(a) **Distribution of Shares in Respect of Actual Awards.** Assessment of actual performance, determination of Actual Awards and the distribution of Shares in respect of Actual Awards will be subject to (i) certification by the Committee that the applicable Performance Goals and other terms of the A&R Program have been met, (ii) the Committee's determination as to the appropriate reductions, if any, in the amounts of the Maximum Awards in arriving at the amounts of the Actual Awards, based on the levels of achievement of applicable Other Performance Goals, and (iii) the completion of any subsequent additional vesting period. Unless an Actual Award provides otherwise, Shares that are credited to a Designated Participant as an Actual Award will generally be distributed to the Designated Participant (or the Designated Participant's heirs in the case of death) within 30 days following the applicable vesting date. Notwithstanding the foregoing, if the Company has provided a Designated Participant with a plan or program by which to defer distribution of such Shares and the Designated Participant has made an effective election to defer such distribution under such plan or program, such Shares will be distributed to the Designated Participant (or the Designated Participant's heirs in the case of death) in accordance with such election. The Company may, but is not required to, withhold Shares otherwise deliverable to the Designated Participant in satisfaction of

any federal, state or local tax withholding obligation relating to the delivery of Shares under the Actual Award, but the number of Shares so withheld will not exceed the amount necessary to satisfy the Company's required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income.

**(b) *Employment and Termination.*** In order to earn Shares in respect of an Actual Award under the A&R Program, a Designated Participant must be employed by the Company or any other Affiliate during the entire Performance Period, through the Certification Date, and for any subsequent additional vesting period, except as otherwise provided under the terms of the applicable Award Agreement.

**(c) *No Employment or Service Rights.*** Nothing in the A&R Program or any instrument executed or any Maximum Award or Actual Award granted pursuant to the A&R Program will (i) confer upon any Employee or Designated Participant any right to continue to be retained in the employ or service of the Company or any other Affiliate, (ii) change the at-will employment relationship between the Company or any other Affiliate and an Employee or Designated Participant, or (iii) interfere with the right of the Company or any other Affiliate to discharge any Employee, Designated Participant or other person at any time, with or without cause, and with or without advance notice.

**(d) *A&R Program Administration.*** The Committee will be responsible for all decisions and recommendations regarding A&R Program administration and retains final authority regarding all aspects of A&R Program administration, the resolution of any disputes, and application of the A&R Program in any respect to a Designated Participant. All determinations and interpretations made by the Committee in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons. The Committee may, without notice, amend, suspend or terminate the A&R Program; *provided, however*, that no such action may adversely affect any then outstanding Actual Award unless (i) expressly provided by the Committee and (ii) with the consent of the Designated Participant, unless such action is necessary to comply with any applicable law, regulation or rule or any applicable future law, regulation, interpretation, ruling, or judicial decision.

**(e) *Restricted Stock Units; Stockholder Rights.*** Awards granted under this A&R Program are "restricted stock units". As such, no Designated Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any Shares subject to a Maximum Award or an Actual Award (including, without limitation, the right to receive dividends) unless and until such Designated Participant has received an Actual Award under the A&R Program, has vested in the Shares subject to the Actual Award and has received delivery of such Shares.

**(f) *Validity.*** If any provision of the A&R Program is held invalid, void, or unenforceable, the same will not affect, in any respect whatsoever, the validity of any other provision of the A&R Program.

**(g) *Governing Plan Document.*** The A&R Program is subject to all the provisions of the 2015 Plan and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted by the Committee, the Board or the Company pursuant to the 2015 Plan. In the event of any conflict between the provisions of this A&R Program and those of the 2015 Plan, the provisions of the 2015 Plan will control.

**(h) *Recovery.*** Any amounts paid under this A&R Program will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is

otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for “good reason” or “constructive termination” (or similar term) under any plan of or agreement with the Company.

March 15, 2019

Stanford S. Smith  
32341 Little Bear Court  
Evergreen, CO 80439

**Re: Transition Agreement**

Dear Scott:

This letter sets forth the substance of the agreement (the "Agreement") which Iridium Communications Inc., Iridium Satellite LLC and any of their subsidiaries (collectively the "Company") are offering to you in connection with your transition to consulting status.

**1. Resignation from Employment.** You have voluntarily resigned from the Company, effective March 15, 2019 (the "Separation Date") in accordance with Section 9(c) of the Employment Agreement between you and the Company, dated March 2010, as amended, attached hereto as Exhibit A (the "Employment Agreement").

**2. Accrued Salary and Vacation.** On the Separation Date, the Company will pay you all accrued salary and accrued vacation time. You will receive these payments regardless of whether or not you sign this Agreement.

**3. Benefit Plans.** Your participation in Company sponsored benefit plans will cease as of March 31, 2019. You acknowledge and agree that the Company has no further obligations to you with respect to payment of post-termination health insurance coverage, and should you become eligible for COBRA coverage under the Company's group health plans, the Company has no obligation to pay for the cost of such COBRA coverage on your behalf.

**4. Separation.** You agree that you voluntarily resigned from employment with the Company and that you are not eligible for any separation benefits under the Employment Agreement or any other Company policy. Although the Company is not otherwise obligated to do so, if you (a) execute this Agreement on the Separation Date, but not earlier, return the executed Agreement to the Company on the Separation Date, do not revoke it and otherwise comply with the terms of this Agreement, and (b) execute the Consulting Agreement attached to this Agreement as Exhibit B (the "Consulting Agreement") on or before the Separation Date, then the Company will execute the Consulting Agreement, subject to Section 5 below and, pursuant to Section 6 below, your Current Awards (as defined below) will remain outstanding in accordance with their terms and be eligible to continue to vest (except as expressly set forth therein).

**5. Consultancy.** Provided the Company has received the executed Consulting Agreement from you on or before the Separation Date, beginning on the Separation Date, you will

provide consulting services to the Company at an anticipated rate of up to twenty (20) hours per month while the Consulting Agreement remains in effect, subject to the terms of the Consulting Agreement. If you execute this Agreement and then revoke it your consultancy with the Company will end on the date you revoke this Agreement. If you timely execute and do not revoke this Agreement, then the terms of your consultancy will be as set forth in the Consulting Agreement.

**6. Equity Awards.** Your currently outstanding stock option awards and restricted stock units awards (the “Current Awards”) are set forth on Exhibit C to this Agreement. Under the terms of the Company’s equity compensation plans and the applicable award agreements governing the Current Awards, because you have transitioned to providing services to the Company as a consultant, so long as you continue your consultancy with the Company per Section 5 above and the terms of the Consulting Agreement, you will not be deemed to have a break in service and your Current Awards will remain outstanding in accordance with the terms of the equity incentive plans and award agreements governing the Current Awards and will continue to be eligible to vest (except as expressly set forth therein). For the avoidance of doubt, the Current Awards will cease vesting pursuant to the Consulting Agreement and be solely subject to the terms of the Company’s equity incentive plans and award agreements governing the Current Awards upon the termination of the Consulting Agreement and your service as a consultant for any reason. In addition, notwithstanding anything to the contrary set forth in the Company’s Performance Share Program (the “PSP”) or the equity incentive plans and award agreements governing the Current Awards granted as performance-based restricted stock unit awards pursuant to the PSP (the “PSP Current Awards”), the PSP Current Awards will remain outstanding and will continue to be eligible to vest during your service as a consultant under the Consulting Agreement, subject to the terms of the PSP (as modified by this Section 6). The Current Awards remain subject to the terms of the equity incentive plans and awards agreements governing the Current Awards, as modified by this Section 6, including the Company’s right to terminate the Current Awards upon certain transactions involving the Company.

**7. Other Compensation or Benefits.** You acknowledge that, except as expressly provided in this Agreement and the Consulting Agreement, you are not eligible for, and will not receive, any additional compensation, severance or benefits after the Separation Date with the exception of any vested right you may have under the terms of a written ERISA-qualified benefit plan (e.g., 401(k) account) and any rights you have under any existing equity awards. By way of example, but not limitation, you acknowledge that you have not earned and are not owed any bonus or incentive compensation from the Company.

**8. Expense Reimbursements.** You agree that, within ten (10) days of the Separation Date, you will submit your final documented expense reimbursement statement reflecting all business expenses you incurred as an employee through the Separation Date, if any, for which you seek reimbursement. The Company will reimburse you for reasonable business expenses pursuant to its regular business practice.

**9. Return of Company Property.** If requested by the Company, you agree to return to the Company all Company documents (and all copies thereof) and other Company property that are specifically requested by the Company and that you have had in your possession at any time, including, but not limited to, Company files, notes, drawings, records, business plans and forecasts, financial information, specifications, computer-recorded information, tangible property including,

but not limited to, computers, cell phone, entry cards, identification badges and keys; and, any materials of any kind that contain or embody any proprietary or confidential information of the Company (and all reproductions thereof). If requested by the Company, you agree that you will make a diligent search to locate any such documents, property and information. In addition, if requested by the Company, if you have used any personal computer, server, or e-mail system to receive, store, review, prepare or transmit any Company confidential or proprietary data, materials or information, you agree to provide the Company with a computer-useable copy of such information and then permanently delete and expunge such Company confidential or proprietary information from those systems and you agree to provide the Company access to your system as requested to verify that the necessary copying and/or deletion is done.

**10. Proprietary Information and Post-Termination Obligations.** Both during and after your employment you acknowledge your continuing obligations under that certain PROPRIETARY INFORMATION, INVENTIONS AND NON-SOLICITATION AGREEMENT you previously signed, including without limitation the provisions which address your continuing obligations to the Company relating to confidentiality and non-solicitation. Such PROPRIETARY INFORMATION, INVENTIONS AND NON-SOLICITATION AGREEMENT is not waived and is incorporated herein by reference. A copy of the PROPRIETARY INFORMATION, INVENTIONS AND NON-SOLICITATION AGREEMENT is attached as Exhibit D. In addition, you acknowledge your continuing obligations under Section 10 of your Employment Agreement related to non-competition and other restrictive covenants. Confidential information that is also a “trade secret,” as defined by law, may be disclosed (A) if it is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, in the event that you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose the trade secret to your attorney and use the trade secret information in the court proceeding, if you: (A) file any document containing the trade secret under seal; and (B) do not disclose the trade secret, except pursuant to court order.

**11. Confidentiality.** The provisions of this Agreement will be held in strictest confidence by you and will not be publicized or disclosed in any manner whatsoever; *provided, however*, that: (a) you may disclose this Agreement to your immediate family; (b) you may disclose this Agreement in confidence to your attorney, accountant, auditor, tax preparer, and financial advisor; and (c) you may disclose this Agreement insofar as such disclosure may be required by law. Notwithstanding the foregoing, nothing in this Agreement (including but not limited to this Section 11 and Section 12) shall limit your right to voluntarily communicate with the Equal Employment Opportunity Commission, United States Department of Labor, the National Labor Relations Board, the Securities and Exchange Commission, other federal government agency or similar state or local agency or to discuss the terms and conditions of your employment with others to the extent expressly permitted by Section 7 of the National Labor Relations Act.

**12. Non-Disparagement.** You hereby agree not to defame or disparage the Company or any executive, manager, director, or officer of the Company in any medium to any person without limitation in time. Notwithstanding this provision, you may confer in confidence with your legal

representatives and respond accurately and fully to any question, inquiry or request for information when required by legal process.

**13. Cooperation After Termination.** During the time that you are providing consulting services to the Company, you agree to cooperate fully with the Company in all matters relating to the transition of your work and responsibilities on behalf of the Company, including, but not limited to, any present, prior or subsequent relationships and the orderly transfer of any such work and institutional knowledge to such other persons as may be designated by the Company.

**14. Release.** In exchange for the consideration under this Agreement, to which you would not otherwise be entitled, and except as otherwise set forth in this Agreement, you, for and on behalf of yourself and your heirs, successors, agents, representatives, executors and assigns, hereby waive and release any common law, statutory or other complaints, claims, demands, expenses, damages, liabilities, charges or causes of action (each, a "Claim") arising out of or relating to your employment or termination of employment with, your serving in any capacity in respect of; related to salary, bonuses, commissions, stock, stock options, or any other ownership interests in the Company, vacation pay, fringe benefits, expense reimbursements, severance pay, or any other form of compensation; pursuant to any federal, state or local law, statute, or cause of action; tort law; or contract law; or related to your status at any time as a holder of any securities of, any of the Company and any of its affiliates (collectively, the "Company Group"), in all cases, both known and unknown, suspected and unsuspected, disclosed or undisclosed, in law or in equity, which you may now have or ever had against any member of the Company Group or any equityholder, agent, representative, administrator, trustee, attorney, advisor, insurer, fiduciary, employee, director or officer of any member of the Company Group, including their successors and assigns (collectively, the "Company Releasees"), including, without limitation, any claim for any severance benefit which might have been due to you under any previous agreement executed by and between any member of the Company Group and you; any complaint, charge or cause of action that any member of the Company Group has discriminated against you on the basis of age, race, color, sex (including sexual harassment), national origin, ancestry, disability, religion, sexual orientation, marital status, parental status, source of income, entitlement to benefits, any union activities or other protected category in violation of any local, state or federal law, constitution, ordinance, or regulation, including but not limited to: Age Discrimination in Employment Act of 1967 ("ADEA," a law which prohibits discrimination on the basis of age against individuals who are age 40 or older), the National Labor Relations Act, the Civil Rights Act of 1991, the Americans with Disabilities Act of 1990, Title VII of the Civil Rights Act of 1964, the Employee Retirement Income Security Act of 1974, the Family Medical Leave Act, the Equal Pay Act, the Securities Act of 1933, the Securities Exchange Act of 1934, the Rehabilitation Act of 1973, the Worker Adjustment and Retraining Notification Act, the Virginia Human Rights Act, the Arizona Civil Rights Act, the Arizona Wage Act; the Arizona Employment Protection Act, the Arizona Equal Pay Act, and the Arizona Constructive Discharge Statute (A.R.S. §23-1502), all as amended, and all other federal, state and local statutes, ordinances and regulations; and complaint, charge or cause of action that any member of the Company Group has violated any statute, public policy or common law (including but not limited to Claims for retaliatory discharge; negligent hiring, retention or supervision; defamation; intentional or negligent infliction of emotional distress and/or mental anguish; intentional interference with contract; negligence; detrimental reliance; loss of consortium to you or any member of your family and/or promissory estoppel). By signing this Agreement, you acknowledge that you intend to waive and release any

rights known or unknown that you may have against the Company Releasees under these and any other laws; provided that, you do not waive or release Claims (i) with respect to the right to enforce this Agreement or those provisions of the Employment Agreement that expressly survive the termination of your employment with the Company, (ii) with respect to any vested right you may have under any employee pension or welfare benefit plan of the Company Group, or (iii) any rights to indemnification preserved by Section 8 of the Employment Agreement or under any applicable indemnification agreement, any D&O insurance policy applicable to you and/or the Company's certificates of incorporation, charter and by-laws, (iv) that may arise after the execution date of this Agreement; or (v) with respect to any claims that cannot legally be waived. Nothing in this Agreement shall prevent you from filing, cooperating with, or participating in any proceeding or investigation before the Equal Employment Opportunity Commission, United States Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal government agency, or similar state or local agency ("Government Agencies"), or exercising any rights pursuant to Section 7 of the National Labor Relations Act. You further understand this Agreement does not limit your ability to voluntarily communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. While this Agreement does not limit your right to receive an award for information provided to the Securities and Exchange Commission, you understand and agree that, you are otherwise waiving, to the fullest extent permitted by law, any and all rights you may have to individual relief based on any Claims that you have released and any rights you have waived by signing this Agreement. If any Claim is not subject to release, to the extent permitted by law, you waive any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective or multi-party action or proceeding based on such a Claim in which any of the Company Parties is a party. This Agreement does not abrogate your existing rights under any Company benefit plan or any plan or agreement related to equity ownership in the Company; however, it does waive, release and forever discharge Claims existing as of the date you execute this Agreement pursuant to any such plan or agreement.

You have been told that your waiver and release do not apply to any rights or Claims that may arise after the execution date of this Agreement. You acknowledge that you have been given at least twenty-one (21) days from the date of receipt of this Agreement to consider all of the provisions of the Agreement. You shall have seven (7) days from the date of your execution of this Agreement to revoke this Agreement, including with respect to all claims referred to herein (including, without limitation, any and all claims arising under ADEA). If you revoke the Agreement, you will be deemed not to have accepted the terms of this Agreement. This Agreement shall not be effective until the date upon which the revocation period has expired unexercised (the "Effective Date"), which shall be the eighth day after this Agreement is executed by you.

YOU FURTHER ACKNOWLEDGE THAT YOU HAVE READ THIS AGREEMENT CAREFULLY, HAVE BEEN ADVISED BY THE COMPANY TO CONSULT AN ATTORNEY, AND FULLY UNDERSTAND THAT BY SIGNING BELOW YOU ARE GIVING UP CERTAIN RIGHTS WHICH YOU MAY HAVE TO SUE OR ASSERT A CLAIM AGAINST ANY OF THE COMPANY RELEASEES, AS DESCRIBED HEREIN AND THE OTHER PROVISIONS HEREOF AND ARE KNOWINGLY AND VOLUNTARILY WAIVING AND RELEASING ALL

RIGHTS YOU MAY HAVE UNDER THE ADEA. YOU ACKNOWLEDGE THAT YOU HAVE NOT BEEN FORCED OR PRESSURED IN ANY MANNER WHATSOEVER TO SIGN THIS AGREEMENT AND YOU AGREE TO ALL OF ITS TERMS VOLUNTARILY.

**15. Your Acknowledgments and Affirmations/Effective Date of Agreement.** You also acknowledge and agree that (i) the consideration given to you in exchange for the waiver and release in this Agreement is in addition to anything of value to which you were already entitled, and (ii) that you have been paid for all time worked, have received all the leave, leaves of absence and leave benefits and protections for which you are eligible, and have not suffered any on-the-job injury for which you have not already filed a Claim. You affirm that all of the decisions of the Company Group regarding your pay and benefits through the date of your execution of this Agreement were not discriminatory based on age, disability, race, color, sex, religion, national origin or any other classification protected by law. You affirm that you have not filed or caused to be filed, and are not presently a party to, a Claim against any member of the Company Group. You further affirm that you have no known workplace injuries or occupational diseases. You acknowledge and affirm that you have not been retaliated against for reporting any allegation of corporate fraud or other wrongdoing by any member of the Company Group, or for exercising any rights protected by law, including any rights protected by the Fair Labor Standards Act, the Family Medical Leave Act or any related statute or local leave or disability accommodation laws, or any applicable state workers' compensation law.

**16. No Admission.** This Agreement does not constitute an admission by the Company of any wrongful action or violation of any federal, state, or local statute, or common law rights, including those relating to the provisions of any law or statute concerning employment actions, or of any other possible or claimed violation of law or rights.

**17. Breach.** You acknowledge that it may be impossible to assess the damages caused by your violation of the terms of paragraphs 9, 10, 11 and 12 of this Agreement and further agree that any threatened or actual violation or breach of those paragraphs of this Agreement will constitute immediate and irreparable injury to the Company. You therefore agree that any such breach of this Agreement is a material breach of this Agreement, and, in addition to any and all other damages and remedies available to the Company upon your breach of this Agreement, the Company shall be entitled to an injunction to prevent you from violating or breaching this Agreement. You agree that if the Company is successful in whole or part in any legal or equitable action against you under this Agreement, you agree to pay all of the costs, including reasonable attorney's fees, incurred by the Company in enforcing the terms of this Agreement.

**18. Miscellaneous.** This Agreement, including the Exhibits hereto, constitutes the complete, final and exclusive embodiment of the entire agreement between you and the Company with regard to this subject matter. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. This Agreement may not be modified or amended except in a writing signed by both you and a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination

will not affect any other provision of this Agreement and the provision in question will be modified by the court so as to be rendered enforceable. This Agreement will be deemed to have been entered into and will be construed and enforced in accordance with the laws of the Commonwealth of Virginia as applied to contracts made and to be performed entirely within Virginia.

If this Agreement is acceptable to you, please sign below and return the original to me. If this Agreement is not executed on the Separation Date, this offer will automatically expire. You acknowledge that you are not permitted to sign prior to the Separation Date.

Sincerely,

**Iridium Satellite LLC**

By: \_\_\_\_\_  
Matthew J. Desch, CEO

- Exhibit A – Employment Agreement
- Exhibit B – Consulting Agreement
- Exhibit C – Current Awards
- Exhibit D – Proprietary Information, Inventions and Non-Solicitation Agreement
- Exhibit D – Employment Agreement

AGREED TO AND ACCEPTED:

\_\_\_\_\_  
S. Scott Smith

**EXHIBIT A**  
**EMPLOYMENT AGREEMENT**

## EXHIBIT B

### CONSULTING AGREEMENT

**THIS CONSULTING AGREEMENT** (the “*Agreement*”) by and between Iridium Satellite LLC, and Iridium Communications Inc. and its other subsidiaries (“*Client*”) and S. Scott Smith, an individual (“*Consultant*”) is effective as of March 15, 2019, (the “*Effective Date*”).

#### RECITALS

WHEREAS the parties desire for the Client to engage Consultant to perform the services described herein and for Consultant to provide such services on the terms and conditions described herein; and

WHEREAS, the parties desire to use Consultant’s independent skill and expertise pursuant to this Agreement as an independent contractor;

NOW THEREFORE, in consideration of the promises and mutual agreements contained herein, the parties hereto, intending to be legally bound, agree as follows:

**1. Engagement of Services.** Consultant agrees to provide consulting services to include, among other things: participating in Client meetings as requested by the Chief Executive Officer of the Client (the “*CEO*” or the “*Executive*”) and other services upon request of the CEO. Consultant agrees to exercise the highest degree of professionalism and utilize his expertise and creative talents in performing these services. Consultant agrees to make himself available to perform such consulting services throughout the Consulting Period, which shall include a maximum twenty (20) hours per month throughout the Consulting Period, and to be reasonably available to meet with the Client at its offices or otherwise.

**2. Compensation.** In consideration for the services rendered pursuant to this Agreement and for the assignment of certain of Consultant’s right, title and interest pursuant hereto, Consultant’s restricted stock units awards (the “*Current Awards*”) set forth on Annex A to this Agreement will remain outstanding and continue to be eligible vest in accordance with the terms of such Current Awards (except as expressly set forth therein and as modified by this Section 2 to the extent necessary) and currently outstanding options will remain exercisable in accordance with their terms while Consultant continues to provide such services to the Company under this Agreement. For the avoidance of doubt, the Current Awards will cease vesting pursuant to this Agreement and be solely subject to the terms of the Company’s equity compensation plans and award agreements upon the termination of this Agreement.

**3. Ownership of Work Product.** Consultant hereby irrevocably assigns, grants and conveys to Client all right, title and interest now existing or that may exist in the future in and to any document, development, work product, know-how, design, processes, invention, technique, trade secret, or idea, and all intellectual property rights related thereto, that is created by Consultant, to which Consultant contributes, or which relates to Consultant’s services provided pursuant to this

Agreement (the “**Work Product**”), including all copyrights, trademarks and other intellectual property rights (including but not limited to patent rights) relating thereto. Consultant agrees that any and all Work Product shall be and remain the property of Client. Consultant will immediately disclose to the Client all Work Product. Consultant agrees to execute, at Client’s request and expense, all documents and other instruments necessary or desirable to confirm such assignment. In the event that Consultant does not, for any reason, execute such documents within a reasonable time of Client’s request, Consultant hereby irrevocably appoints Client as Consultant’s attorney-in-fact for the purpose of executing such documents on Consultant’s behalf, which appointment is coupled with an interest. Consultant shall not attempt to register any works created by Consultant pursuant to this Agreement at the U.S. Copyright Office, the U.S. Patent & Trademark Office, or any foreign copyright, patent, or trademark registry. Consultant retains no rights in the Work Product and agrees not to challenge Client’s ownership of the rights embodied in the Work Product. Consultant further agrees to assist Client in every proper way to enforce Client’s rights relating to the Work Product in any and all countries, including, but not limited to, executing, verifying and delivering such documents and performing such other acts (including appearing as a witness) as Client may reasonably request for use in obtaining, perfecting, evidencing, sustaining and enforcing Client’s rights relating to the Work Product. Notwithstanding the foregoing, nothing in this Agreement shall serve to alter the ownership of any intellectual property rights of Client.

**4. Artist’s, Moral, and Other Rights.** If Consultant has any rights, including without limitation “artist’s rights” or “moral rights,” in the Work Product which cannot be assigned (the “**Non-Assignable Rights**”), Consultant agrees to waive enforcement worldwide of such rights against Client. In the event that Consultant has any such rights that cannot be assigned or waived Consultant hereby grants to Client a royalty-free, paid-up, exclusive, worldwide, irrevocable, perpetual license under the Non-Assignable Rights to (i) use, make, sell, offer to sell, have made, and further sublicense the Work Product, and (ii) reproduce, distribute, create derivative works of, publicly perform and publicly display the Work Product in any medium or format, whether now known or later developed.

**5. Representations and Warranties.** Consultant represents and warrants that: (a) Consultant has the full right and authority to enter into this Agreement and perform his obligations hereunder; (b) Consultant has the right and unrestricted ability to assign the Work Product to Client as set forth in Sections 3 and 4 (including without limitation the right to assign any Work Product created by Consultant’s employees or contractors); (c) the Work Product has not heretofore been published in its entirety; and (d) the Work Product will not infringe upon any copyright, patent, trademark, right of publicity or privacy, or any other proprietary right of any person, whether contractual, statutory or common law. Consultant agrees to indemnify Client from any and all damages, costs, claims, expenses or other liability (including reasonable attorneys’ fees) arising from or relating to the breach or alleged breach by Consultant of the representations and warranties set forth in this Section 5.

**6. Independent Contractor Relationship.** Consultant is an independent contractor and not an employee of the Client. Nothing in this Agreement is intended to, or should be construed to, create a partnership, agency, joint venture or employment relationship. The manner and means by which Consultant chooses to complete the consulting services are in Consultant’s sole discretion and control. In completing the consulting services, Consultant agrees to provide his own equipment,

tools and other materials at his own expense. Consultant is not authorized to represent that he is an agent, employee, or legal representative of the Client. Consultant is not authorized to make any representation, contract, or commitment on behalf of Client or incur any liabilities or obligations of any kind in the name of or on behalf of the Client. Consultant shall be free at all times to arrange the time and manner of performance of the consulting services. Consultant is not required to maintain any schedule of duties or assignments. Consultant is also not required to provide reports to the Client. In addition to all other obligations contained herein, Consultant agrees: (a) to proceed with diligence and promptness and hereby warrants that such services shall be performed in accordance with the highest professional standards in the field to the satisfaction of the Client; and (b) to comply, at Consultant's own expense, with the provisions of all state, local, and federal laws, regulations, ordinances, requirements and codes which are applicable to the performance of the services hereunder.

**7. Consultant's Responsibilities.** As an independent contractor, the mode, manner, method and means used by Consultant in the performance of services shall be of Consultant's selection and under the sole control and direction of Consultant. Consultant shall be responsible for all risks incurred in the operation of Consultant's business and shall enjoy all the benefits thereof. Any persons employed by or subcontracting with Consultant to perform any part of Consultant's obligations hereunder shall be under the sole control and direction of Consultant and Consultant shall be solely responsible for all liabilities and expenses thereof. The Client shall have no right or authority with respect to the selection, control, direction, or compensation of such persons.

**8. Tax Treatment.** Consultant agrees, as an independent contractor, he is not entitled to unemployment benefits in the event this Agreement terminates, or workers' compensation benefits in the event that Consultant is injured in any manner while performing obligations under this Agreement. Consultant will be responsible to pay any and all required local, state, and/or federal income, social security and unemployment taxes. Client will prepare and provide Consultant with any tax forms required by law and to the extent applicable withhold and remit any taxes required by Client. Consultant is solely responsible for, and will timely file all tax returns and payments required to be filed with, or made to, any federal, state or local tax authority with respect to the performance of services under this Agreement. Consultant is solely responsible for, and must maintain adequate records of, expenses incurred in the course of performing services under this Agreement, except as provided herein.

**9. No Employee Benefits.** Consultant acknowledges and agrees that neither he nor anyone acting on his behalf shall receive any employee benefits of any kind from the Client. Consultant (and Consultant's agents, employees, and subcontractors) is excluded from participating in any fringe benefit plans or programs, as a result of the performance of services under this Agreement, without regard to Consultant's independent contractor status. In addition, Consultant (on behalf of himself and on behalf of Consultant's agents, employees, and contractors) waives any and all rights, if any, to participation in any of the Client's fringe benefit plans or programs including, but not limited to, health, sickness, accident or dental coverage, life insurance, disability benefits, severance, accidental death and dismemberment coverage, unemployment insurance coverage, workers' compensation coverage, and pension or 401(k) benefit(s) provided by the Client to its employees as a result of performance of services under this Agreement.

**10. Expenses and Liabilities.** Consultant agrees that as an independent contractor, he is solely responsible for all expenses (and profits/losses) he incurs in connection with the performance of services. Consultant understands that he will not be reimbursed for any supplies, equipment, or operating costs, nor will these costs of doing business be defrayed in any way by the Client. In addition, the Client does not guarantee to Consultant that fees derived from Consultant's business will exceed Consultant's costs.

**11. Non-Exclusivity.** The Client reserves the right to engage other consultants to perform services, without giving Consultant a right of first refusal or any other exclusive rights. Consultant reserves the right to perform services for other persons, provided that the performance of such services do not conflict or interfere with services provided pursuant to or obligations under this Agreement.

**12. No Conflict of Interest.** During the term of this Agreement, unless written permission is given by the Executive, Consultant will not accept work, enter into a contract, or provide services to any third party that provides products or services which compete with the products or services provided by the Client nor may Consultant enter into any agreement or perform any services which would conflict or interfere with the services provided pursuant to or the obligations under this Agreement. Nothing herein is intended to amend, reduce, eliminate or modify the obligations that Consultant owes to the Company as set forth in Section 10 of the Transition Agreement between Client and the Company dated March 15, 2019 and the exhibits thereto (together the "**Transition Agreement**"). Consultant warrants that there is no other contract or duty on his part that prevents or impedes Consultant's performance under this Agreement. Consultant agrees to indemnify Client from any and all loss or liability incurred by reason of the alleged breach by Consultant of any services agreement with any third party.

**13. Confidential Information.** Consultant agrees to hold Client's Confidential Information (as defined below) in strict confidence and not to disclose such Confidential Information to any third parties. Consultant also agrees not to use any of Client's Confidential Information for any purpose other than performance of Consultant's services hereunder. "**Confidential Information**" as used in this Agreement shall mean all information disclosed by Client to Consultant, or otherwise, regarding Client or its business obtained by Consultant pursuant to services provided under this Agreement that is not generally known in the Client's trade or industry and shall include, without limitation, (a) concepts and ideas relating to the development and distribution of content in any medium or to the current, future and proposed products or services of Client or its subsidiaries or affiliates; (b) trade secrets, drawings, inventions, know-how, software programs, and software source documents; (c) information regarding plans for research, development, new service offerings or products, marketing and selling, business plans, business forecasts, budgets and unpublished financial statements, licenses and distribution arrangements, prices and costs, suppliers and customers; and (d) any information regarding the skills and compensation of employees, contractors or other agents of the Client or its subsidiaries or affiliates. Confidential Information also includes proprietary or confidential information of any third party who may disclose such information to Client or Consultant in the course of Client's business. Consultant's obligations set forth in this Section shall not apply with respect to any portion of the Confidential Information that Consultant can document by competent proof that such portion: (i) is in the public domain through no fault of Consultant; (ii) has been rightfully independently communicated to Consultant free of any obligation

of confidence; or (iii) was developed by Consultant independently of and without reference to any information communicated to Consultant by Client. In addition, Consultant may disclose Client's Confidential Information in response to a valid order by a court or other governmental body, as otherwise required by law. All Confidential Information furnished to Consultant by Client is the sole and exclusive property of Client or its suppliers or customers. Upon request by Client, Consultant agrees to promptly deliver to Client the original and any copies of such Confidential Information. Consultant's duty of confidentiality under this Agreement does not amend or abrogate in any manner Consultant's continuing duties under any prior agreement between Consultant and Client. Notwithstanding the foregoing or anything to the contrary in this Agreement or any other agreement between Client and Consultant, nothing in this Agreement shall limit Consultant's right to discuss Consultant's engagement with the Client or report possible violations of law or regulation with the Equal Employment Opportunity Commission, United States Department of Labor, the National Labor Relations Board, the Securities and Exchange Commission, or other federal government agency or similar state or local agency or to discuss the terms and conditions of Consultant's engagement with others to the extent expressly permitted by applicable provisions of law or regulation, including but not limited to "whistleblower" statutes or other similar provisions that protect such disclosure. Further, notwithstanding the foregoing, pursuant to 18 U.S.C. Section 1833(b), Consultant shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that: (1) is made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal

#### **14. Term and Termination.**

**14.1 Term.** Unless previously terminated as set forth in Section 14.2 below, the term of this Agreement and the "*Consulting Period*" shall commence on the Effective Date and shall terminate one (1) year thereafter.

#### **14.2 Termination.**

(a) **Automatic Termination.** If Consultant fails to execute the Transition Agreement in accordance with the timing requirements stated in the Transition Agreement, then this Agreement will automatically terminate effective March 16, 2019. If Consultant revokes his acceptance of the Transition Agreement within seven (7) days after executing the Transition Agreement, then this Agreement will automatically terminate on the day of such revocation.

(b) **Termination Upon Notice.** Either party may terminate this Agreement for any reason, or no reason, upon thirty (30) days' advance written notice.

(c) **Termination Upon Breach.** The Client may terminate this Agreement before its expiration immediately if the Consultant materially breaches the Agreement. The parties agree that a "Material Breach" by Consultant shall occur if he: (i) fails to abide by any recognized professional standard, including any ethical standard; (ii) fails to provide services as reasonably requested by the Executive, which is not cured within

ten (10) business days; (iii) secures other full-time employment that prohibits his ability to provide services to the Client; (iv) breaches any other material obligations of this Agreement, or (v) violates local, state, or federal laws.

**14.3 Effect of Termination.** Upon any termination or expiration of this Agreement, Consultant (i) shall immediately discontinue all use of Client's Confidential Information delivered under this Agreement; (ii) shall delete any such Client Confidential Information from Consultant's computer storage or any other media, including, but not limited to, online and off-line libraries; and (iii) shall return to Client, or, at Client's option, destroy, all copies of such Confidential Information then in Consultant's possession. In the event the Client terminates this Agreement, or if Consultant terminates this Agreement, Consultant will not receive any additional consulting fees or other compensation as of the date of termination.

**14.4 Survival.** The rights and obligations contained in Sections 3-6, 8-9, 13, 14.3, 14.4, and 15-22 will survive any termination or expiration of this Agreement.

**15. Insurance.** Neither party shall be obligated to provide insurance to the other.

**16. Successors and Assigns.** Consultant may not subcontract or otherwise delegate his obligations under this Agreement without Client's prior written consent. Client may assign this Agreement. Subject to the foregoing, this Agreement will be for the benefit of Client's successors and assigns, and will be binding on Consultant's subcontractors or delegates.

**17. Notices.** Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by overnight courier upon written verification of receipt; or (ii) by telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission. Notice shall be sent to the addresses set forth below or such other address as either party may specify in writing.

**18. Governing Law.** This Agreement shall be governed in all respects by the laws of the Commonwealth of Virginia, as such laws are applied to agreements entered into and to be performed entirely within Virginia between Virginia residents. Any suit involving this Agreement shall be brought in a court sitting in Virginia. The parties agree that venue shall be proper in such courts, and that such courts will have personal jurisdiction over them.

**19. Severability.** Should any provisions of this Agreement be held by a court of law to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby.

**20. Waiver.** The waiver by Client of a breach of any provision of this Agreement by Consultant shall not operate or be construed as a waiver of any other or subsequent breach by Consultant.

**21. Injunctive Relief for Breach.** Consultant's obligations under this Agreement are of a unique character that gives them particular value; breach of any of such obligations will result in irreparable and continuing damage to Client for which there will be no adequate remedy at law;

and, in the event of such breach, Client will be entitled to injunctive relief and/or a decree for specific performance, and such other and further relief as may be proper (including monetary damages if appropriate and attorney's fees).

**22. Entire Agreement.** This Agreement constitutes the entire understanding of the parties relating to the subject matter and supersedes any previous oral or written communications, representations, understanding, or agreement between the parties concerning such subject matter; provided however that this Agreement does not supersede any agreements between the parties in effect during the Consultant's employment with the Company prior to entering into this Agreement that have ongoing application and effect. This Agreement shall not be changed, modified, supplemented or amended except by express written agreement signed by Consultant and the Client.

**[Signature page follows]**

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first written above.

“CLIENT”      “CONSULTANT”

**IRIDIUM SATELLITE LLC**  
**IRIDIUM COMMUNICATIONS INC.      S. SCOTT SMITH**

By:\_\_\_ \_\_

Name (print):\_\_\_    Name (print):\_\_\_

Title:\_\_\_    Address: \_\_\_

Telephone:\_\_\_ \_\_

Tel:\_\_\_

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## EXHIBIT C

### Current Awards

Type	Grant Number	Grant Date	Shares	Total Vested	Total Unvested	Exercised/ Released	Outstanding/ Unreleased
NQSO	IS00911	01/01/2014	90,909	90,909	0	0	90,909
NQSO	IS00942	03/01/2014	61,619	61,619	0	0	61,619
NQSO	IS01336	03/02/2015	49,751	49,751	0	0	49,751
RSU	IS001421	03/01/2016	15,691	11,768	3,923	11,768	3,923
RSU	IS001886	03/01/2017	22,727	11,363	11,364	11,363	11,364
RSU	IS002318	03/01/2018	16,877	4,219	12,658	4,219	12,658
RSU	PF000033	03/01/2017	22,727	11,364	11,363	11,364	11,363
RSU	PF000039	03/01/2018	16,877	0	16,877	0	16,877

**EXHIBIT D**

**Proprietary Information, Inventions and Non-Solicitation Agreement**

**IRIDIUM COMMUNICATIONS, INC.**  
**EXECUTIVE EMPLOYMENT AGREEMENT**

**For**

**SUZI MCBRIDE**

This Executive Employment Agreement (this “**Agreement**”), is made and entered into as of February 11, 2019 (the “**Effective Date**”), by and between Suzi McBride (“**Executive**”) and Iridium Communications, Inc., a Delaware corporation (the “**Company**”).

**1. Employment by the Company.**

**1.1 Position.** Executive shall serve as the Company’s Chief Operations Officer (“**COO**”), reporting to the Company’s Chief Executive Officer. During the term of Executive’s employment with the Company, Executive will devote Executive’s best efforts and substantially all of Executive’s business time and attention to the business of the Company, except for as permitted in Section 7.1 below and except for approved vacation periods and reasonable periods of illness or other incapacities permitted by the Company’s general employment policies. Executive’s anticipated start date will be February 11, 2019 (the “**Start Date**”).

**1.2 Duties and Location.** Executive shall perform such duties as are customarily associated with the position of Chief Operating Officer and such other duties as are assigned to Executive by the Company. Executive’s primary office location shall be the Company’s office in Tempe, Arizona. Subject to the terms of this Agreement, the Company reserves the right to (i) reasonably require Executive to perform Executive’s duties at places other than Executive’s primary office location from time to time and to require reasonable business travel, and (ii) modify Executive’s duties as it deems necessary and appropriate in light of the Company’s needs and interests from time to time, provided that such modifications are consistent with a COO role.

**1.3 Policies and Procedures.** The employment relationship between the parties shall be governed by the general employment policies and practices of the Company, except that when the terms of this Agreement differ from or are in conflict with the Company’s general employment policies or practices, this Agreement shall control.

**1.4 Vacation.** Executive shall accrue four (4) weeks paid vacation per year. Executive shall also be entitled to all paid holidays and personal days given by the Company to its senior executives.

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## 2. Compensation.

**2.1 Base Salary.** For services to be rendered hereunder, Executive shall receive an initial base salary at the rate of \$410,000 per year (the “**Base Salary**”), less standard payroll deductions and withholdings and payable in accordance with the Company’s regular payroll schedule.

**2.2 Annual Bonus.** Executive will be eligible for an annual discretionary bonus (the “**Annual Bonus**”) of sixty percent (60%) of Executive’s then current Base Salary (the “**Target Bonus Amount**”). Whether Executive receives an Annual Bonus for any given year, and the amount of any such Annual Bonus, will be determined in the good faith discretion of the Board (or the Compensation Committee thereof), based upon the Company’s and Executive’s achievement of objectives and milestones to be determined on an annual basis by the Board (or Compensation Committee thereof). No Annual Bonus is guaranteed and, in addition to the other conditions for earning such compensation, Executive must remain an Executive in good standing of the Company on the scheduled Annual Bonus payment date in order to be eligible for any Annual Bonus.

**2.3 Retention Bonus.** The Company shall pay Executive a retention bonus in an amount equal to \$50,000 on February 15, 2019 and on each of the first and second anniversaries thereof, subject to her continued employment with the Company on each applicable payment date.

**3. Standard Company Benefits.** Executive shall, in accordance with Company policy and the terms and conditions of the applicable Company benefit plan documents, be eligible to participate in the benefit and fringe benefit programs provided by the Company to its Executives from time to time. Any such benefits shall be subject to the terms and conditions of the governing benefit plans and policies and may be changed by the Company in its discretion.

**4. Expenses.** The Company will reimburse Executive for reasonable travel, entertainment or other expenses incurred by Executive in furtherance or in connection with the performance of Executive’s duties hereunder, in accordance with the Company’s expense reimbursement policy as in effect from time to time.

## 5. Equity.

**5.1 Options.** The Company will recommend to its Compensation Committee of the Board that Executive be granted a one-time option to purchase shares of the Company’s Common Stock (“**Option**”) under the Amended and Restated 2015 Equity Incentive Plan (the “**Plan**”) valued at \$800,000 on the date of grant, calculated pursuant to the Company’s normal valuation method for option grants. Grant of the Option is subject to the approval of the Compensation Committee. If granted, the Option shall vest over four years of continuous service to the Company, with twenty-five percent (25%) of the shares subject to the Option grant becoming vested on the first year anniversary of the vesting commencement date, and the remaining shares becoming vested in equal quarterly installments over the following thirty-six (36) months of continuous service. The exercise price of the Option, as well as all other matters related to the Option, will be governed by and subject to the terms and conditions set forth in the Plan, and the stock option agreement Executive will be required to execute.

**5.2 RSUs.** The Company will recommend to its Compensation Committee of the Board that Executive be granted restricted stock units (“**RSUs**”) of the Company’s Common Stock under the Plan valued at \$300,000 on the date of grant, calculated pursuant to the Company’s normal valuation method for RSU grants. Grant of the RSUs is subject to the approval of the Compensation Committee. If granted, the RSUs shall vest over four years of continuous service to the Company, with twenty-five percent (25%) of the shares subject to the RSU grant becoming vested on the first year anniversary of the vesting commencement date, and the remaining shares becoming vested in equal quarterly installments over the following thirty-six (36) months of continuous service. All matters related to the RSUs, will be governed by and subject to the terms and conditions set forth in the Plan, and the RSU agreement Executive will be required to execute.

**5.3 Performance RSUs.** The Company will recommend to its Compensation Committee of the Board that Executive be granted performance-based restricted stock units (“**PRSUs**”) of the Company under the Performance Share Plan under the Plan valued at \$300,000 on the date of grant, calculated pursuant to the Company’s normal valuation method for PRSU grants. Grant of the PRSUs is subject to the approval of the Compensation Committee. If granted, the PRSUs shall vest, subject to the attainment of performance targets, over three years of continuous service to the Company, with fifty percent (50%) of the shares actually earned under the PRSU grant becoming vested on the second anniversary of the vesting commencement date, and the remaining shares becoming vested after one additional year of continuous service. All matters related to the PRSUs, including the performance targets, will be governed by and subject to the terms and conditions set forth in the Performance Share Plan and the Plan, and the PRSU agreement Executive will be required to execute.

## **6. Proprietary Information Obligations.**

**6.1 Proprietary Information Agreement.** As a condition of employment, Executive shall execute and abide by the Company’s standard form of Proprietary Information and Invention Assignment Agreement (the “**Proprietary Agreement**”).

**6.2 Third-Party Agreements and Information.** Executive represents and warrants that Executive’s employment by the Company does not conflict with any prior employment or consulting agreement or other agreement with any third party, and that Executive will perform Executive’s duties to the Company without violating any such agreement. Executive represents and warrants that Executive does not possess confidential information arising out of prior employment, consulting, or other third party relationships, that would be used in connection with Executive’s employment by the Company, except as expressly authorized by that third party. During Executive’s employment by the Company, Executive will use in the performance of Executive’s duties only information that is generally known and used by persons with training and experience comparable to Executive’s own, common knowledge in the industry, otherwise legally in the public domain, or obtained or developed by the Company or by Executive in the course of Executive’s work for the Company.

## **7. Outside Activities and Non-Competition.**

**7.1 Outside Activities.** Throughout Executive's employment with the Company, Executive may engage in civic and not-for-profit activities so long as such activities do not interfere with the performance of Executive's duties hereunder or present a conflict of interest with the Company or its affiliates. Subject to the restrictions set forth herein, and only with prior written disclosure to and consent of the Board, Executive may engage in other types of business or public activities. The Board may rescind such consent, if the Board determines, in its sole discretion, that such activities compromise or threaten to compromise the Company's or its affiliates' business interests or conflict with Executive's duties to the Company or its affiliates.

**7.2 Non-Competition.** During Executive's employment by the Company and for a one-year period following the termination of employment, Executive will not, without the express written consent of the Board, directly or indirectly serve, in a similar capacity as Executive's role with the Company at any time during the immediately preceding two year period (or upon termination of Executive's employment, during the two year period immediately preceding the termination date), or using confidential or proprietary information obtained in Executive's role with Company, as an officer, director, stockholder, executive, partner, proprietor, investor, joint venturer, associate, representative, employee, or consultant of any person or entity engaged in, or planning or preparing to engage in, business activity competitive with any line of business engaged in (or planned to be engaged in) by the Company or its affiliates (the restraint set forth in this paragraph is limited to the territory Executive supervised or to which Executive was assigned within the past two years); provided, however, that Executive may purchase or otherwise acquire up to (but not more than) one percent (1%) of any class of securities of any enterprise (without participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange. In addition, Executive will be subject to certain restrictions (including restrictions continuing after Executive's employment ends) under the terms of the Proprietary Agreement.

## **8. Termination of Employment; Severance and Change in Control Benefits.**

**8.1 At-Will Employment.** Executive's employment relationship is at-will. Either Executive or the Company may terminate the employment relationship at any time, with or without Cause (as defined below) or advance notice.

**8.2 Termination Without Cause or Resignation for Good Reason Unrelated to Change in Control.** In the event Executive's employment with the Company is terminated by the Company without Cause (and other than as a result of Executive's death or disability) or Executive resigns for Good Reason, in either case, at any time except during the Change in Control Period (as defined below), then provided such termination constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a "**Separation from Service**"), and provided that Executive satisfies the Release Requirement in Section 9 below, and remains in compliance with the terms of this Agreement, the Company shall provide Executive with the following "**Severance Benefits**":

**8.2.1 Severance Payments.** Severance pay in the form of continuation of Executive's final Base Salary for a period of twelve (12) months following termination, subject to required payroll deductions and tax withholdings (the "**Severance Payments**"). Subject to Section 10 below, the Severance Payments shall be made on the Company's regular payroll schedule in

effect following Executive's termination date; provided, however that any such payments that are otherwise scheduled to be made prior to the Release Effective Date (as defined below) shall instead accrue and be made on the first regular payroll date following the Release Effective Date. For such purposes, Executive's final Base Salary will be calculated prior to giving effect to any reduction in Base Salary that would give rise to Executive's right to resign for Good Reason.

### **8.2.2 Health Care Continuation Coverage Payments.**

(i) **COBRA Premiums.** If Executive timely elects continued coverage under COBRA, the Company will pay Executive's COBRA premiums to continue Executive's coverage (including coverage for Executive's eligible dependents, if applicable) ("**COBRA Premiums**") through the period starting on the termination date and ending twelve (12) months after the termination date (the "**COBRA Premium Period**"); provided, however, that the Company's provision of such COBRA Premium benefits will immediately cease if during the COBRA Premium Period Executive becomes eligible for group health insurance coverage through a new employer or Executive ceases to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event Executive becomes covered under another employer's group health plan or otherwise ceases to be eligible for COBRA during the COBRA Premium Period, Executive must immediately notify the Company of such event.

(ii) **Special Cash Payments in Lieu of COBRA Premiums.** Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the COBRA Premiums without potentially incurring financial costs or penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), regardless of whether Executive or Executive's dependents elect or are eligible for COBRA coverage, the Company instead shall pay to Executive, on the first day of each calendar month following the termination date, a fully taxable cash payment equal to the applicable COBRA premiums for that month (including the amount of COBRA premiums for Executive's eligible dependents), subject to applicable tax withholdings (such amount, the "**Special Cash Payment**"), for the remainder of the COBRA Premium Period. Executive may, but is not obligated to, use such Special Cash Payments toward the cost of COBRA premiums or toward premium costs under an individual health plan.

**8.2.3 Target Bonus Amount.** Executive shall also receive an amount equal to the Target Bonus Amount for the year of Separation, pro-rated based on the date of termination, payable in equal installments on the Company's regular payroll schedule in effect following Executive's termination date; provided, however that any such payments that are otherwise scheduled to be made prior to the Release Effective Date shall instead accrue and be made on the first regular payroll date following the Release Effective Date. For purposes of calculating the Target Bonus Amount, Executive's final Base Salary will be calculated prior to giving effect to any reduction in Base Salary that would give rise to Executive's right to resign for Good Reason.

**8.3 Termination Without Cause or Resignation for Good Reason During Change in Control Period.** In the event Executive's employment with the Company is terminated by the Company without Cause (and other than as a result of Executive's death or disability) at any time during the Change in Control Period, or Executive resigns for Good Reason at any time during

the Change in Control Period, in lieu of (and not additional to) the Severance Benefits described in Section 8.2, and provided that Executive satisfies the Release Requirement in Section 9 below and remains in compliance with the terms of this Agreement, the Company shall instead provide Executive with the following “**CIC Severance Benefits**”. For the avoidance of doubt: (i) in no event will Executive be entitled to severance benefits under Section 8.2 and this Section 8.3, and (ii) if the Company has commenced providing Severance Benefits to Executive under Section 8.2 prior to the date that Executive becomes eligible to receive CIC Severance Benefits under this Section 8.3, the Severance Benefits previously provided to Executive under Section 8.2 of this Agreement shall reduce the CIC Severance Benefits provided under this Section 8.3:

**8.3.1 CIC Severance Payment.** Severance pay in the form of a lump sum payment in an amount equal to twelve (12) months of Executive’s final Base Salary, payable within sixty (60) days following the termination date and subject to required payroll deductions and tax withholdings. For such purposes, Executive’s final Base Salary will be calculated prior to giving effect to any reduction in Base Salary that would give rise to Executive’s right to resign for Good Reason.

**8.3.2 CIC Health Care Continuation Coverage Payments.**

(i) **COBRA Premiums.** If Executive timely elects continued coverage under COBRA, the Company will pay Executive’s COBRA premiums to continue Executive’s coverage (including coverage for Executive’s eligible dependents, if applicable) (“**CIC COBRA Premiums**”) through the period starting on the termination date and ending twelve (12) months after the termination date (the “**CIC COBRA Premium Period**”); provided, however, that the Company’s provision of such CIC COBRA Premium benefits will immediately cease if during the CIC COBRA Premium Period Executive becomes eligible for group health insurance coverage through a new employer or Executive ceases to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event Executive becomes covered under another employer’s group health plan or otherwise ceases to be eligible for COBRA during the CIC COBRA Premium Period, Executive must immediately notify the Company of such event.

(ii) **Special Cash Payments in Lieu of CIC COBRA Premiums.** Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the CIC COBRA Premiums without potentially incurring financial costs or penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), regardless of whether Executive or Executive’s dependents elect or are eligible for COBRA coverage, the Company instead shall pay to Executive, on the first day of each calendar month following the termination date, a fully taxable cash payment equal to the applicable COBRA premiums for that month (including the amount of COBRA premiums for Executive’s eligible dependents), subject to applicable tax withholdings (such amount, the “**Special CIC Cash Payment**”), for the remainder of the CIC COBRA Premium Period. Executive may, but is not obligated to, use such Special CIC Cash Payments toward the cost of COBRA premiums.

**8.3.3 CIC Target Bonus Amount.** Executive shall also receive an amount equal to the Target Bonus Amount for the year of Separation, payable in a lump sum within sixty

(60) days following the termination date and subject to required payroll deductions and tax withholdings. For purposes of calculating the Target Bonus Amount, Executive's final Base Salary will be calculated prior to giving effect to any reduction in Base Salary that would give rise to Executive's right to resign for Good Reason.

**8.3.4 CIC Equity Acceleration.** Notwithstanding anything to the contrary set forth in the Plan, any other equity incentive plans or any award agreement, effective as of Executive's employment termination date, the vesting and exercisability of all unvested time-based vesting equity awards then held by Executive shall accelerate such that all shares become immediately vested and exercisable, if applicable, by Executive upon such termination and shall remain exercisable, if applicable, following Executive's termination as set forth in the applicable equity award documents. With respect to any performance-based vesting equity award, such award shall continue to be governed in all respects by the terms of the applicable equity award documents.

**8.4 Termination for Cause; Resignation Without Good Reason; Death or Disability.** Executive will not be eligible for, or entitled to any severance benefits, including (without limitation) the Severance Benefits and CIC Severance Benefits listed in Sections 8.2 and 8.3 above, if the Company terminates Executive's employment for Cause, Executive resigns Executive's employment without Good Reason, or Executive's employment terminates due to Executive's death or disability.

**9. Conditions to Receipt of Severance Benefits and CIC Severance Benefits.** To be eligible for any of the Severance Benefits or CIC Severance Benefits pursuant to Sections 8.2 and 8.3 above, Executive must satisfy the following release requirement (the "**Release Requirement**"): return to the Company a signed and dated general release of all known and unknown claims in a termination agreement acceptable to the Company (the "**Release**") within the applicable deadline set forth therein, but in no event later than forty-five (45) calendar days following Executive's termination date, and permit the Release to become effective and irrevocable in accordance with its terms (such effective date of the Release, the "**Release Effective Date**"). No Severance Benefits or CIC Severance Benefits will be paid hereunder prior to the Release Effective Date. Accordingly, if Executive breaches the preceding sentence and/or refuses to sign and deliver to the Company an executed Release or signs and delivers to the Company the Release but exercises Executive's right, if any, under applicable law to revoke the Release (or any portion thereof), then Executive will not be entitled to any severance, payment or benefit under this Agreement.

**10. Section 409A.** It is intended that all of the severance benefits and other payments payable under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Code Section 409A provided under Treasury Regulations 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9), and this Agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent not so exempt, this Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A. For purposes of Code Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), Executive's right to receive any installment payments under this Agreement (whether severance payments, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall

at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this Agreement, if Executive is deemed by the Company at the time of Executive's Separation from Service to be a "specified employee" for purposes of Code Section 409A(a)(2)(B)(i), and if any of the payments upon Separation from Service set forth herein and/or under any other agreement with the Company are deemed to be "deferred compensation", then to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Code Section 409A(a)(2)(B)(i) and the related adverse taxation under Section 409A, such payments shall not be provided to Executive prior to the earliest of (i) the expiration of the six-month and one day period measured from the date of Executive's Separation from Service with the Company, (ii) the date of Executive's death or (iii) such earlier date as permitted under Section 409A without the imposition of adverse taxation. Upon the first business day following the expiration of such applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this Paragraph shall be paid in a lump sum to Executive, and any remaining payments due shall be paid as otherwise provided herein or in the applicable agreement. No interest shall be due on any amounts so deferred. If the Company determines that any severance benefits provided under this Agreement constitutes "deferred compensation" under Section 409A, for purposes of determining the schedule for payment of the severance benefits, the effective date of the Release will not be deemed to have occurred any earlier than the sixtieth (60th) date following the Separation From Service, regardless of when the Release actually becomes effective. In addition to the above, to the extent required to comply with Section 409A and the applicable regulations and guidance issued thereunder, if the applicable deadline for Executive to execute (and not revoke) the applicable Release spans two calendar years, payment of the applicable severance benefits shall not commence until the beginning of the second calendar year. To the extent required to avoid accelerated taxation and/or tax penalties under Code Section 409A, amounts reimbursable to Executive under this Agreement shall be paid to Executive on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to Executive) during any one year may not effect amounts reimbursable or provided in any subsequent year. The Company makes no representation that any or all of the payments described in this Agreement will be exempt from or comply with Code Section 409A and makes no undertaking to preclude Code Section 409A from applying to any such payment.

## 11. Section 280G; Limitations on Payment.

**11.1** If any payment or benefit Executive will or may receive from the Company or otherwise (a "**280G Payment**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then any such 280G Payment provided pursuant to this Agreement (a "**Payment**") shall be equal to the Reduced Amount. The "**Reduced Amount**" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Executive's receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant

to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the “**Reduction Method**”) that results in the greatest economic benefit for Executive. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the “**Pro Rata Reduction Method**”).

**11.2** Notwithstanding any provision of Section 11.1 to the contrary, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for Executive as determined on an after-tax basis; (B) as a second priority, Payments that are contingent on future events (e.g., being terminated without Cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that are “deferred compensation” within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

**11.3** Unless Executive and the Company agree on an alternative accounting firm or law firm, the accounting firm engaged by the Company for general tax compliance purposes as of the day prior to the effective date of the Change in Control transaction shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change in Control transaction, the Company shall appoint a nationally recognized accounting or law firm to make the determinations required by this Section 11. The Company shall bear all expenses with respect to the determinations by such accounting or law firm required to be made hereunder. The Company shall use commercially reasonable efforts to cause the accounting or law firm engaged to make the determinations hereunder to provide its calculations, together with detailed supporting documentation, to Executive and the Company within fifteen (15) calendar days after the date on which Executive’s right to a 280G Payment becomes reasonably likely to occur (if requested at that time by Executive or the Company) or such other time as requested by Executive or the Company.

**11.4** If Executive receives a Payment for which the Reduced Amount was determined pursuant to clause (x) of Section 11.1 and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, Executive agrees to promptly return to the Company a sufficient amount of the Payment (after reduction pursuant to clause (x) of Section 11.1) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) of Section 11.1, Executive shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

## **12. Definitions.**

**12.1** Cause. For purposes of this Agreement, “**Cause**” shall mean Executive’s: (A) material breach of this Agreement, including the willful failure to substantially perform his

duties hereunder; (B) willful failure to carry out, or comply with, in any material respect, any lawful and reasonable directive of the Board, not inconsistent with the terms of this Agreement; (C) commission at any time of any act or omission that results in, or that may reasonably be expected to result in, a conviction, plea of guilty or no contest or imposition of unadjudicated probation for any felony or crime involving moral turpitude; (D) unlawful use (including being under the influence) or possession of illegal drugs on the Company's premises or while performing Executive's duties and responsibilities hereunder; (E) breach of any written policies or procedures of the Company Group that are applicable to Executive and that have previously been provided to Executive, which breach causes or is reasonably expected to cause material economic harm to any member of the Company Group; or (F) commission at any time of any act of fraud, embezzlement, misappropriation, material misconduct, or breach of fiduciary duty against the Company or any of its affiliates (or any of their respective predecessors or successors), which, for the avoidance of doubt, shall not include any good faith disputes regarding immaterial amounts that relate to Executive's expense account, reimbursement claims or other de minimis matters; provided, however, in the case of (A), (B) or (E) above, if any such breach or failure is curable, Executive fails to cure such breach or failure to the reasonable satisfaction of the Board within fifteen (15) days of the date the Company delivers written notice of such breach or failure to Executive. For purposes of this Agreement, no act or failure to act by Executive shall be considered "willful" unless such act is done or failed to be done intentionally and in bad faith.

**12.2 Change in Control.** For purposes of this Agreement, "**Change in Control**" shall have the meaning described in the Plan.

**12.3 Change in Control Period.** For purposes of this Agreement, "**Change in Control Period**" means the time period commencing one (1) month before the effective date of a Change in Control and ending on the date that is twelve (12) months after the effective date of a Change in Control.

**12.4 Good Reason.** For purposes of this Agreement, Executive shall have "**Good Reason**" for resignation from employment with the Company if any of the following actions are taken by the Company without Executive's prior written consent: (A) a material reduction in the nature or scope of Executive's responsibilities, duties or authority from those contemplated by this Agreement, provided, however, that a change in job position shall not be deemed a "material reduction" in and of itself unless Executive's new duties are materially reduced from the prior duties; (B) a material reduction in the then current Base Salary (for purposes of this paragraph, a "material" reduction is a reduction in Base Salary of at least 10%); (C) causing or requiring Executive to report to any person other than the CEO; (D) the relocation of Executive's primary office to a location that is not within a sixty (60) mile radius of the Company's offices in Tempe, Arizona; or (E) any other breach by the Company of a material term of this Agreement, including but not limited to a breach of Section 14.7 by failing to cause any successor to the Company to expressly assume and agree to perform this Agreement; provided, that any such event described in (A) through (E) above shall not constitute Good Reason unless Executive delivers to the Company a Notice of Termination for Good Reason within thirty (30) days after Executive first learns of the existence of the circumstances giving rise to Good Reason, within thirty (30) days following the delivery of such Notice of Termination for Good Reason the Company has failed to cure the circumstances giving

rise to Good Reason, and Executive's resignation from all positions she then holds with the Company is effective not later than thirty (30) days following the end of the cure period.

**13. GOVERNING LAW; CONSENT TO JURISDICTION.** THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF VIRGINIA, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE COMMONWEALTH OF VIRGINIA OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE COMMONWEALTH OF VIRGINIA TO BE APPLIED. IN FURTHERANCE OF THE FOREGOING, THE INTERNAL LAW OF THE COMMONWEALTH OF VIRGINIA WILL CONTROL THE INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT, EVEN IF UNDER SUCH JURISDICTION'S CHOICE OF LAW OR CONFLICT OF LAW ANALYSIS, THE SUBSTANTIVE LAW OF SOME OTHER JURISDICTION WOULD ORDINARILY APPLY. ANY ACTION TO ENFORCE THIS AGREEMENT MUST BE BROUGHT IN, AND THE PARTIES HEREBY CONSENT TO THE JURISDICTION OF, A COURT SITUATED IN FAIRFAX COUNTY, VIRGINIA OR THE EASTERN DISTRICT OF VIRGINIA. EACH PARTY HEREBY WAIVES THE RIGHTS TO CLAIM THAT ANY SUCH COURT IS AN INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION.

**14. JURY TRIAL WAIVER.** THE PARTIES EXPRESSLY AND KNOWINGLY WAIVE ANY RIGHT TO A JURY TRIAL IN THE EVENT ANY ACTION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT OR EXECUTIVE'S EMPLOYMENT WITH THE COMPANY IS LITIGATED OR HEARD IN ANY COURT.

**15. General Provisions.**

**15.1 Notices.** Any notices provided must be in writing and will be deemed effective upon the earlier of personal delivery (including personal delivery by fax) or the next day after sending by overnight carrier, to the Company at its primary office location and to Executive at the address as listed on the Company payroll.

**15.2 Severability.** Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction to the extent possible in keeping with the intent of the Parties.

**15.3 Waiver.** Any waiver of any breach of any provisions of this Agreement must be in writing to be effective, and it shall not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Agreement.

**15.4 Complete Agreement.** This Agreement, together with the Proprietary Agreement, constitutes the entire agreement between Executive and the Company with regard to the subject matter hereof and is the complete, final, and exclusive embodiment of the Company's

and Executive's agreement with regard to this subject matter. This Agreement is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. It cannot be modified or amended except in a writing signed by a duly authorized officer of the Company, with the exception of those changes expressly reserved to the Company's discretion in this Agreement.

**15.5 Counterparts.** This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but both of which taken together will constitute one and the same Agreement.

**15.6 Headings.** The headings of the paragraphs hereof are inserted for convenience only and shall not be deemed to constitute a part hereof nor to affect the meaning thereof.

**15.7 Successors and Assigns.** This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive and the Company, and their respective successors, assigns, heirs, executors and administrators, except that Executive may not assign any of Executive's duties hereunder and Executive may not assign any of Executive's rights hereunder without the written consent of the Company, which shall not be withheld unreasonably. This Agreement shall be assignable by the Company to any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company; provided that, the Company shall require such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law or otherwise.

**15.8 Tax Withholding.** All payments and awards contemplated or made pursuant to this Agreement will be subject to withholdings of applicable taxes in compliance with all relevant laws and regulations of all appropriate government authorities. Executive acknowledges and agrees that the Company has neither made any assurances nor any guarantees concerning the tax treatment of any payments or awards contemplated by or made pursuant to this Agreement. Executive has had the opportunity to retain a tax and financial advisor and fully understands the tax and economic consequences of all payments and awards made pursuant to this Agreement.



**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 quarterly report on Form 10-Q 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: April 23, 2019

/s/ Matthew J. Desch

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

**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 quarterly report on Form 10-Q 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: April 23, 2019

/s/ Thomas J. Fitzpatrick

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

**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-Q for the quarter ended September 30, 2018, to which this Certification is attached as Exhibit 32.1 (the "Quarterly Report"), 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 Quarterly Report fairly presents, in all material respects, the financial condition of the Company at the end of the period covered by the Quarterly Report and results of operations of the Company for the periods covered in the financial statements in the Quarterly Report.

Dated: April 23, 2019

/s/ Matthew J. Desch

Matthew J. Desch  
Chief Executive Officer

/s/ Thomas J. Fitzpatrick

Thomas J. Fitzpatrick  
Chief Financial Officer

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