



Iridium Announces Fourth-Quarter and Full-Year 2010 Results; Company Delivers 19% Operational EBITDA Growth in 2010 and Affirms 2011 Outlook

MCLEAN, Va., March 7, 2011 (GLOBE NEWSWIRE) -- Iridium Communications Inc. (Nasdaq:IRDM) ("Iridium") today reported strong financial results for the fourth quarter of 2010 and affirmed its outlook for the full-year 2011. Iridium's full-year 2010 financial results reflect Iridium Communications Inc. ("the Company") as compared to Iridium Holdings LLC ("predecessor") for the first nine months of 2009 and the Company for the remainder of 2009. Net income was \$10.1 million for the fourth quarter of 2010, as compared to a net loss of \$5.0 million for the comparable period of 2009. Net income for the fourth quarter of 2010 includes \$11.9 million of non-cash expenses for purchase accounting, net of tax, related to GHL Acquisition Corp.'s acquisition of the predecessor, while the comparable period in 2009 had \$17.4 million of purchase accounting. Operational EBITDA ("OEBITDA")⁽¹⁾ for the fourth quarter was \$42.3 million, as compared to \$30.2 million for the prior-year period, representing year-over-year growth of 40 percent and an OEBITDA margin⁽¹⁾ of 48 percent. OEBITDA benefited from solid growth in commercial service, government service and equipment revenue.

Iridium reported fourth-quarter total revenue of \$87.9 million, which included \$60.1 million of service revenue and \$27.8 million of equipment and engineering and support revenue. Total revenue grew 16 percent versus the comparable period of 2009, while service revenue increased 13 percent from the year-ago period. Service revenue, which represents primarily recurring revenue from Iridium's growing subscriber base, was 68 percent of total revenue for the fourth quarter of 2010.

The Company ended the quarter with 427,000 total billable subscribers, which compares to 342,000 for the year-ago period and 413,000 for the quarter ended September 30, 2010. Total billable subscribers grew 25 percent year-over-year, driven by ongoing strength in machine-to-machine ("M2M") data, handheld voice and Netted Iridium customers.

Capital expenditures were \$103.2 million for the fourth quarter and primarily related to spending for the Company's next-generation satellite constellation, Iridium NEXT, and upgraded ground network infrastructure at its commercial gateway. The Company ended the fourth quarter with net debt of \$37.4 million.

"Our success in 2010 showed once again that we have a high-growth subscriber base that drives long-term, sustainable revenue and cash flow," said Matt Desch, Iridium's chief executive officer. "With strong contributions from our commercial M2M business, which grew subscribers 60 percent year-over-year, and one of our best years ever in the government sector, we're entering 2011 on a strong competitive footing in each of our vertical markets. Our large and growing ecosystem of partners also continues to tell us that Iridium is the first choice for many customers because of a superior network and innovative products. Nowhere is this leadership more significant than in the handheld voice and M2M markets."

Desch continued, "We're particularly pleased with the rapid adoption of our Iridium 9602 Short Burst Data (SBD) Transceiver, with more than 30,000 additional orders received since the start of 2011. Iridium's 9602 device won the 2011 Mobile Satellite Users Association 'Innovation Award,' validating its huge potential in the fast-growing M2M market. In summary, Iridium is healthy and strong, and we'll continue to make the right decisions to support recurring service revenue growth and operating cash flow expansion."

Full-Year 2010 Iridium Business Highlights

For the full year, Iridium reported net income of \$22.7 million, as compared to net income of \$48.3 million for 2009. Net income for 2010 includes \$54.4 million of non-cash expenses for purchase accounting, net of tax, related to GHL Acquisition Corp.'s acquisition of the predecessor, while 2009 had \$17.4 million of purchase accounting. The Company reported 2010 total revenue of \$348.2 million, which included \$236.4 million of service revenue and \$111.8 million of equipment and engineering

and support revenue. OEBITDA for 2010 was \$158.9 million, as compared to \$133.9 million for the prior-year period, representing year-over-year growth of 19 percent and an OEBITDA margin of 45 percent.

Fourth-Quarter Iridium Business Highlights

Service — Commercial

Commercial service remained the largest part of Iridium's business, representing 51 percent of the Company's total revenue during the fourth quarter. This high-quality and diverse recurring sales stream is supported by a leading network that provides a sustainable competitive advantage, an attractive #1 or fast-growing #2 position in core vertical markets, an expanding product portfolio and a scalable distribution network that leverages the expertise and reach of our partner ecosystem.

Commercial service revenue was \$44.5 million, a 13 percent increase from the last year's comparable period, primarily supported by a strong gain in Iridium OpenPort and M2M customers.

Commercial voice average revenue per user ("ARPU") was \$47 during the fourth quarter, a 4 percent year-over-year decrease. Commercial M2M data ARPU was \$18 during the fourth quarter, a 14 percent decline from last year's comparable period.

Iridium's commercial business ended the quarter with 384,000 billable subscribers, which compares to 308,000 for the prior-year quarter and to 371,000 for the quarter ended September 30, 2010. M2M data subscribers increased 60 percent year-over-year and represented 29 percent of billable commercial subscribers, an increase from 23 percent at the end of the prior-year period.

Service - Government

Government service revenue increased by 15 percent during the quarter, as the Company has grown in the last several years from a niche supplier to an integral element in the U.S. Government communications infrastructure. With a robust partner channel, significant investment in devices, a dedicated gateway and innovative new capabilities such as Netted Iridium, the Company provides a unique value proposition that is not easily duplicated.

Government service revenue was \$15.6 million, a 15 percent increase from the prior-year period, primarily driven by growth in satellite handset and Netted Iridium subscribers.

Government voice ARPU was \$141 during the fourth quarter, a 7 percent year-over-year decrease. Voice ARPU declined as a result of strong growth in lower ARPU Netted Iridium subscribers. Government M2M data ARPU was \$22 during the fourth quarter, unchanged from last year's comparable period.

Iridium's government business ended the quarter with 43,000 billable subscribers, which compares to 34,000 for the prior-year quarter and to 42,000 for the quarter ended September 30, 2010. M2M data subscribers increased 75 percent year-over-year and represented 16 percent of billable government subscribers, an increase from 12 percent at the end of the prior-year period. Iridium added the largest number of government subscribers in its history in 2010, which represented a 26 percent increase for the year, primarily led by gains in M2M data and Netted Iridium subscribers.

Equipment

Equipment revenue was \$21.0 million during the fourth quarter, a 21 percent year-over-year increase. Revenue increased primarily due to strong handset and M2M sales volumes. Handset unit sales increased 51 percent from the year-ago period, while M2M unit sales

grew 58 percent from the year-ago period. Strong sales volumes were partially offset by modestly reduced handset pricing and the rapid adoption of the smaller and lower cost Iridium 9602 SBD Transceiver.

Engineering & Support

Engineering and support revenue was \$6.8 million during the fourth quarter, a gain of 20 percent from the prior-year period, primarily resulting from an increase in low-margin contract revenue related to government projects.

2011 Outlook

The Company affirmed its previously issued full-year 2011 outlook for total billable subscriber growth, service revenue, equipment revenue and OEBITDA. The Company expects:

Total billable subscriber growth to be approximately 20 percent for the full-year 2011

Service revenue growth between 10 percent and 13 percent for the full-year 2011

Equipment revenue decline between 15 percent and 30 percent for the full-year 2011

Full-year 2011 OEBITDA to be between \$180 million and \$190 million. OEBITDA for 2010 was \$158.9 million.

	Prior 2011 Outlook (December 2010)
Total Billable Subscriber Growth	Approximately 20%
Total Service Revenue Growth	10% to 13%
Equipment Revenue Decline	Decline of 15% to 30%
Operational EBITDA (OEBITDA)	\$180 million to \$190 million

Recent Highlights

On February 3, 2011, Iridium announced that Orbital Sciences Corporation signed an agreement with the Company that reserves hosted payload capacity on Iridium's next-generation satellite constellation, Iridium NEXT. Under the terms of the agreement, Orbital will make several non-refundable deposits totaling \$10 million in 2011 for a right-of-first refusal on 20 percent of the network's capacity to host third-party payloads. The parties also have agreed to the basic terms of Orbital purchasing this hosted payload capacity on behalf of its customers. Iridium believes the arrangement with Orbital has the potential to be worth more than \$100 million, including hosting fees and recurring data service fees once in orbit.

On January 25, 2011, Iridium announced that it signed agreements with five new value-added partners to market Iridium-based data solutions for the mobile M2M sector. These new partnerships, including the Company's first-ever consumer Iridium SBD relationships, open up numerous consumer opportunities. The new partners include ACR Electronics, DeLorme, Digi International, Kore Telematics and XACT Technology LLC.

Non-GAAP Financial Measures & Definitions

(1) In addition to disclosing financial results that are determined in accordance with U.S. GAAP, the Company discloses Operational EBITDA and Operational EBITDA margin, which are non-GAAP financial measures, as a supplemental measure to help investors evaluate our fundamental operational performance. Operational EBITDA represents earnings before interest, income taxes, depreciation and amortization, Iridium NEXT revenue and expenses (for periods prior to the commencement of operations of Iridium NEXT), stock-based compensation expenses, transaction expenses associated with GHL Acquisition Corp.'s acquisition of Iridium Holdings LLC (the "Acquisition"), the impact of purchase accounting, and changes in the fair value of warrants. The Company also presents Operational EBITDA expressed as a percentage of adjusted revenue, or Operational EBITDA margin. Adjusted revenue excludes purchase accounting and Iridium NEXT revenue. Operational EBITDA does not represent, and should not be considered, an alternative to U.S. GAAP measurements such as net income, and our calculations thereof may not be comparable to similarly entitled measures reported by other companies. By eliminating interest, income taxes, depreciation and amortization, Iridium NEXT revenue and expenses (for periods prior to the deployment of Iridium NEXT only), stock-based compensation expenses, transaction expenses associated with the Acquisition, the impact of purchase accounting and changes in fair value of the warrants, the Company believes the result is a useful measure across time in evaluating our fundamental core operating performance. Management also uses Operational EBITDA to manage the business, including in preparing its annual operating budget, financial projections and compensation plans. The Company believes that Operational EBITDA is also useful to investors because similar measures are frequently used by securities analysts, investors and other interested parties in their evaluation of companies in similar industries. However, there is no standardized measurement of Operational EBITDA, and Operational EBITDA as the Company presents it may not be comparable with similarly titled non-GAAP financial measures used by other companies. As indicated, Operational EBITDA does not include interest expense on borrowed money or the payment of income taxes or depreciation expense on our capital assets, which are necessary elements of our operations. It also excludes expenses in connection with the development, deployment and financing of Iridium NEXT. Since Operational EBITDA does not account for these and other expenses, its utility as a measure of our operating performance has material limitations. Due to these limitations, our management does not view Operational EBITDA in isolation and also uses other measurements, such as net income, revenues and operating profit, to measure operating performance. Please refer to the schedule below for a reconciliation of Operational EBITDA to consolidated GAAP net income and Iridium's Investor Relations webpage at www.iridium.com for a discussion and reconciliation of this and other non-GAAP financial measures.

Supplemental Reconciliation of Operational EBITDA to GAAP Net Income			
(In thousands)			
Iridium Communications Inc.			
	For the Three Months Ended December 31,		For the Year Ended December 31,
	2010	2009	2010
Net income (loss)	\$ 10,122	\$ (4,975)	
Interest expense	--	47	
Interest income	(222)	(298)	
Income taxes	2,662	(1,038)	
Depreciation and amortization	23,050	22,376	
Iridium NEXT expenses, net	5,260	4,109	
Share-based compensation	1,307	436	
Transaction expenses	--	--	
Non-cash purchase accounting	106	9,554	
Operational EBITDA	\$ 42,285	\$ 30,211	\$

Conference Call Information

As previously announced, the Company will host a conference call to discuss results at 5:00 p.m. ET on Monday, March 7, 2011. Callers should dial (877) 334-1964 (U.S. only) or (631) 291-4574 (from outside the U.S.) to access the call. The conference call will also be simultaneously webcast on Iridium's Investor Relations webpage at www.iridium.com. A replay of the conference call will be available beginning Monday, March 7, 2011 through Monday, March 14, 2011 at Iridium's Investor Relations webpage. Callers can also dial (800) 642-1687 (U.S. only) or (706) 645-9291, Access Code 45165733, for an audio replay of the conference call.

About Iridium Communications Inc.

Iridium Communications Inc. (www.iridium.com) is the only mobile satellite service (MSS) company offering coverage over the entire globe. The Iridium constellation of low-Earth orbiting (LEO) cross-linked satellites provides critical voice and data services for areas not served by terrestrial communication networks. Iridium serves commercial markets through a worldwide network of distributors, and provides services to the U.S. Department of Defense and other U.S. and international government agencies. The Company's customers represent a broad spectrum of industry, including maritime, aeronautical, government/defense, public safety, utilities, oil/gas, mining, forestry, heavy equipment and transportation. Iridium has launched a major development program for its next-generation satellite constellation, Iridium NEXT. The Company is headquartered in McLean, Va., U.S.A. and trades on the NASDAQ Global Select Market under the ticker symbols IRDM (common stock), IRDMW (\$7.00 warrants), IRDMZ (\$11.50 warrants) and IRDMU (units).

Forward-Looking Statements

Statements in this press release that are not purely historical facts may constitute forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements regarding the development of Iridium NEXT, anticipated growth in subscribers and total service revenue, anticipated decline in equipment revenue and anticipated growth in Operational EBITDA for 2011. Other forward-looking statements can be identified by the words "anticipates," "may," "can," "believes," "expects," "projects," "intends," "likely," "will," "to be" and other expressions that are predictions or indicate future events, trends or prospects. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Iridium to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, uncertainties regarding increases in customer demand for Iridium's products and services, Iridium's ability to maintain the health, capacity and content of its satellite constellation, and the development of and transition to Iridium NEXT, including expanded capacity and features, as well as general industry and economic conditions, and competitive, legal, governmental and technological factors. Other factors that could cause actual results to differ materially from those indicated by the forward-looking statements include those factors listed under the caption "Risk Factors" in the company's Form 10-K for the year ended December 31, 2010 and filed with the Securities and Exchange Commission on March 7, 2011. There is no assurance that Iridium's expectations will be realized. If one or more of these risks or uncertainties materialize, or if Iridium's underlying assumptions prove incorrect, actual results may vary materially from those expected, estimated or projected. Iridium's forward-looking statements speak only as of the date of this press release, and Iridium undertakes no obligation to update forward-looking statements.

Iridium Communications Inc.		
Consolidated Statements of Operations		
(In thousands)		
	Three Months Ended December 31,	Nov Th

	2010	2009
Revenue:		
Service revenue		
Commercial	\$ 44,501	\$ 39,373
Government	15,635	13,641
Total service revenue	60,136	53,014
Subscriber equipment	21,002	17,293
Engineering and support service	6,792	5,682
Total revenue	87,930	75,989
Operating expenses:		
Cost of subscriber equipment sales	12,007	18,657
Cost of services (exclusive of depreciation and amortization)	15,584	18,965
Research and development	4,470	5,974
Depreciation and amortization	23,050	22,376
Selling, general and administrative	17,783	16,307
Total operating expenses	72,894	82,279
Operating profit (loss)	15,036	(6,290)
Other (expense) income:		
Interest income (expense), net of capitalized interest	222	251
Other (expense) income, net	(2,474)	26
Total other (expense) income	(2,252)	277
Earnings (loss) before provision (benefit) for taxes	12,784	(6,013)
Income tax provision (benefit)	2,662	(1,038)
Net income (loss)	\$ 10,122	\$ (4,975)
Operational EBITDA	\$ 42,285	\$ 30,211

(1) The impact of purchase accounting on the carrying value of inventory, property and equipment, intangible assets and accrued liabilities was an increase of approximately \$19.8 million, \$348.2 million, \$95.5 million and \$29.0 million, respectively, compared to Iridium Holdings LLC's 2009. Similarly, Iridium Holdings LLC's deferred revenue decreased by \$7.4 million. As a result of the effect of the purchase accounting, equipment sales increased in the fourth quarter of 2009 and first quarter of 2010 as compared to those costs and expenses of Iridium Holdings LLC. The decrease in the carrying value of deferred revenue caused a decrease in revenue, which we expect will continue through 2010. The decrease in the carrying value of deferred revenue also had the effect of reducing cost of services (exclusive of depreciation and amortization) during 2010, which we expect will continue through 2010. The increase in property and equipment and intangible assets had the effect of increasing depreciation and amortization expense during 2010, which we expect will continue through 2010.

Iridium Communications Inc.

Consolidated Statements of Operations

(In thousands)

	Iridium Communications Inc.	Combined ⁽¹⁾
	For the Year Ended December 31, 2010	For the Year Ended December 31, 2009
Revenue:		
Service revenue		
Commercial	\$ 177,359	\$ 159,509
Government	58,992	53,726
Total service revenue	236,351	213,235
Subscriber equipment	90,184	83,499
Engineering and support service	21,638	22,206
Total revenue	348,173	318,940
Operating expenses		
Cost of subscriber equipment sales	61,661	51,922
Cost of services (exclusive of depreciation and amortization)	72,579	77,943
Research and development	19,178	23,406
Depreciation and amortization	90,667	33,226
Selling, general and administrative	66,728	60,812
Transaction costs	--	12,478
Total operating expenses	310,813	259,787
Operating profit (loss)	37,360	59,153
Other (expense) income:		
Interest income (expense), net of capitalized interest	637	(12,578)
Other (expense) income, net	(2,385)	696
Total other (expense) income	(1,748)	(11,882)
Earnings (loss) before provision (benefit) for taxes	35,612	47,271
Income tax provision (benefit)	12,921	(1,038)
Net income (loss)	\$ 22,691	\$ 48,309
Operational EBITDA	\$ 158,880	\$ 133,929

(1) The combined presentation is a simple mathematical addition of the pre-Acquisition results of operations of Iridium Holdings September, 29 2009 and the post-Acquisition results of operations of Iridium Communications Inc. for the three months ended I Communications Inc. had no material operating activities from the date of formation of GHL Acquisition Corp. until the Acquisiti in the combined presentation.

(2) The impact of purchase accounting on the carrying value of inventory, property and equipment, intangible assets and accrued liabilities was an increase of approximately \$19.8 million, \$348.2 million, \$95.5 million and \$29.0 million, respectively, compared to Iridium Holdings' 2009. Similarly, Iridium Holdings LLC's deferred revenue decreased by \$7.4 million. As a result of the effect of the purchase accounting, equipment sales increased in the fourth quarter of 2009 and first quarter of 2010 as compared to those costs and expenses of Iridium and the decrease in the carrying value of deferred revenue caused a decrease in revenue, which we expect will continue through 2010. The accruals had the effect of reducing cost of services (exclusive of depreciation and amortization) during 2010, which we expect will increase in property and equipment and intangible assets had the effect of increasing depreciation and amortization expense during 2010 into future periods.

Iridium Communications Inc.	
Summary Highlights	
Three Months Ended December 31, 2010	
(In thousands, except ARPU)	
Revenue	
Service revenue ⁽¹⁾	
Commercial	
Voice and M2M data service	
Voice	\$ 38,638
M2M data ⁽²⁾	5,863
Total commercial voice and M2M data service	44,501
Government ⁽³⁾	
Voice and M2M data service	
Voice	15,186
M2M data	449
Total government voice and M2M data service	15,635
Total service revenue	60,136
Subscriber equipment	
	21,002
Engineering and support ⁽⁴⁾	
Government	6,295
Commercial	497
Total engineering and support	6,792
Total Revenue	\$ 87,930
Billable Subscribers ⁽⁵⁾	
Commercial	
Voice and M2M data service	
Voice	272
M2M data	112

Total commercial voice and M2M data service	384
Government	
Voice and M2M data service	
Voice	36
M2M data	7
Total government voice and M2M data service	43
Total billable subscribers	427
Net Additions	
Commercial	
Voice and M2M data service	
Voice	2
M2M data	11
Total commercial voice and M2M data service	13
Government	
Voice and M2M data service	
Voice	--
M2M data	1
Total government voice and M2M data service	1
Total billable subscribers	14
ARPU⁽⁶⁾	
Commercial	
Voice	\$ 47
M2M data	\$ 18
Government	
Voice	\$ 141
M2M data	\$ 22
Operational EBITDA Margin Reconciliation	
Total revenue	\$ 87,930
Operational EBITDA adjustments that impact revenue:	
Non-cash purchase accounting	366
Iridium NEXT revenue	(31)
Adjusted revenue ⁽⁷⁾	\$ 88,265
Operational EBITDA	\$ 42,285
Operational EBITDA margin ⁽⁸⁾	47.9%
Capital expenditures ⁽⁹⁾	103,191

Net debt ⁽¹⁰⁾	37,436	
Iridium Communications Inc.		
	For the Year Ended December 31, 2010	For the Year Ended December 31, 2009
Operational EBITDA Margin Reconciliation		
Total revenue	\$ 348,173	
Operational EBITDA adjustments that impact revenue:		
Non-cash purchase accounting	3,315	
Iridium NEXT revenue	(89)	
Adjusted revenue ⁽⁷⁾	\$ 351,399	
Operational EBITDA	\$ 158,880	
Operational EBITDA margin ⁽⁸⁾	45.2%	
(1) Service revenue consists of primarily subscription-based services which often generate a long-term recurring revenue stream.		
(2) M2M data service provides a two-way short burst data transmission between Iridium Communications Inc.'s network and a terminal, for example, on a container in transit or a buoy monitoring oceanographic conditions.		
(3) Government service revenue consists of voice and M2M data subscription-based services provided to agencies of the U.S. government through direct contracts and subcontracts.		
(4) Engineering and support includes maintenance services to the U.S. government's dedicated gateway in Hawaii and engineering services for developing new technologies for use on Iridium Communications Inc.'s satellite system.		
(5) Subscribers as of the end of the respective period.		
(6) ARPU is calculated by dividing the revenue in the respective period by the average of billable subscribers at the beginning and end of the period and then dividing the results by the months in the period.		
(7) Adjusted revenue is total revenue adjusted for the impact of Operational EBITDA adjustments.		
(8) Operational EBITDA margin is calculated by dividing Operational EBITDA by adjusted revenue.		
(9) Capital expenditures based on cash spent in the respective period.		
(10) Net debt is calculated by taking the sum of the short term and long term debt less cash and cash equivalents.		

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