GHL Acquisition Corp.
Form 424B5
September 25, 2009

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File no. 333-159673

PROSPECTUS SUPPLEMENT
(To prospectus dated August 31, 2009)

16,000,000 Shares

GHL Acquisition Corp.

Common Stock

We are offering 16,000,000 shares of our common stock, par value $0.001 per share. The closing of this offering is conditioned on the completion of our proposed acquisition (the Acquisition) of Iridium Holdings LLC (Iridium Holdings). As a result, any shares you purchase pursuant to this offering will not be entitled to vote in connection with the Acquisition or receive any proceeds from the trust account if we do not consummate an initial business combination by February 14, 2010. We will receive all of the net proceeds from the sale of such shares. Our common stock is listed on the NYSE Amex under the symbol GHQ. We have applied to delist the shares of our common stock from the NYSE Amex and, as a result, the shares of our common stock have been suspended from trading on the NYSE Amex effective as of the date hereof (after the close of trading). The shares of our common stock have been approved for listing on The NASDAQ Stock Market LLC (NASDAQ) and will commence trading on NASDAQ under the symbol IRDM on September 24, 2009.

On September 23, 2009, the reported last sale price of our common stock on the NYSE Amex was $10.10 per share.

If we are unable to complete the Acquisition prior to the scheduled closing of this offering, no shares of common stock will be sold and delivered in this offering. As a result, you are advised not to sell shares of common stock to be acquired in this offering prior to the closing of this offering as secondary trades in the shares of common stock offered hereby will not settle if this offering does not close.

You should consider the risks which we have described in Risk Factors beginning on page S-17 before buying shares of our common stock.

	Per Share	Total
Public offering price	$ 10.00	$ 160,000,000
Underwriting discounts and commissions	$ 0.65	$ 10,400,000
Proceeds, before expenses, to us	$ 9.35	$ 149,600,000

The underwriters may purchase up to an additional 2,400,000 shares from us at the public offering price, less the underwriting discount, within 40 days from the date of this prospectus supplement to cover over-allotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to purchasers on or before September 29, 2009.

RAYMOND JAMES

RBC CAPITAL MARKETS

STIFEL NICOLAUS

The date of this prospectus supplement is September 23, 2009

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus. Neither we nor the underwriters have authorized anyone to provide you with different information from that contained in this prospectus supplement and the accompanying prospectus. We are not making an offer of the shares of common stock covered by this prospectus supplement in any jurisdiction where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the dates on the front covers of those documents.

Except as otherwise specified, the terms the Company, we, us and our refer to GHL Acquisition Corp. (to be renam Iridium Communications Inc. following the Acquisition), a Delaware corporation, and, except for periods prior to the date of completion of the Acquisition, Iridium Holdings and its subsidiaries. References to GHQ refer to GHL Acquisition Corp. prior to the completion of the Acquisition and references to Iridium Holdings refer to Iridium Holdings LLC and its subsidiaries prior to the completion of the Acquisition. References to Greenhill or our founding stockholder refer to Greenhill & Co., Inc. References to initial stockholders refer to Greenhill and its permitted transferees. References to public stockholders refer to purchasers of shares of our common stock in our initial public offering (IPO) or in the secondary market, including our founding stockholder, officers or directors and their affiliates to the extent they purchased or acquired shares in the IPO or in the secondary market.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of our common stock. The second part, the accompanying prospectus, gives more general information about the securities we may offer from time to time. If there is any inconsistency between the information in this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should carefully read both this prospectus supplement and the accompanying prospectus, together with additional information described under the heading Where You Can Find More Information before deciding to invest in the common stock being offered.

MARKET AND INDUSTRY DATA AND FORECASTS

Information contained in this prospectus supplement and accompanying prospectus concerning the mobile satellite services industry, the domestic and international markets for Iridium Holdings products, services and applications, the historic growth rate and the future of the mobile satellite services market and of Iridium Holdings market share or position in any vertical market is based on Iridium Holdings internal estimates and research as well as on industry and general publications, studies, surveys and forecasts conducted by third parties, including Euroconsult, GSM Association & Europa Technologies, Northern Sky Research and TMF Associates, on assumptions that Iridium Holdings has made that are based on that data and other similar sources as well as its knowledge of the markets for its products, services and applications.

While Iridium Holdings has informed us that it believes each of these publications, studies, surveys and forecasts are reliable, Iridium Holdings has not independently verified the market and industry data provided by third parties or by industry or general publications. Similarly, while Iridium Holdings believes its internal estimates and research are reliable and the market definitions are appropriate, neither such research nor these definitions have been verified by any independent source, and neither we nor Iridium Holdings make any representation or warranty as to the accuracy and completeness of such estimates and information.

For purposes of this prospectus supplement and accompanying prospectus, when we discuss Iridium Holdings position in the market for mobile satellite services, its market position is based on its total revenues in relation to the revenues of the principal industry players in 2008. For purposes of this prospectus supplement and accompanying prospectus, principal industry players are defined as Iridium Holdings, Inmarsat plc. (Inmarsat), Globalstar, Inc. (Globalstar), Thuraya Satellite Telecommunications Company (Thuraya), SkyTerra Communications (SkyTerra), Orbcomm Inc. (Orbcomm), ICO Global Communication (Holdings) Limited (ICO) and TerreStar Networks, Inc. (TerreStar).

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INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In some cases you can identify these statements by forward-looking words such as may, might, will, will likely result, should, anticipates, expects, intends, plans, seeks, es continue, believes and similar expressions, although some forward-looking statements are expressed differently.

These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties that may cause our actual results, performance or achievements to differ materially from any expected future results, performance or achievements expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. These risks and uncertainties include, but are not limited to:

- whether the closing conditions of the Acquisition and this offering will be satisfied;
- the level and type of demand for Iridium Holdings products and services;
- Iridium Holdings ability to maintain the health, capacity, control and level of service of its satellite network;
- Iridium Holdings ability to cost-effectively design, construct and launch Iridium NEXT;
- Iridium Holdings ability to obtain capital to meet its future capital requirements, in particular the funding for Iridium NEXT and related ground infrastructure, products and services;
- changes in general economic, business and industry conditions;
- Iridium Holdings and its distributors ability to introduce innovative products, services and applications that satisfy market demand;
- the ability of Iridium Holdings distributors to market and sell Iridium Holdings products, services and applications effectively;
- the ability of Iridium Holdings competitors to develop and offer similar services and products;
- Iridium Holdings ability to maintain its relationship with U.S. government customers, particularly the Department of Defense (DoD);
- denials or delays in receipt of regulatory approvals or non-compliance with conditions imposed by regulatory authorities;
- legal, regulatory and tax developments, including additional requirements imposed by changes in domestic and foreign laws and regulations; and
- rapid and significant technological changes in the telecommunications industry.

There is no assurance that our expectations will be realized. If one or more of these risks or uncertainties materialize, or if our underlying assumptions prove incorrect, actual results may vary materially from those expected, estimated or projected. Such risks and uncertainties also include those set forth under Risk Factors starting on page S-17 and those described under Risk Factors in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2008, as amended, and incorporated herein by reference. Our forward-looking statements speak only as of the time they are made and do not necessarily reflect our outlook at any other point in time. Except as required by law or regulation, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or for any other reason.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. It does not contain all of the information you should consider before making an investment decision. You should read the entire prospectus supplement, the accompanying prospectus, the documents incorporated by reference and the other documents to which we refer for a more complete understanding of this offering. Please read the information set forth under the heading Risk Factors on page S-17 and the information set forth under Risk Factors in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2008, as amended, incorporated by reference in this prospectus supplement, for more information about important factors that you should consider before buying our common stock in this offering.

For purposes of Iridium Holdings LLC in this summary, the terms we, us and our refer to Iridium Holdings LLC a its subsidiaries.

Iridium Holdings LLC

Our Business

We are the second largest provider of mobile voice and data communications services via satellite, and the only provider of mobile satellite communications services offering 100% global coverage. Our satellite network provides communications services to regions of the world where existing wireless or wireline networks do not exist or are impaired, including extremely remote or rural land areas, open ocean, the Polar Regions (defined as those regions at or above 70 degrees latitude) and regions where the telecommunications infrastructure has been affected by political conflicts or natural disasters. Demand for our mobile satellite services and products is growing as a result of the increasing need for reliable communications services in all locations.

We offer voice and data communications services to the U.S. and foreign governments, businesses, non-governmental organizations and consumers via our constellation of 66 in-orbit satellites, seven in-orbit spares and related ground infrastructure, including a primary commercial gateway. We utilize an interlinked mesh architecture to route traffic across our satellite constellation using radio frequency crosslinks. This unique architecture minimizes the need for ground facilities to support the constellation, which facilitates the global reach of our services and allows us to offer services in countries and regions where we have no physical presence.

The U.S. government, directly and indirectly, has been and continues to be our largest customer, generating $67.8 million, or 21.1%, of our total revenues for the year ended December 31, 2008, and $36.6 million, or 23.1%, of our total revenues for the six months ended June 30, 2009. The Department of Defense (DoD) owns and operates a dedicated gateway that is only compatible with our satellite network. The U.S. Army, Navy, Air Force and Marines, as well as other nations military forces, use our voice and data services for a variety of mission-critical applications, including for combat, training and daily operations. In addition to voice and data products used by soldiers for primary and backup communications solutions, our products and related applications are installed in ground vehicles, unmanned aerial vehicles, helicopters and aircraft and used for command and control and situational awareness purposes. Our satellite network provides the DoD with a secure communication system because traffic is routed across our satellite constellation before being brought down to earth via the dedicated, secure DoD gateway, thus reducing the risk of electronic jamming and eavesdropping. Since our inception, the DoD has made significant investments to build a dedicated gateway in Hawaii and to purchase our handsets and devices, all of which are only compatible with our satellite network. The DoD would have to incur significant time and expense to replicate our network architecture and replace our voice and data services with a competing service provider.

Our commercial end-user base, which we view as our primary growth engine, is very diverse and includes the emergency services, maritime, government, utilities, oil and gas, mining, leisure, forestry, construction and transportation markets. Many of our end-users increasingly view our products and services as critical to their daily operations and integral to their communications and business infrastructure. For example, multinational corporations in various sectors use our services for business telephony, email and data transfer services and to provide pay telephony services for employees in communities inadequately served by terrestrial networks. Ship crews and passengers use our services to send and receive email and data files as well as facsimiles, and to receive electronic newspapers, weather reports, emergency bulletins and electronic charts. Shipping operators use our services to manage inventory on board ships and to transmit data, such as course, speed and fuel stock. Aviation-based end-users use our services for air-to-ground telephony and data communications.

We sell our products and services to commercial end-users exclusively through a wholesale distribution network, encompassing approximately 65 service providers, 110 value-added resellers and 45 value-added manufacturers, who either sell directly to the end-user or indirectly through other service providers, value-added resellers or dealers. These distributors often integrate our products and services with other complementary hardware and software and have developed over 200 unique applications for our products and services targeting specific vertical markets. We expect that demand for our services will increase as more applications are developed for our products and services.

We and our partners have a history of developing innovative products, services and applications to expand our markets. These innovations have driven our market expansion and increased service revenue. For example, in 2005 we introduced the Iridium 9601 short burst data modem, which is typically used in tracking, sensor and data applications and systems. In October 2008, we began offering the Iridium OpenPort terminal, specifically engineered for maritime voice and data use, including high bandwidth and flexible configuration options. We believe that the relatively low cost and high functionality of the Iridium OpenPort terminal will allow us to expand and further penetrate the maritime market. In addition, pursuant to a DoD funded research and development contract, we are also developing new services, such as Netted Iridium, which provides push-to-talk capability and is being used today by soldiers in the field for improved over-the-horizon tactical communications capability. We and our partners also design innovative applications for our products and services which are tailored to the specific needs of end-users in various industries. For example, oil-field service companies, like Schlumberger Limited, use our services to run applications that allow remote monitoring and operation of equipment and facilities, such as oil pipelines and offshore drilling platforms.

At December 31, 2008 and June 30, 2009, we had approximately 320,000 and 347,000 subscribers worldwide, respectively, representing a 36.6% and 23.9% increase compared to December 31, 2007 and June 30, 2008, respectively. Over the five-year period from December 31, 2003 to December 31, 2008, our subscriber base grew from 94,000 to 320,000, a compound annual growth rate of 27.8%. Total revenues increased from $260.9 million in 2007 to $320.9 million in 2008.

Market Opportunity

Northern Sky Research estimated that in 2008, the total market for mobile satellite services was $1.7 billion, of which 58% was derived from land-based applications, 33% was derived from maritime applications, and 9% was derived from aviation-related applications. Northern Sky Research indicated at that time that it expected mobile satellite services wholesale revenues to grow at a compound annual growth rate of 12% over the five-year period from 2010 to 2015. Growth in demand for mobile satellite services is driven by the increasing demand for global coverage, the declining cost of satellite voice and data communications devices and services, the smaller size of handsets and the introduction of new applications tailored to the specific needs of end-users.

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We believe that the rapid growth of the terrestrial wireless industry over the last decade is evidence of the increasing demand for mobile communication services and believe our network offers solutions for satisfying such demand in situations where terrestrial-based service is unavailable. Despite significant penetration and competition, terrestrial wireless systems cover only a small fraction of the earth s surface and are mainly focused on populated areas. Terrestrial wireless coverage is limited or non-existent over oceans, many rural areas and other remote regions where ships, airplanes and other assets are located and/or travel. By offering mobile communications services with global voice and data coverage, mobile satellite service providers address the demand for reliable voice and data connectivity in locations not served by wireline and wireless terrestrial networks.

Demand for machine-to-machine products and services has been growing rapidly as they enable enterprise end-users to maintain contact with remote assets. This connectivity provides a wide range of potential benefits including increasing supply chain efficiency, increasing productivity, diagnosing equipment breakdowns and reducing the risk of theft. We believe there is a significant growth opportunity for cost-effective mobile satellite services in this market and anticipate that the increased adoption of existing machine-to-machine applications and the development of new ones will foster increased demand.

In addition, we believe increased demand for higher-speed, low-cost data services, continued development of innovative cost-effective applications and regulatory mandates will drive increased demand in the maritime and aviation markets. For example, we believe the recent introduction of Iridium OpenPort presents a cost-effective, high speed communication alternative to end-users in the maritime market which we expect will increase our market share in the maritime communications sector.

There are significant barriers to entry to the mobile satellite services industry, including the cost and difficulty associated with obtaining spectrum licenses, successfully building and launching a satellite network and establishing a distribution network. There is also significant lead-time associated with obtaining the required spectrum licenses, building the satellite constellation, deploying the ground network technology, developing a network of strategic partners and establishing an end-user base. Another barrier to entry is that mobile satellite service products typically only work with a single network and as a result it is expensive and difficult for end-users to switch satellite service providers. For example, we believe that the owners of business aircraft who have installed our voice equipment are less likely to switch to a competing provider due to the inconvenience and expense of replacing our equipment.

Our Competitive Strengths

Only provider with 100% global coverage. Our satellite network operates in a low earth orbit, or LEO, and offers 100% global coverage. In contrast, geosynchronous, or GEO, satellite systems are only able to cover approximately 70% of the earth s surface as they are generally positioned at the Equator. In addition, none of our LEO competitors offer 100% global coverage. Our satellite network relies on an interlinked mesh architecture to transmit signals, which reduces the need for multiple ground stations and facilitates the global reach of our services. Other satellite service providers use a bent pipe architecture that requires voice and data transmissions to be immediately routed to nearby ground stations, which limits their ability to provide global coverage. As a result, we believe that we are well-positioned to capture the growth in our industry from end-users who require reliable communications service in all locations.

High quality and reliable voice and data services. We believe we offer high quality and reliable voice and data services. The LEO design of our satellite constellation produces minimal transmission delays relative to GEO systems due to its relatively close proximity

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to earth and the shorter distance our signals have to travel. Additionally, LEO systems have smaller handset antenna requirements and are less prone to signal blockage caused by terrain than GEO satellite networks. Our primary LEO-based competitor has publicly announced that it has experienced satellite failures and other problems impacting its constellation that are affecting and will continue to affect its ability to provide commercially acceptable two-way voice and data service for the foreseeable future.

Solutions for a broad range of vertical markets. We have created additional demand for our products and services and expanded our target market by partnering with our distributors to develop new products, services and applications. The specialized needs of our global end-users span many markets, including emergency services, maritime, government, utilities, oil and gas, mining, leisure, forestry, construction and transportation. Our communication solutions have become an integral part of the communications and business infrastructure of many of our end-users. In many cases, our service provides the only connectivity solution for these applications, and our products are often integrated by the original manufacturers or in the aftermarket into expensive machinery, such as military equipment and sophisticated monitoring devices.

Strategic relationship with the DoD. The U.S. government is our largest customer, and we have had a strategic relationship with the DoD since our inception in late 2000. We provide the DoD, as well as other U.S. government agencies, with mission-critical mobile satellite products and services. Our satellite handsets are one of the few commercial handsets available on the market that are capable of Type I encryption accredited by the United States National Security Agency for Top Secret communications. In addition, the DoD has made significant investments to build a dedicated gateway in Hawaii to allow DoD users to access our network on a secure basis. This gateway is only compatible with our satellite network.

Large, value-added wholesale distribution network. We sell our products and services to commercial end-users exclusively through a wholesale distribution network of approximately 65 service providers, 110 value-added resellers and 45 value-added manufacturers. By relying on distributors to manage end-user sales, we believe that our model leverages their expertise in marketing to their target customers while lowering overall customer acquisition costs and mitigating certain risks such as consumer credit risk. Our distributors further support our growth by developing new applications and solutions for our products and services, often combining our products with other technologies, such as GPS and terrestrial wireless technology, to provide integrated communications solutions for their target customers.

Our Business and Growth Strategies

Develop new products and services for commercial markets to further expand and penetrate our target markets. We expect to continue to develop, together with our partners, tailor-made products, services and applications targeted to the maritime, aviation, land-based handset, and machine-to-machine markets. We believe these markets represent an attractive opportunity for subscriber growth and increased airtime usage. We expect the development of a netted (push-to-talk) application to provide us in the future with potential new commercial applications in public safety, fishing and field worker communications. The high integrity GPS service (iGPS) technology we have developed with a partner is expected to enable new commercial applications in enhanced navigation services such as precision farming, high accuracy navigation for oil and gas exploration and construction services. In addition, our partners regularly develop specialized end-user applications targeted at specific markets.

Develop new services for the DoD. We are developing additional capabilities for our network to enhance its utility to the DoD. In conjunction with the Marine Corps Warfighting Lab, we are currently expanding the capabilities of our satellite handsets to permit netted (push-to-talk) group calling radio services, providing over-the-horizon user-defined tactical radio networks to DoD users. We are also developing capabilities that will enable iGPS service, which is expected to be used as an embedded component in several DoD applications. These and other services in development provide us with opportunities to increase revenue from the DoD, our anchor customer. In addition, we expect that our Iridium NEXT satellite constellation will incorporate unique features and capabilities tailored to meet the specific needs of the DoD.

Leverage our fixed cost infrastructure by growing our service revenues. Our business model is characterized by high fixed costs, primarily costs associated with designing, building, launching and maintaining our satellite constellation. However, the incremental cost of providing service to additional end-users is relatively low. We believe that service revenues will be our largest source of future growth and profits and intend to focus on growing both our commercial and government service revenues in order to leverage our fixed cost infrastructure.

Expand our geographic sales reach. Our products and services are offered in over 100 countries. While our network can be used throughout the world, we are not currently licensed to sell our products and services directly in certain countries, including Russia, China, Mexico, South Africa and India. We are currently in discussions with regulatory officials in these and other countries to obtain licenses and, to the extent we are successful in obtaining such licenses, we believe the expanded reach of our product and service distribution platform will accelerate our growth.

Develop Iridium NEXT constellation. We are developing our next-generation satellite constellation, Iridium NEXT, which we expect to begin launching in 2014. Iridium NEXT will be backward compatible with our current system and will replace the existing constellation with a more powerful satellite network, which we anticipate will have more than twice the capacity. Iridium NEXT will maintain our current system s unique attributes, including the capability to upload new software, while providing new and enhanced capabilities, such as higher data speeds and increased capacity. In addition, Iridium NEXT will be designed to host secondary payloads which we expect to defray a portion of the capital expenditures related to Iridium NEXT as well as to generate recurring revenues. We believe Iridium NEXT s increased capabilities will expand our target markets by enabling us to offer a broader range of products and services, including a wider array of broadband data services.

The Acquisition

General

We expect to acquire Iridium Holdings pursuant to a transaction agreement dated as of September 22, 2008 among GHQ, Iridium Holdings and the holders of Iridium Holdings units, as amended on April 28, 2009 (the Transaction Agreement) to which 100% of the holders of outstanding units of Iridium Holdings are now a party, with Iridium Holdings continuing as our subsidiary. Following the Acquisition, we plan to rename ourselves Iridium Communications Inc.

Stockholder Approval of Initial Business Combination and Other Closing Conditions

On September 23, 2009, our stockholders approved the Acquisition. Stockholders holding approximately 23.0% of the shares sold in our IPO voted against the Acquisition and elected to

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convert their shares into a pro rata portion of the trust account, resulting in a total payment to converting stockholders of approximately $92.1 million.

The closing of the Acquisition is subject to a number of conditions set forth in the Transaction Agreement. For more information about the closing conditions to the Acquisition, please see the section entitled The Transaction Agreement Conditions to the Closing of the Acquisition in our Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission (the SEC) on August 28, 2009.

Founders Securities Forfeiture, Deferred Underwriting Commission, Forward Purchases and Warrant Repurchases and Exchanges

On September 22, 2008, we entered into a letter agreement with Greenhill whereby Greenhill agreed to forfeit at the closing of the Acquisition the following securities which it currently owns: (1) 1,441,176 shares of our common stock purchased as part of the unit purchase on November 31, 2007; (2) 8,369,563 warrants purchased as part of the unit purchase on November 31, 2007; and (3) 2,000,000 warrants purchased in a private placement on February 21, 2008. On April 28, 2009, we entered into a second letter agreement with Greenhill whereby Greenhill has agreed to forfeit at the closing of the Acquisition an additional 2,000,000 warrants purchased in a private placement on February 21, 2008.

On June 2, 2009, we entered into an agreement with Banc of America Securities LLC (Banc of America), the underwriter of our IPO, and its affiliate, pursuant to which Banc of America Securities LLC has agreed to reduce the deferred underwriting commission payable upon the closing of the Acquisition by approximately $8.2 million (the Deferred Underwriting Commission Forfeiture). The deferred underwriting commissions payable upon the closing of the Acquisition by us to Banc of America and other underwriters in connection with our IPO will be approximately $4.3 million after giving effect to the conversion of 9,214,167 IPO shares into a pro rata portion of the trust account. In addition, Banc of America or its affiliate agreed to sell to us, immediately after the closing of the Acquisition, approximately 3.7 million of our warrants for approximately $1.8 million (the Banc of America Warrant Repurchase).

We recently initiated discussions with a limited number of stockholders about their willingness to enter into agreements to allow us to repurchase from them, subject to the closing of the Acquisition, specified amounts of our outstanding common stock (Forward Purchases). We believe the stockholders we have approached have invested in our common stock based on investment strategies that are focused on fixed income like returns rather than our underlying business and growth prospects following completion of the Acquisition. We expect these investors, based on their investment strategies, would seek to exit their investment in us in connection with or shortly following the closing of the Acquisition. We believe it is important for us to develop a stockholder base with a longer term view, interested in and knowledgeable about our underlying business and growth prospects and believe that the combination of Forward Purchases and this offering will permit us to accelerate this transition.

On September 14, 2009, we announced that we had entered into agreements with certain of our stockholders as a result of which 16,325,196 shares of our common stock in the aggregate will be repurchased upon closing of the Acquisition. The agreements provide that the shares will be repurchased for a price per share equal to $10.10 per share. The sellers of the shares also granted us a proxy over the shares to be repurchased, and we voted the repurchased shares in favor of the Acquisition at the special meeting of shareholders on September 23, 2009. The shares subject to these agreements represented approximately 40.8% of the 40.0 million shares of common stock that were eligible to vote on the Acquisition proposal at the special meeting. We intend to use a portion of the net proceeds from this offering to effect the Forward Purchases.

On July 29, 2009, we entered into agreements (the Warrant Purchase Agreements) to repurchase and/or restructure approximately 26.8 million warrants issued in our IPO in privately negotiated transactions (the Exchanges) from certain of our warrant holders (the Warrantholders), subject to the closing of the Acquisition. We negotiated to repurchase and/or restructure these warrants to reduce significantly the magnitude of the potential dilution to our stockholders and potential short selling in connection with and following the consummation of the Acquisition. As part of the Exchanges, we have agreed to:

- Purchase approximately 12.4 million existing warrants issued in our IPO for a total of approximately $3.1 million of cash and approximately $12.4 million of our common stock.

- Restructure approximately 14.4 million existing warrants issued in our IPO to (i) increase their exercise price to $11.50 per share, (ii) extend their exercise period by two years to February 2015 and (iii) increase the price of our common stock at which we can redeem the restructured warrants to $18.00.

- Enter into a new warrant agreement for the restructured warrants with terms substantially similar to the terms set forth in the warrant agreement with respect to the existing warrants issued in our IPO, except as set forth above.

- File with the SEC, as soon as practicable following the issuance of the restructured warrants, but in no event later than 15 business days following the issuance of the restructured warrants, a resale registration statement to allow for the resale of shares of our common stock issued in connection with the Exchanges, the restructured warrants and the shares of our common stock underlying such restructured warrants (Resale Registration Statement). If the Resale Registration Statement is not declared effective by the SEC within 30 business days following the issuance of the restructured warrants, the Warrantholders have the right to sell to us, for cash, the restructured warrants for a price equal to the difference between the weighted average price of the shares of our common stock during a certain period over the exercise price of the restructured warrants.

In connection with the restructuring of the warrants, Greenhill has agreed to exchange 4.0 million warrants held by it into the restructured warrants described above. Our current chairman, Scott L. Bok, and our current chief executive officer, Robert H. Niehaus, have also agreed to exchange 0.4 million warrants purchased by them in our IPO into the restructured warrants described above.

GHL Acquisition Corp.

General

We are a blank check company formed on November 2, 2007 for the purpose of effecting an acquisition, through a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar business combination with one or more businesses or assets, which we refer to as our initial business combination.

We completed our IPO on February 21, 2008 of 40,000,000 units and recorded gross proceeds of approximately $408.0 million, consisting of $400.0 million from the IPO and $8.0 million from the sale of private placement warrants to our founding stockholder Greenhill. Upon the closing of the IPO, we paid $6.9 million of underwriting fees and placed $400.0 million of the total proceeds into a trust account. The remaining approximately $1.1 million was used to pay offering costs. Each unit consists of one share of common stock, $0.001 par value per share, and one warrant to purchase one share of our common stock at an initial exercise price of $7.00 per share, subject to adjustment. The units were sold at an offering price of $10.00 per unit.

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We are not presently engaged in, and will not engage in, any substantive commercial business until the completion of our initial business combination. We intend to utilize the funds held in our trust account and our common stock in effecting the Acquisition.

Liquidation if No Business Combination

Our amended and restated certificate of incorporation provides that we will continue in existence only until February 14, 2010. If we complete the Acquisition, we will amend this provision in order to permit for our continued existence. If we do not complete an initial business combination by February 14, 2010, our corporate existence will cease except for the purpose of winding up our affairs and liquidating pursuant to Section 278 of Delaware General Corporation Law.

Additional Information

Our principal executive offices are located at 300 Park Avenue, 23rd Floor, New York, New York 10022 and our telephone number is (212) 372-4180. Following the Acquisition, our principal executive offices will be located at 6707 Democracy Boulevard, Suite 300, Bethesda, Maryland 20817 and our telephone number will be (301) 571-6200.

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THE OFFERING

Shares offered by the Company	16,000,000 shares.
Over-allotment option	2,400,000 shares.
Shares outstanding after this offering (1)	68,207,884 shares of common stock (70,607,884 shares if the underwriters option to purchase additional shares is exercised in full).
Use of proceeds	We expect to receive $148,600,000 in net proceeds from this offering, or $171,040,000 if the underwriters exercise their over-allotment option in full. We intend to use the net proceeds from this offering to effect the Forward Purchases, the Exchanges and for general corporate purposes. See Use of Proceeds on page S-47.
Condition to closing	The closing of this offering is contingent upon the completion of the Acquisition.
Listing symbol	The shares of our common stock have been approved for listing on NASDAQ and will commence trading on NASDAQ under the symbol IRDM on September 24, 2009. The shares of our common stock have been suspended from trading on the NYSE Amex effective as of the date hereof (after the close of trading).

(1) The number of shares of our common stock to be outstanding after this offering gives effect to the conversion of 9,214,167 IPO shares into a pro rata portion of the trust account. This number is based on 48,500,000 shares of our common stock outstanding as of September 23, 2009 and includes (i) the issuance of approximately 30,688,431 shares of our common stock in connection with the Acquisition and the Exchanges, including 1,244,923 shares of our common stock to be issued in the Exchanges, (ii) the forfeiture of 1,441,176 shares of our common stock by Greenhill at the closing of the Acquisition and (iii) the Forward Purchases of 16,325,196 shares of our common stock in the aggregate pursuant to the agreements we announced on September 14, 2009. This number excludes (i) the conversion of the $22.9 million note held by Greenhill & Co. Europe Holdings Limited (Greenhill Europe), a subsidiary of Greenhill, into 1,946,500 shares of our common stock, (ii) the issue of approximately 28,025,629 shares of our common stock upon exercise of 28,025,629 warrants outstanding after the Acquisition and the Exchanges and (iii) the potential issue of 1.5 million shares of our common stock to Motorola Inc. (Motorola).

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SUMMARY FINANCIAL DATA OF IRIDIUM HOLDINGS

The following summary historical financial data for each of the three years in the period ended December 31, 2008 was derived from Iridium Holdings audited financial statements and the financial information for the six months ended June 30, 2008 and 2009 was derived from Iridium Holdings unaudited condensed consolidated financial statements. Iridium Holdings unaudited condensed consolidated financial statements reflect all adjustments necessary to state fairly its financial position at June 30, 2008 and 2009 and its income and cash flows for the six months ended June 30, 2008 and 2009. The information for the years ended December 31, 2004 and 2005 was derived from Iridium Holdings audited financial statements. As described in footnote (a) below, the consolidated balance sheet as of December 31, 2008 and the consolidated statements of income for the years ended December 31, 2008 and 2007 have been restated to give effect to certain reclassification adjustments. Interim results are not necessarily indicative of results for the full year and historical results are not necessarily indicative of results to be expected in any future period. The summary financial data below should be read in conjunction with Iridium Holdings financial statements and related notes beginning on page F-33 of our Proxy Statement on Schedule 14A filed with the SEC on August 28, 2009 and Management s Discussion and Analysis of Financial Condition and Results of Operations for Iridium Holdings included in this prospectus supplement. The summary financial data is historical data for Iridium Holdings on a stand alone basis. The following summary financial data below is not necessarily indicative of future results and should be read in conjunction with the Unaudited Pro Forma Condensed Combined Financial Data included in this prospectus supplement.

For financial data of GHQ, please see Selected Historical Financial Data of GHQ in GHQ s Proxy Statement on Schedule 14A filed with the SEC on August 28, 2009.

	Years Ended December 31,					Six Months Ended June 30,	
Statement of Operations Data:	**2004**	**2005**	**2006**	**2007 As Restated (see note (a))**	**2008 As Restated (see note (a))**	**2008**	**2009**
				(In thousands)			
Revenue:							
Government Services	$ 45,069	$ 48,347	$ 50,807	$ 57,850	$ 67,759	$ 29,867	$ 36,628
Commercial Services	49,611	60,690	77,661	101,172	133,247	61,846	76,777
Subscriber Equipment	26,811	78,663	83,944	101,879	119,938	64,266	45,089
Total revenue	$ 121,491	$ 187,700	$ 212,412	$ 260,901	$ 320,944	$ 155,979	$ 158,494
Operating expenses:							
Cost of subscriber equipment sales	26,463	62,802	60,068	62,439	67,570	36,780	22,916
Cost of services (exclusive of depreciation and amortization) (b)	50,248	56,909	60,685	63,614	69,882	32,114	37,861
Selling, general and administrative	32,487	30,135	33,468	46,350	55,105	25,433	28,139
Research and development	9,044	4,334	4,419	13,944	32,774	10,880	13,269
Depreciation and amortization	7,132	7,722	8,541	11,380	12,535	5,861	7,249

Transaction costs					7,959	556	1,972
Satellite system development refund		(14,000)					
Total operating expenses	$ 125,374	$ 147,902	$ 167,181	$ 197,727	$ 245,825	$ 111,624	$ 111,406
Operating (loss) profit	$ (3,883)	$ 39,798	$ 45,231	$ 63,174	$ 75,119	$ 44,355	$ 47,088

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tatement of Operations Data:	2004	2005	2006	2007 As Restated (see note (a))	2008 As Restated (see note (a))	Six Months Ended June 30, 2008	Six Months Ended June 30, 2009
			Years Ended December 31, (In thousands)				
ther (expense) income:							
nterest expense, net of apitalized interest	(9,122)	(5,106)	(15,179)	(21,771)	(21,094)	(9,759)	(9,219
nterest expense recovered		2,526					
nterest and other income	483	2,377	1,762	2,370	(146)	801	449
otal other (expense) income, net	$ (8,639)	$ (203)	$ (13,417)	$ (19,401)	$ (21,240)	$ (8,958)	$ (8,770
et (loss) income	$ (12,522)	$ 39,595	$ 31,814	$ 43,773	$ 53,879	$ 35,397	$ 38,318
BITDA (c)	3,554	49,595	54,243	74,732	86,163	50,299	54,671
ertain other items included in BITDA (d)				1,777	22,072	3,973	9,597

alance Sheet Data:	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08 As Restated (see note (a))	6/30/08	6/30/09
				(In thousands)			
otal current assets	$ 59,921	$ 65,385	$ 84,035	$ 80,342	$ 101,355	$ 109,613	$ 114,424
otal assets	150,514	129,397	161,525	167,581	190,569	195,909	199,484
otal long term obligations (e)	(119,781)	(53,848)	(208,225)	(178,324)	(155,845)	(162,020)	(142,050
otal members deficit	(90,008)	(57,262)	(121,189)	(78,447)	(62,230)	(45,339)	(21,605

ther Data:	2004	2005	2006	2007	2008	Six Months Ended June 30, 2008	Six Months Ended June 30, 2009
			Years Ended December 31, (In thousands)				
ash provided by (used in):							
perating activities	$ 10,107	$ 30,742	$ 39,499	$ 36,560	$ 61,438	$ 33,517	$ 37,426
nvesting activities	(1,608)	(9,661)	(9,467)	(19,787)	(13,913)	(5,936)	(4,784
nancing activities	(5,542)	(18,887)	(8,032)	(26,526)	(44,820)	(7,819)	(16,977

(a)

For the year ended December 31, 2008, the balance sheet has been restated to reclassify as prepaid expenses and other current assets a $1.4 million receivable from an insurer that was previously classified as a reduction of the related claim liability included in accrued expenses and other current liabilities. In addition, in the restated consolidated statements of income for the years ended December 31, 2008 and 2007, Iridium Holdings has reclassified $6.0 million and $3.4 million, respectively, of research and development costs related to government funded research and development service contracts as cost of services (exclusive of depreciation and amortization). These reclassifications have no impact on income from operations or net income.

(b) Iridium Holdings summary historical financial data for the year ended December 31, 2004 does not include a reclassification of operating expenses between cost of sales and services and selling, general and administrative. Therefore, Iridium Holdings summary historical financial data for the operating expenses described above for the year ended December 31, 2004 is not directly comparable to the summary historical financial data for subsequent periods.

(c) EBITDA represents net income before interest expense, interest income, income tax provision and depreciation and amortization. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations, as determined in accordance with GAAP and Iridium Holdings calculations thereof may not be comparable to similarly entitled measures reported by other companies. Iridium Holdings presents EBITDA because it believes it is a useful indicator of its profitability. Iridium Holdings management uses EBITDA principally as a measure of its operating performance and believes that EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in their evaluation of companies in industries similar to its own. Iridium Holdings also believes EBITDA is useful to its management and investors as a measure of comparative operating performance between time periods and among companies as it is reflective of changes in pricing decisions, cost controls and other factors that affect operating performance. Iridium Holdings management also uses EBITDA for planning purposes, including the preparation of its annual operating budget, financial projections and compensation plans.

EBITDA does not represent and should not be considered as an alternative to results of operations under GAAP and has significant limitations as an analytical tool. Although Iridium Holdings uses EBITDA as a measure to assess the performance of its business, the use of EBITDA is limited because it excludes certain material costs. For example, it does

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not include interest expense, which is a necessary element of its costs and ability to generate revenue, because Iridium Holdings has borrowed money in order to finance its operations. Because Iridium Holdings uses capital assets, depreciation expense is a necessary element of its costs and ability to generate revenue. Because EBITDA does not account for these expenses, its utility as a measure of Iridium Holdings operating performance has material limitations. As a limited liability company that is treated as a partnership for federal income tax purposes, Iridium Holdings is generally not subject to federal income tax directly and therefore no adjustment is required for income taxes. Because of these limitations, Iridium Holdings management does not view EBITDA in isolation or as a primary performance measure and also uses other measures, such as net income, revenue and operating profit, to measure operating performance.

The following is a reconciliation of EBITDA to net income:

	Years Ended December 31,					Six Months Ended June 30,	
	2004	2005	2006	2007	2008	2008	2009
	(In thousands)						
Net (loss) income	$ (12,522)	$ 39,595	$ 31,814	$ 43,773	$ 53,879	$ 35,397	$ 38,318
Interest expense	9,122	5,106	15,179	21,771	21,094	9,758	9,219
Interest expense recovered		(2,526)					
Interest income	(178)	(302)	(1,291)	(2,192)	(1,345)	(717)	(115)
Depreciation and amortization	7,132	7,722	8,541	11,380	12,535	5,861	7,249
EBITDA	$ 3,554	$ 49,595	$ 54,243	$ 74,732	$ 86,163	$ 50,299	$ 54,671

(d) The following table details certain items, which are included in EBITDA: non-recurring expenses relating the Acquisition and expenses incurred in the development of Iridium Holdings second generation constellation, Iridium NEXT. This table does not represent and should not be considered as an alternative to net income or cash flow from operations, as determined in accordance with GAAP and Iridium Holdings calculations thereof may not be comparable to similarly entitled measures reported by other companies. Iridium Holdings believes this table, when reviewed in connection with its presentation of EBITDA provides another useful tool to investors and its management for measuring comparative operating performance between time periods and among companies as it is further reflective of cost controls and other factors that affect operating performance. In addition to EBITDA, Iridium Holdings management assesses the adjustments presented in this table when preparing its annual operating budget, financial projections and compensation plans. Because of the significant expenses resulting from the above mentioned Acquisition and Iridium NEXT, Iridium Holdings believes that the presentation of the adjustments relating to acquisition and Iridium NEXT expenses enables its management and investors to assess the impact of such expenses on its operating performance and provides a consistent measure of its operating performance for periods subsequent to the Acquisition and the full deployment of Iridium NEXT.

This table is not intended to comply with GAAP and has significant limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of Iridium Holdings results of operations as calculated under GAAP. Although Iridium Holdings uses this table as a financial measure to assess the performance of its business, the use of this table is limited because, in addition to the costs excluded in its presentation of EBITDA, it excludes certain material costs that Iridium Holdings has incurred over the periods presented. Because this table does not account for these expenses, its utility as a measure of Iridium Holdings operating performance has material limitations.

EBITDA, as defined above, was decreased by the following non-recurring and certain other items, each of which is further discussed below:

	Years Ended December 31,					Six Months Ended June 30,	
	2004	2005	2006	2007	2008	2008	2009
	(In thousands)						
Non-recurring transaction expenses (1)	$	$	$	$	$ 7,959	$ 556	$ 1,972
Iridium NEXT expenses (2)				1,777	14,113	3,417	7,625
Total	$	$	$	$ 1,777	$ 22,072	$ 3,973	$ 9,597

(1) Consists of non-recurring legal, regulatory and accounting expenses resulting from the Acquisition.

(2) Consist of expenses, net of customer revenues, incurred in connection with the design, manufacture and deployment of Iridium NEXT, including certain milestone payments paid to the two companies vying to serve as the prime system contractor. Iridium Holdings expects to incur such expenses through 2016 until the deployment of the new constellation, with the majority of these expenses incurred during the capital intensive launch phase between 2013 and 2016. In the future, Iridium Holdings may capitalize a portion of these costs.

(e) Long-term obligations are presented net of an unamortized discount associated with a commitment fee to Motorola in connection with the transition services, products and assets agreement. The balance of the unamortized discount was $3.0 million at December 31, 2004, $2.7 million at December 31, 2005, $2.3 million at December 31, 2006, $1.8 million at December 31, 2007, $1.3 million at December 31, 2008, $1.5 million at June 30, 2008, and $1.0 million at June 30, 2009.

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SUMMARY UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

The following summary of the unaudited pro forma condensed combined financial information is intended to provide you with a picture of what our business might have looked like had the Acquisition been completed on June 30, 2009 (in the case of the pro forma condensed combined balance sheets) or as of January 1, 2008 (in the case of the pro forma condensed statements of operations for the year ended December 31, 2008 and for the six-month period ended June 30, 2009). However, you should not rely on the summary unaudited pro forma combined financial information as being indicative of the historical results that would have occurred had the Acquisition occurred or the future results that may be achieved after the Acquisition. The following summary of the unaudited condensed combined financial information has been derived from and should be read in conjunction with, the Unaudited Pro Forma Condensed Combined Financial Data and related notes appearing elsewhere in this document.

At the special meeting of GHQ stockholders held September 23, 2009, stockholders holding 9,214,167 IPO shares, or 23.0% of the total IPO shares, voted against the acquisition proposal and elected to convert their shares into a pro rata portion of the trust account, which is approximately $10.00 per share. Therefore, a total of approximately $92.1 million from the trust account will be used to pay these converting stockholders.

Statement of Operations Data:	**Year Ended December 31, 2008**	**Six Months Ended June 30, 2009**
	(In thousands, except per share amounts)	
Revenue:		
Government Services	$ 67,759	$ 36,628
Commercial Services	133,247	76,777
Subscriber Equipment	119,938	45,089
Total revenue	$ 320,944	$ 158,494
Operating expenses:		
Cost of subscriber equipment sales	$ 67,570	$ 22,916
Cost of services (exclusive of depreciation and amortization)	69,882	37,861
Selling, general and administrative	57,697	28,930
Depreciation and amortization	91,136	46,549
Research and development	32,774	13,269
Transaction costs	7,959	1,972
Total operating expenses	$ 327,018	$ 151,497
Operating (loss) profit	$ (6,074)	$ 6,997
Interest (expense), net; other income	(12,155)	(5,573)
Provision (benefit) for income taxes	(2,671)	889
Net (loss) income	$ (15,558)	$ 535
Weighted average shares outstanding basic	69,700	69,700

Weighted average shares outstanding diluted		69,700		75,700
Earnings per share basic	$	(0.20)	$	0.01
Earnings per share diluted	$	(0.20)	$	0.01

Other Data:

EBITDA (a)	$	83,571	$	53,880
Certain other items included in EBITDA (b)		22,072		9,597

(a) EBITDA represents net income before interest expense, interest income, income tax provision and depreciation and amortization. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations, as determined in accordance with GAAP and Iridium Holdings calculations thereof may not be comparable to similarly entitled measures reported by other companies. Iridium Holdings presents EBITDA because it believes it is a useful indicator of its profitability. Iridium Holdings management uses EBITDA principally as a measure of its operating performance and believes that EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in their evaluation of companies in industries similar to its own. Iridium Holdings also believes EBITDA is useful to its management and investors as a measure of comparative operating performance between time periods and among companies as it is reflective of changes in pricing decisions, cost controls and other factors that affect operating performance. Iridium Holdings management also uses EBITDA for planning purposes, including the preparation of its annual operating budget, financial projections and compensation plans.

EBITDA does not represent and should not be considered as an alternative to results of operations under GAAP and has significant limitations as an analytical tool. Although Iridium Holdings uses EBITDA as a measure to assess the performance of its business, the use of EBITDA is limited because it excludes certain material costs. For example, it does not include interest expense, which is a necessary element of its costs and ability to generate revenue, because Iridium Holdings has borrowed money in order to finance its operations. Because Iridium Holdings uses capital assets, depreciation expense is a necessary element of its costs and ability to generate revenue. Because EBITDA does not account for these expenses, its utility as a measure of Iridium Holdings operating performance has material limitations. Because of these limitations, Iridium Holdings management does not view EBITDA in isolation or as a primary performance measure and also uses other measures, such as net income, revenue and operating profit, to measure operating performance. As a corporation, however, Iridium Communications Inc. will be subject to federal income tax and therefore an adjustment is made for income taxes.

The following is a reconciliation of net (loss) income to EBITDA:

Statement of Operations Data:	**Year Ended December 31, 2008**	**Six Months Ended June 30, 2009**
	(In thousands)	
Net (loss) income	$ (15,558)	$ 535
Interest expense, net	10,664	5,907
Depreciation and amortization	91,136	46,549
Provision (benefit) for income taxes	(2,671)	889
EBITDA	$ 83,571	$ 53,880

(b) The following table details certain items, which are included in EBITDA: non-recurring expenses relating to the Acquisition and expenses incurred in the development of Iridium NEXT. This table does not represent and should not be considered as an alternative to net income or cash flow from operations, as determined in accordance with GAAP and Iridium Holdings calculations thereof may not be comparable to similarly entitled measures reported by other companies. Iridium Holdings believes this table, when reviewed in connection with its presentation of EBITDA provides another useful tool to investors and its management for measuring comparative operating performance between time periods and among companies as it is further reflective of cost controls and other factors that affect operating performance. In addition to EBITDA, Iridium Holdings management assesses the adjustments presented in this table when preparing its annual operating budget, financial projections and compensation plans. Because of the significant expenses resulting from the above mentioned Acquisition and Iridium NEXT, Iridium Holdings believes that the presentation of the adjustments relating to acquisition and Iridium NEXT expenses enables its management and investors to assess the impact of such expenses on its operating performance and provides a consistent measure of its operating performance for periods subsequent to the Acquisition and the full deployment of Iridium NEXT.

This table is not intended to comply with GAAP and has significant limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of Iridium Holdings results of operations as calculated under GAAP. Although Iridium Holdings uses this table as a financial measure to assess the performance of its business, the use of this table is limited because, in addition to the costs excluded in its presentation of EBITDA, it excludes certain material costs that Iridium Holdings has incurred over the periods presented. Because this table does not account for these expenses, its utility as a measure of Iridium Holdings operating performance has material limitations.

EBITDA, as defined above, was decreased by the following non-recurring and certain other items, each of which is further discussed below:

	Year Ended December 31, 2008	Six Months Ended June 30, 2009
	(In thousands)	
Non-recurring transaction expenses (1)	$ 7,959	$ 1,972
Iridium NEXT expenses (2)	14,113	7,626
Total	$ 22,072	$ 9,597

(1) Consists of non-recurring legal, regulatory and accounting expenses resulting from the Acquisition.

(2) Consist of expenses, net of customer revenues, incurred in connection with the design, manufacture and deployment of Iridium NEXT, including certain milestone payments paid to the two companies vying to serve as the prime system contractor. Iridium Holdings expects to incur such expenses through 2016 until the deployment of the new constellation, with the majority of these expenses incurred during the capital intensive launch phase between 2013 and 2016. In the future, Iridium Holdings may capitalize a portion of these costs.

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RISK FACTORS

An investment in our common stock involves certain risks. You should carefully consider the risks described below and the risks disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2008, as amended, as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision. If any of the following events occur, our business, financial condition and operating results may be materially adversely affected. In that event, the market or trading price of our common stock could decline and you could lose all or part of your investment. This prospectus supplement also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of specific factors, including the risks described below.

Risks Associated with this Offering

This offering is conditioned upon the closing of the Acquisition, and we may be unable to complete the Acquisition.

Completion of the Acquisition is subject to the satisfaction of a number of conditions set forth in the Transaction Agreement. Accordingly, we may be unable to complete the Acquisition when we expect to or at all.

If we are unable to complete the Acquisition prior to the scheduled closing of this offering, no shares of common stock will be sold and delivered in this offering. As a result, investors are advised not to sell shares of common stock to be acquired in this offering prior to the closing of this offering as secondary trades in the shares of common stock offered hereby will not settle if this offering does not close.

Registration rights may have an adverse effect on the market price of our common stock.

We have granted registration rights in connection with the restructured warrants and shares of our common stock to be issued in the Exchanges, which require us to file a shelf registration statement as soon as practicable following the issuance of the restructured warrants, but in no event later than 15 business days following the issuance of the restructured warrants. This shelf registration statement will be required to cover the exercise and resale of 14,368,525 restructured warrants, the resale of 14,368,525 shares of our common stock underlying such restructured warrants and the resale of 1,244,923 shares of our common stock issued in the Exchanges. We expect to issue the restructured warrants immediately following the closing of the Acquisition. If the shelf registration statement is not declared effective by the SEC within 30 business days following the issuance of the restructured warrants, the Warrantholders have the right to sell to us, for cash, the restructured warrants for a price equal to the difference between the weighted average price of the shares of our common stock during a certain period over the exercise price of the restructured warrants.

In addition, as soon as practicable following closing of Acquisition, we intend to file a shelf registration statement to permit holders of 13,526,667 warrants to convert such warrants and receive 13,526,667 shares of our common stock.

At the closing of the Acquisition, we will also enter into a registration rights agreement with each seller of Iridium Holdings units, our founding stockholder and our other initial stockholders. Greenhill Europe has agreed to become a party to this registration rights agreement upon its conversion of the $22.9 million note it holds into shares of our common stock, which may occur no earlier than October 24, 2009. Pursuant to this registration rights agreement, such persons will be granted certain registration rights with respect to the registration of

38,448,824 shares of common stock and 130,437 warrants, which includes shares of our common stock received by holders of Iridium Holdings units in the Acquisition, shares of our common stock and warrants held by our founding and initial stockholders and the common stock issuable upon conversion of the note held by Greenhill Europe. Under this registration rights agreement, we will be required to file a shelf registration statement as soon as reasonably practicable after the closing of the Acquisition and related transactions, with a view to such registration statement becoming effective six months from the date of the closing of the Acquisition. However, pursuant to an underwriting agreement dated September 23, 2009, we have agreed not to file this registration statement for a period of 90 days after the date of this prospectus supplement.

Certain holders of the registration rights, subject to certain limitations, may exercise a demand registration right in order to permit such holders to sell their registrable shares of common stock in an underwritten public offering under the shelf registration statement. Whenever we propose to register any of our securities under the Securities Act, holders of registration rights will have the right to request the inclusion of their registrable shares of common stock in such registration.

Each seller of Iridium Holdings units who receives shares of our common stock at the closing of the Acquisition, our founding stockholder and our other initial stockholders have agreed to a one-year lock-up for the shares of our common stock they will hold following the closing of the Acquisition, except for underwritten secondary offerings approved by our Board of Directors anytime after six months from the closing of the Acquisition. Greenhill Europe has agreed to enter into a similar one-year lock-up, also subject to the exception described above, commencing on the date it converts the $22.9 million note it holds into shares of our common stock and enters into the registration rights agreement described above. In addition, we, each of our directors and our executive officers, and certain of our stockholders, have agreed to a lock-up for a period of 90 days after the date of this prospectus supplement. These lock-ups limit, to an extent, the volume of our shares available for public trading, which may have an adverse effect on the market for our common stock.

The resale of shares of our common stock in the public market upon exercise of these registration rights could adversely affect the market price of our common stock or impact our ability to raise additional equity capital.

The price of our common stock after the Acquisition might be less than what you agreed to pay for your shares of common stock prior to the Acquisition.

The market price of our common stock may decline as a result of the Acquisition if, among other things:

- the market for common shares of companies in the satellite industry is volatile;
- we do not perform as expected;
- there are mergers, consolidations or strategic alliances in the satellite industry;
- the market valuations of our industry peers decline;
- market conditions in the satellite industry fluctuate;
- there are adverse actual or anticipated changes in economic, political or market conditions;
- we do not achieve the perceived benefits of the Acquisition as rapidly as, or to the extent anticipated by, financial or industry analysts;

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the effect of the Acquisition on our financial results is not consistent with the expectations of financial or industry analysts;

the capital markets are in a distressed state; or

stockholders with registration rights exercise such registration rights and sell a large number of shares of our common stock.

The market price of our common stock may decline in reaction to events that affect other companies in our industry even if those events do not directly affect us. If the market price of our common stock declines, our stockholders may experience a loss and we may not be able to raise additional capital in the future, if necessary, in the equity markets.

If the Acquisition s benefits do not meet the expectations of the marketplace, investors, financial analysts or industry analysts, the market price of our securities may decline.

The market price of our common stock may decline as a result of the Acquisition if we do not perform as expected or if we do not otherwise achieve the perceived benefits of the Acquisition as rapidly as, or to the extent anticipated by, the marketplace, investors, financial analysts or industry analysts. If the market price of our common stock declines, our stockholders may experience a loss and we may not be able to raise future capital, if necessary, in the equity markets.

Risks Related to Iridium Holdings Business

Iridium Holdings business plan depends on both increased demand for mobile satellite services and its ability to successfully implement it.

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

The ability of Iridium Holdings to successfully implement its business plan will also depend on a number of other factors, including:

its ability to maintain the health, capacity and control of its existing satellite network;

its ability to contract for the design, construction, delivery and launch of Iridium NEXT and related ground infrastructure, products and services, and, once launched, its ability to maintain the health, capacity and control of such satellite constellation;

the level of market acceptance and demand for its products and services;

its ability to introduce innovative new products and services that satisfy market demand;

its ability to obtain additional business using its existing spectrum resources both in the United States and internationally;

its ability to sell its products and services in additional countries;

its ability to maintain its relationship with U.S. government customers, particularly the DoD;

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the ability of Iridium Holdings distributors to market and distribute its products, services and applications effectively and their continued development of innovative and improved solutions and applications for its products and services;

the effectiveness of Iridium Holdings competitors in developing and offering similar services and products; and

its ability to maintain competitive prices for Iridium Holdings products and services and control costs.

Iridium Holdings will need additional capital to develop, manufacture and launch Iridium NEXT and related ground infrastructure, products and services, and pursue additional growth opportunities. If Iridium Holdings fails to obtain sufficient capital, it will not be able to successfully implement its business plan.

Iridium Holdings business plan calls for the development of Iridium NEXT, the development of new product and service offerings, upgrades to its current services, hardware and software upgrades to maintain its ground infrastructure and upgrades to its business systems. Iridium Holdings estimates the gross costs associated with designing, building and launching Iridium NEXT and related infrastructure upgrades to be approximately $2.7 billion. Iridium Holdings expects to fund a majority of these costs from internally generated cash flows, revenues from secondary payloads and proceeds from debt and equity offerings as well as the Acquisition. However, there can be no assurance that Iridium Holdings will be able to obtain sufficient capital to implement its business plan, due to increased costs, lower revenues or inability to obtain additional financing. If Iridium Holdings does not obtain such funds, its ability to maintain its network, develop, manufacture and launch Iridium NEXT and related ground infrastructure, products and services, and pursue additional growth opportunities will be impaired, which would adversely affect its business, results of operations and financial condition.

The recent global economic crisis and related tightening of credit markets has also made it more difficult and expensive to raise capital. Iridium Holdings ability to obtain additional capital to finance Iridium NEXT and related ground infrastructure, products and services, and other capital requirements may be adversely impacted by the continuation of these market conditions. If Iridium Holdings is unable to obtain additional capital on acceptable terms or at all, it may not be able to fully implement its business plan, which would limit the development of its business and its future growth and have a material adverse effect on Iridium Holdings business, financial condition, results of operations and liquidity.

Iridium Holdings satellites have a limited life and may fail prematurely, which would cause its network to be compromised and materially and adversely affect its business, prospects and profitability.

Since Iridium Holdings reintroduced commercial services in 2001, six of its satellites have failed in orbit which have resulted in either the complete loss of the affected satellites or the loss of the ability of the satellite to carry traffic on the network, and one satellite was lost as a result of a collision with a non-operational Russian satellite. While Iridium Holdings expects its current constellation to provide a commercially-acceptable level of service through 2014, it cannot guarantee it will be able to provide such level of service through 2014 or through the transition period to Iridium NEXT. Also, Iridium Holdings satellites have so far exceeded their original design lives and the actual useful lives of its satellites may be shorter than Iridium Holdings expects. In addition, additional satellites may fail or collide with space debris or other satellites in the future, and Iridium Holdings cannot assure you that its seven in-orbit spares will be sufficient to replace such satellites or that it will be able to replace them in a timely manner.

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In-orbit failure may result from various causes, including component failure, loss of power or fuel, inability to control positioning of the satellite, solar or other astronomical events, including solar radiation and flares and space debris. Other factors that could affect the useful lives of its satellites include the quality of construction, gradual degradation of solar panels and the durability of components. Radiation induced failure of satellite components may result in damage to or loss of a satellite before the end of its expected life. As a result, fewer than 66 of its in-orbit satellites may be fully functioning at any time. As Iridium Holdings constellation has aged, some of its satellites have experienced individual component failures affecting their coverage and/or transmission capacity and other satellites may experience such failures in the future, adversely affecting the reliability of its service, which may adversely affect Iridium Holdings business, financial condition, results of operations and liquidity. Although Iridium Holdings does not incur any direct cash costs related to the failure of a satellite, if a satellite fails, Iridium Holdings records an impairment charge reflecting its net book value.

Iridium Holdings has categorized three types of anomalies among the satellites in its constellation that, if they materialize throughout the satellite constellation, have the potential for a significant operational impact. These include: (i) a non-recoverable anomalous short circuit in a satellite s Integrated Bus Electronics (IBE); (ii) excessive power subsystem degradation resulting from satellite battery wear-out or excessive loss of solar array power output; and (iii) failures in critical payload electronic parts arising from accumulated radiation exposure.

Iridium Holdings experienced its first satellite failure in July 2003. This failure was attributed to a non-recoverable anomalous short circuit in the satellite s IBE. Two additional satellites failed as a result of this anomaly in August 2005 and December 2006. In part, as a response to this anomaly, Iridium Holdings has implemented several procedures across its constellation to attempt to mitigate the severity of a similar anomaly in the future and/or prevent it from resulting in mission-critical failures of its other satellites. These procedures include reducing the peak operating temperature of the IBE during portions of the solar season, as well as modifying the on-board software of its satellites to immediately carry out certain autonomous actions upon detecting future occurrences of this type of anomaly. However, there can be no assurance such procedures will be effective.

Iridium Holdings has experienced three additional satellite failures unrelated to IBE short circuits. In April 2005, one of its satellites failed as a result of a radiation-induced single event upset anomaly, which corrupted the satellite s on-board time reference. Accurate time reference is critical to determine a satellite s ephemeris (its orbital location with respect to the earth), attitude (its pointing direction) and the sun s position. In December 2005, Iridium Holdings was unable to remedy a failure in the crosslink digital reference oscillator of another of its satellites, resulting in the satellite s failure. Failure of the digital reference oscillator disables the affected satellite s crosslinks and, thus, its ability to communicate with the rest of the satellite constellation. More recently, in July 2008, another of Iridium Holdings satellites experienced an attitude control anomaly as a result of sudden loss of communications between its IBE and its primary space vehicle and routing computer. The nature of this anomaly coupled with the software state of the vehicle at the time (resulting from an on-board software fault response to a prior anomaly) resulted in the inability of the on-board software to correct the computer communications anomaly and control of the satellite was lost.

Iridium Holdings has been occasionally advised by its customers and end-users of temporary intermittent losses of signal cutting off calls in progress, preventing completions of calls when made or disrupting the transmission of data. If the magnitude or frequency of such problems increase and Iridium Holdings is no longer able to provide a commercially-acceptable level of service, its business and its ability to complete its business plan would be materially and adversely affected.

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Iridium Holdings may be required in the future to make further changes to its constellation to maintain or improve its performance. Any such changes may require prior FCC approval and the FCC might not give such approval or may subject the approval to other conditions that will have a material adverse effect on Iridium Holdings business. In addition, from time to time Iridium Holdings may reposition its satellites within the constellation in order to optimize its service, which could result in degraded service during the repositioning period. Although there are some remote tools Iridium Holdings uses to remedy certain types of problems affecting the performance of its satellites, the physical repair of its satellites in space is not feasible.

Additional Iridium Holdings satellites may collide with space debris or another spacecraft, which could adversely affect the performance of its constellation and business.

On February 10, 2009, Iridium Holdings lost an operational satellite (SV33) as a result of a collision with a non-operational Russian satellite (Cosmos 2251). Although Iridium Holdings has some ability to actively maneuver its satellites to avoid potential collisions with space debris or other spacecraft, this ability is limited by, among other factors, insufficient and unreliable data to predict potential collisions and the inaccuracy of conjunction assessments. If Iridium Holdings constellation experiences additional satellite collisions with space debris or other spacecrafts, its ability to operate its constellation may be impaired and its business may suffer.

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

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

If Iridium Holdings experiences operational disruptions with respect to its commercial gateway or operations center, Iridium Holdings may not be able to provide service to its customers.

Iridium Holdings commercial satellite network traffic is supported by a primary ground station gateway in Tempe, Arizona. In addition, Iridium Holdings operates its satellite constellation from its satellite network operations center in Leesburg, Virginia. Currently, Iridium Holdings back-up facilities would not be able to quickly and fully replace its Arizona gateway and Virginia operations center if either experienced a catastrophic failure. Both facilities are subject to the risk of significant malfunctions or catastrophic loss due to unanticipated events and would be difficult to replace or repair and could require substantial lead-time to do so. Material changes in the operation of these facilities may be subject to prior FCC approval and the FCC might not give such approval or may subject the approval to other conditions that will have a material adverse effect on Iridium Holdings business. Iridium Holdings may also experience service shutdowns or periods of reduced service in the future as a result of regulatory issues, equipment failure or delays in deliveries. Any such failure would impede its ability to provide service to its customers, which would have a material adverse effect on its business, financial condition and results of operations.

If Iridium Holdings is unable to effectively develop and deploy Iridium NEXT before its current satellite constellation ceases to provide a commercially acceptable level of service, Iridium Holdings business will suffer.

Iridium Holdings is currently developing Iridium NEXT which Iridium Holdings expects to commence launching in 2014. While Iridium Holdings expects its current constellation to provide a commercially acceptable level of service through 2014, Iridium Holdings cannot guarantee it will provide a commercially acceptable level of service through 2014 or through the transition period to Iridium NEXT. If Iridium Holdings is unable, for any reason, including manufacturing or launch delays, launch failures, in-orbit satellite failures, inability to achieve and/or maintain orbital placement, delays in receiving regulatory approvals or insufficient funds, to deploy Iridium NEXT before its current constellation ceases to provide a commercially acceptable level of service or if Iridium Holdings experiences backward compatibility problems with its new constellation once deployed, Iridium Holdings will likely lose customers and business opportunities to its competitors, resulting in a decline in revenues and profitability as its ability to provide a commercially acceptable level of service is impaired.

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

Iridium Holdings estimates the gross costs associated with designing, building and launching Iridium NEXT and related infrastructure upgrades to be approximately $2.7 billion. Iridium Holdings may not complete Iridium NEXT and related infrastructure, products and services on time, on budget or at all. Design, manufacture and launch of satellite systems are highly complex and historically have been subject to delays and cost over-runs. Development of Iridium NEXT may suffer from delays, interruptions or increased costs due to many factors, some of which may be beyond its control, including:

- lower than anticipated demand for mobile satellite services;
- lower than expected secondary payload funding;
- its inability to obtain capital to finance Iridium NEXT and related ground infrastructure, products and services on acceptable terms or at all;
- engineering and/or manufacturing performance falling below expected levels of output or efficiency;
- denial or delays in receipt of regulatory approvals or non-compliance with conditions imposed by regulatory authorities;
- the breakdown or failure of equipment or systems;
- non-performance by third-party contractors, including the prime system contractor;
- the inability to license necessary technology on commercially reasonable terms or at all;
- launch delays or failures or in-orbit satellite failures once launched;
- labor disputes or disruptions in labor productivity or the unavailability of skilled labor;
- increases in the costs of materials;
- changes in project scope;

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additional requirements imposed by changes in laws; or

severe weather or catastrophic events such as fires, earthquakes, storms or explosions.

While Iridium Holdings expects to fund a majority of the costs associated with Iridium NEXT from internally generated cash flows and secondary payload funding as well as proceeds from the Acquisition, Iridium Holdings will need to raise additional debt or equity to finance the rest of such costs, including amounts arising from cost-overruns or if internally generated funds or secondary payloads funding are less than anticipated. Such capital may not be available to Iridium Holdings on acceptable terms or at all.

If any of the above events occur, they could have a material adverse effect on Iridium Holdings ability to continue to develop Iridium NEXT and related infrastructure, products and services, which would materially adversely affect its business, financial condition and results of operations.

Loss of any second-generation satellite during launch could delay or impair Iridium Holdings ability to offer its services, and launch insurance, to the extent available, will not fully cover this risk.

The launch of Iridium Holdings second-generation satellites could be subject to delays and risks (See If Iridium Holdings is unable to effectively develop and deploy Iridium NEXT before its current satellite constellation ceases to provide a commercially acceptable level of service, Iridium Holdings business will suffer above for more information). Iridium Holdings expects to insure a portion of the launch of its second-generation satellites and self-insure the remaining portion. Launch insurance currently costs approximately 10% to 20% of the insured value of the satellites launched (including launch costs), but may vary depending on market conditions and the safety record of the launch vehicle. In addition, Iridium Holdings expects any launch insurance policies that it obtains to include specified exclusions, deductibles and material change limitations. Typically, these insurance policies exclude coverage for damage arising from acts of war, lasers and other similar potential risks for which exclusions are customary in the industry. If launch insurance rates were to rise substantially, Iridium Holdings future launch costs could increase. It is also possible that insurance could become unavailable or prohibitively expensive, either generally or for a specific launch vehicle or that new insurance could be subject to broader exclusions on coverage or limitations on losses, in which event Iridium Holdings would bear the risk of launch failures. Even if a lost satellite is fully insured, acquiring a replacement satellite may be difficult and time consuming and could delay the deployment of Iridium NEXT. Furthermore, launch insurance typically does not cover lost revenue.

Iridium Holdings may be unable to obtain and maintain in-orbit liability insurance, and the insurance Iridium Holdings obtains may not cover all liabilities to which Iridium Holdings may become subject.

Pursuant to Iridium Holdings and Iridium Satellite LLC s transition services, products and asset agreement with Motorola, and the agreement between Iridium Satellite LLC (Iridium Satellite), The Boeing Company (Boeing), Motorola and the U.S. government, Iridium Satellite is required to maintain an in-orbit liability insurance policy with a de-orbiting endorsement. The current policy (together with the de-orbiting endorsement) covers amounts that Iridium Satellite and certain other named parties may become liable to pay for bodily injury and/or property damages to third parties related to processing, maintaining and operating its satellite constellation and, in the case of the de-orbiting endorsement, de-orbiting its satellite constellation. The current policy has a one-year term, which expires December 12, 2009. The price, terms and availability of insurance have fluctuated significantly since Iridium Holdings began offering commercial satellite services. The cost of obtaining insurance can vary as a result of either satellite failures or general conditions in the insurance industry. Higher premiums on

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insurance policies would increase its cost. In-orbit liability insurance policies on satellites may not continue to be available on commercially reasonable terms or at all. In addition to higher premiums, insurance policies may provide for higher deductibles, shorter coverage periods and additional policy exclusions. Iridium Holdings failure to renew its current in-orbit liability insurance policy or obtain a replacement policy would trigger certain de-orbit rights held by the U.S. government, Motorola and Boeing, adversely affecting its ability to provide commercially-acceptable level of services. See The U.S. government, Motorola and Boeing may unilaterally require Iridium Holdings to de-orbit its constellation upon the occurrence of certain events below for more information. In addition, even if Iridium Satellite continues to maintain any in-orbit liability insurance policy, the coverage may not protect it against all third-party losses, materially and adversely affecting its financial condition and results of operations if any such third-party losses were to occur.

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

In addition to Iridium Satellite s in-orbit liability insurance policy, Motorola maintains product liability insurance to cover its potential liability as manufacturer of the satellites. Motorola may not in the future be able to renew its product liability coverage on reasonable terms and conditions, or at all. Any failure to maintain such insurance could expose Iridium Holdings to third-party damages that may be caused by any of its satellites.

Iridium Holdings does not maintain in-orbit insurance covering losses from satellite failures or other operational problems affecting its constellation.

Iridium Holdings does not maintain in-orbit insurance covering losses that might arise as a result of a satellite failure or other operational problems affecting its constellation. Even if Iridium Holdings obtains in-orbit insurance in the future, the coverage may not be sufficient to compensate Iridium Holdings for satellite failures and other operational problems affecting its satellites. As a result, a failure of one or more if Iridium Holdings satellites or the occurrence of equipment failures and other related problems would constitute an uninsured loss and could have a material adverse effect on its financial condition and results of operations.

Iridium Holdings may be negatively affected by current global economic conditions.

Iridium Holdings operations and performance depend significantly on worldwide economic conditions. Uncertainty about current global economic conditions poses a risk as individual consumers, businesses and governments may postpone spending in response to tighter credit, negative financial news, declines in income or asset values and/or budgetary constraints. Reduced demand for Iridium Holdings products and services would adversely affect its business, financial condition and results of operations. While Iridium Holdings expects the number of its subscribers and revenues to continue to grow, it expects the future growth rate will be slower than its historical growth. Iridium Holdings expects its future growth rate will be impacted by the current economic slowdown, increased competition, maturation of the satellite communications industry and the difficulty in sustaining high growth rates as Iridium Holdings increases in size. The recent appreciation of the U.S. dollar may also negatively impact its growth by increasing the cost of its products and services in foreign countries.

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

Iridium Holdings faces intense competition in all of its markets, which could result in a loss of customers and lower revenues and make it more difficult for Iridium Holdings to enter new markets. Iridium Holdings competes primarily on the basis of coverage, quality, portability and pricing of services and products.

There are currently six other satellite operators providing services similar to Iridium Holdings on a global or regional basis: Inmarsat, Globalstar, Orbcomm, SkyTerra, Thuraya and Asia Cellular Satellites. In addition, several regional mobile satellite services companies, including ICO, TerreStar and SkyTerra are attempting to exploit their spectrum positions into a U.S. consumer mobile satellite services business. The provision of satellite-based services and products is subject to downward price pressure when capacity exceeds demand or as a result of aggressive discounting by certain operators under financial pressure to expand their respective market share. Certain satellite operators, for example, subsidize the prices of their products, such as satellite handsets. In addition, Iridium Holdings may face competition from new competitors or new technologies, which may materially adversely affect its business plan. For example, Iridium Holdings may face competition for its land-based services in the United States from incipient Ancillary Terrestrial Component (ATC) service providers who are currently raising capital and designing a satellite operating business and a terrestrial component around their spectrum holdings. As a result of competition, Iridium Holdings may not be able to successfully retain its existing customers and attract new customers.

In addition to its satellite-based competitors, terrestrial voice and data service providers, both wireline and wireless, are expanding into rural and remote areas and providing the same general types of services and products that Iridium Holdings provides through its satellite-based system. Although satellite communications services and terrestrial communications services are not perfect substitutes, the two compete in certain markets and for certain services. Consumers generally perceive terrestrial wireless voice communication products and services as cheaper and more convenient than satellite-based ones. Many of its terrestrial competitors have greater resources, wider name recognition and newer technologies than Iridium Holdings does. In addition, industry consolidation could adversely affect Iridium Holdings by increasing the scale or scope of its competitors and thereby making it more difficult for Iridium Holdings to compete.

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

Much of the hardware and software utilized in operating Iridium Holdings gateway was designed and manufactured over ten years ago and portions are becoming obsolete. As they continue to age, they may become less reliable and will be more difficult and expensive to service, upgrade or replace. Although Iridium Holdings maintains inventories of certain spare parts, it nonetheless may be difficult or impossible to obtain all necessary replacement parts for the hardware. Its business plan contemplates updating or replacing certain hardware and software in its network, but Iridium Holdings may not be successful in these efforts, and the cost may exceed its estimates. The space and communications industries are subject to rapid advances and innovations in technology. Iridium Holdings may face competition in the future from companies using new technologies and new satellite systems. New technology could render its system obsolete or less competitive by satisfying customer demand in more attractive ways or through the introduction of incompatible standards. Particular technological developments that could adversely affect Iridium Holdings include the deployment by its competitors of new satellites with greater power, flexibility, efficiency or capabilities than Iridium Holdings current

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constellation and Iridium NEXT, as well as continuing improvements in terrestrial wireless technologies. For Iridium Holdings to keep up with technological changes and remain competitive, it may need to make significant capital expenditures. Customer acceptance of the products and services that Iridium Holdings offers will continually be affected by technology-based differences in its product and service offerings compared to those of its competitors. New technologies may be protected by patents or other intellectual property laws and therefore may not be available to Iridium Holdings. Any failure by Iridium Holdings to implement new technology within its system may have a material adverse effect on its business, results of operations and financial condition.

Use by Iridium Holdings competitors of L-band spectrum for terrestrial services could interfere with its services.

In February 2003, the FCC, adopted rules that permit satellite service providers to establish ATC networks. ATC frequencies are designated in previously satellite-only bands at 1.5 GHz, 1.6 GHz, 2 GHz and 2.5 GHz. The implementation of ATC services by satellite service providers in the United States or other countries may result in increased competition for the right to use L-band spectrum, which Iridium Holdings uses to provide its services, and such competition may make it difficult for Iridium Holdings to obtain or retain the spectrum resources Iridium Holdings requires for its existing and future services. In addition, the FCC s decision to permit ATC services was based on certain assumptions, particularly relating to the level of interference that the provision of ATC services would likely cause to other satellite service providers, which use the L-band spectrum. If the FCC s assumptions prove inaccurate, or the level of ATC services provided exceeds those estimated by the FCC, ATC services could interfere with Iridium Holdings satellites and devices, which may adversely impact its services. Outside the United States, other countries are actively considering implementing regulations to facilitate ATC services.

Iridium Holdings networks and those of its third-party service providers may be vulnerable to security risks.

Iridium Holdings expects the secure transmission of confidential information over public networks to continue to be a critical element of its operations. Iridium Holdings network and those of its third-party service providers and its customers may be vulnerable to unauthorized access, computer viruses and other security problems. Persons who circumvent security measures could wrongfully obtain or use information on the network or cause interruptions, delays or malfunctions in its operations, any of which could have a material adverse effect on Iridium Holdings business, financial condition and results of operations. Iridium Holdings may be required to expend significant resources to protect against the threat of security breaches or to alleviate problems, including reputational harm and litigation, caused by any breaches. In addition, Iridium Holdings customer contracts, in general, do not contain provisions which would protect it against liability to third-parties with whom its customers conduct business. Although Iridium Holdings has implemented and intends to continue to implement industry-standard security measures, these measures may prove to be inadequate and result in system failures and delays that could lower network operations center availability and have a material adverse effect on Iridium Holdings business, financial condition and results of operations.

Sales to U.S. government customers, particularly the DoD, represent a significant portion of Iridium Holdings revenues.

The U.S. government, through a dedicated gateway owned and operated by the DoD, has been and continues to be, directly and indirectly, Iridium Holdings largest customer, representing approximately 21.1% and 23.1% of Iridium Holdings revenues for the year ended December 31, 2008 and the six months ended June 30, 2009, respectively. Iridium Holdings provides the majority of its services to the U.S. government pursuant to two one-year agreements, both of which are renewable for three additional one-year terms. The U.S. government may terminate these agreements, in whole or in part, at any time. If the U.S. government terminates its agreements with Iridium Holdings or fails to renew such agreements, Iridium Holdings business, financial condition and results of operations could be materially and adversely affected.

Iridium Holdings relationship with the U.S. government is subject to the overall U.S. government budget and appropriation decisions and processes. U.S. government budget decisions, including with respect to defense spending, are based on changing government priorities and objectives, which are driven by numerous factors, including geopolitical events and macroeconomic conditions, and are beyond Iridium Holdings control. Significant changes to U.S. defense spending, including as a result of the resolution of the conflicts in Iraq and Afghanistan, could negatively impact Iridium Holdings business, financial condition and results of operations.

Iridium Holdings is dependent on third parties to market and sell its products and services.

Iridium Holdings relies on third-party distributors to market and sell its products and services to end-users and to determine the prices end-users pay. Iridium Holdings also depends on its distributors to develop innovative and improved solutions and applications integrating its product and service offerings. As a result of these arrangements, Iridium Holdings is dependent on the performance of its distributors to generate substantially all of its revenues. Its distributors operate independently of Iridium Holdings, and Iridium Holdings has limited control over their operations, which exposes Iridium Holdings to significant risks. Distributors may not commit the necessary resources to market and sell Iridium Holdings products and services and may also market and sell competitive products and services. In addition, its distributors may not comply with the laws and regulatory requirements in their local jurisdictions, which may limit their ability to market or sell Iridium Holdings products and services. If current or future distributors do not perform adequately, or if Iridium Holdings is unable to locate competent distributors in particular countries and secure their services on favorable terms, or at all, Iridium Holdings may be unable to increase or maintain its revenues in these markets or enter new markets, and Iridium Holdings may not realize its expected growth, adversely affecting its profitability, liquidity and brand image.

In addition, Iridium Holdings may lose distributors due to competition, consolidation, regulatory developments, business developments affecting its partners or their customers or for other reasons. Any future consolidation of its distributors or the acquisition of a distributor by a competitor, such as the acquisition of Stratos Global Corporation, one of Iridium Holdings largest distributors, by Inmarsat, one of Iridium Holdings main competitors, also increases its reliance on a few key distributors of its services and the amount of volume discounts that Iridium Holdings may have to give such distributors. Iridium Holdings top ten distributors for the year ended December 31, 2008 and the six months ended June 30, 2009, accounted for, in the aggregate, approximately 52.0% and 47.2% of its total revenues, respectively. The loss of any of these distributors could reduce the distribution of Iridium Holdings products and services as well the development of new product solutions and applications, which may have a material adverse effect on Iridium Holdings business, financial condition and results of operations.

Iridium Holdings relies on a limited number of key vendors for timely supply of equipment and services.

Celestica Corporation (Celestica) is the manufacturer of all of Iridium Holdings current and next generation devices, including its mobile handsets, L-Band transceivers and short burst data modems. Celestica may choose to terminate its business relationship with Iridium Holdings when its current contractual obligations are completed in January 1, 2010. If Celestica terminates this relationship, Iridium Holdings may not be able to find a replacement supplier. In addition, as its sole supplier, Iridium Holdings is very dependent on Celestica s performance. If Celestica has difficulty manufacturing or obtaining the necessary parts or material to manufacture Iridium Holdings products, its business would be materially affected. Although Iridium Holdings may replace Celestica with another supplier, there could be a substantial period of time in which its products are not available and any new relationship may involve a significantly different cost structure, development schedule and delivery times.

In addition, Iridium Holdings depends on Boeing to provide operations and maintenance services with respect to its satellite network (including engineering, systems analysis and operations and maintenance services) from Iridium Holdings technical support center in Chandler, Arizona and its satellite network operations center in Leesburg, Virginia. Boeing provides these services pursuant to a long-term agreement that is concurrent with the expected useful life of Iridium Holdings constellation. Technological competence is critical to Iridium Holdings business and depends, to a significant degree, on the work of technically skilled employees, such as its Boeing contractors. If Boeing s performance falls below expected levels or if Boeing has difficulties retaining the employees or contractors servicing Iridium Holdings network, Iridium Holdings business would be materially, adversely affected. In addition, if Boeing terminates its agreement with Iridium Holdings, Iridium Holdings may not be able to find a replacement provider on favorable terms or at all, which could materially and adversely affect the operations and performance of its network. A replacement of Boeing as the operator of Iridium Holdings satellite system could also trigger certain de-orbit rights held by the U.S. government, adversely affecting Iridium Holdings ability to offer satellite communications services. See The U.S. government, Motorola and Boeing may unilaterally require Iridium Holdings to de-orbit its constellation upon the occurrence of certain events below for more information.

Iridium Holdings agreements with Motorola contain potential payment provisions which may apply to the Acquisition; and Iridium Holdings and Motorola are in discussions with respect to such provisions, the outcome of which is uncertain.

The Transition Services, Products and Asset Agreement (TSA) with Motorola provides for the payment to Motorola of $7.25 million plus certain accrued interest upon the occurrence of a triggering event. A triggering event means the first to occur of: (a) a change of control, (b) the consummation of an initial public offering by Iridium Holdings, (c) a sale of all or a material portion of the assets of Iridium Holdings or (d) December 11, 2010. A change of control means, subject to certain exceptions, the occurrence of any of the following events: (a) any initial investor, together with such person s affiliates, shall have acquired beneficial ownership of interests entitling the holders thereof to more than 50% of the income of, or the liquidation proceeds from, Iridium Holdings; (b) any person who is not an initial investor, together with such person s affiliates and with other persons constituting a group (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended) shall have acquired beneficial ownership of interests entitling the holders thereof to more than 50% of the income of, or the liquidation proceeds from, Iridium Holdings; or (c) Iridium Holdings shall cease to own 100% of the equity interests of Iridium Satellite. Iridium Holdings has been accruing this future payment obligation in its historical financial statements.

The Senior Subordinated Term Loan Agreement (the Note Agreement) with Motorola also has certain future payment obligations. Under the Note Agreement, Iridium Holdings is required to pay Motorola a commitment fee of $5.0 million upon the earlier of December 11, 2010 and the occurrence of a triggering event. Iridium Holdings has been accruing this future payment obligation in its historical financial statements.

Furthermore, in the event of a distribution event, Iridium Holdings is required to pay Motorola a loan success fee equal to the amount that a holder of Class B units in Iridium Holdings constituting 5% of the total number of issued and outstanding units (both Class A and B) would have received in the distribution event. A distribution event means the (a) direct or indirect (i) payment of any dividend or other distribution (in the form of cash or otherwise) in respect of the equity interests of Iridium Holdings or (ii) purchase, conversion, redemption or other acquisition for value or otherwise by Iridium Holdings of any equity interest in Iridium Holdings or (b) initial public or any secondary offering by Iridium Holdings in which any holders of equity interests in Iridium Holdings are afforded the opportunity to participate as a selling equity holder in such offering.

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

Iridium Holdings believes that it is unclear whether and how any of the foregoing provisions were intended to apply to a transaction such as the Acquisition. As a result, Iridium Holdings contacted Motorola to discuss deleting these provisions and Motorola has responded that it believes that pursuant to these provisions, it should receive at closing approximately $3.9 million in cash and 1.5 million shares of our common stock and acceleration of the $12.3 million outstanding payment obligations (plus $1.9 million of accrued interest and $1.3 million of certain other potential fees) under the TSA and Note Agreement. Iridium Holdings and Motorola are continuing to discuss an appropriate resolution under these provisions of the TSA and Note Agreement, but there can be no assurances as to whether these provisions will be deleted and how much consideration will be paid to Motorola.

Iridium Holdings is dependent on intellectual property licensed from Motorola and other third parties.

Iridium Holdings licenses substantially all system technology, including software and systems to operate and maintain its network as well as technical information for the design and manufacture of its devices, from Motorola. Iridium Holdings maintains its licenses with Motorola pursuant to several long-term agreements. These agreements can be terminated by Motorola upon: (i) any material change to certain portions of the certificate of formation and operating agreement of the Iridium Holdings subsidiary that is party to the agreements; (ii) any change of control (as defined in the TSA); (iii) the commencement by Iridium Holdings of any voluntary bankruptcy proceeding; or (iv) the material failure of Iridium Holdings to perform or comply with any provision of the agreements. Motorola has assigned a portion of the patents comprising these licenses to a third-party. Iridium Holdings also licenses additional system technology from several other third parties. If Motorola or any such third party were to terminate any license agreement or cease to support and service this technology, or if Iridium Holdings is unable to renew such licenses on commercially reasonable terms or at all, it may be difficult, more expensive or impossible to obtain such services from alternative vendors. Any substitute technology may also have lower quality or performance standards, which would adversely affect the quality of Iridium Holdings products and services. For more information, see Risk Factors Iridium Holdings agreements with Motorola contain potential payment provisions which may apply to the Acquisition; and Iridium Holdings and Motorola are in discussions with respect to such provisions, the outcome of which is uncertain.

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In connection with the design, manufacture and operation of Iridium NEXT and related ground infrastructure, products and services**,** Iridium Holdings may be required to obtain certain additional intellectual property rights from Motorola and other third parties, including, potentially, a third party to whom Motorola has advised Iridium Holdings that it has transferred certain patents rights associated with the existing Iridium network. There can be no assurance that Iridium Holdings will be able to obtain such intellectual property rights on commercially reasonable terms or at all. If Iridium Holdings is unable to obtain such intellectual property rights or is unable to obtain such rights on commercially reasonable terms, Iridium Holdings may not complete Iridium NEXT and related ground infrastructure, products and services on budget or at all.

Iridium Holdings has been and may in the future become subject to claims that its products violate the patent or intellectual property rights of others, which could be costly and disruptive to Iridium Holdings.

Iridium Holdings operates in an industry that is susceptible to significant intellectual property litigation. As a result, Iridium Holdings or its products may become subject to intellectual property infringement claims or litigation. The defense of intellectual property suits, even if frivolous, is both costly and time consuming and may divert management s attention from other business concerns. An adverse determination in litigation to which Iridium Holdings may become a party could, among other things:

- subject Iridium Holdings to significant liabilities to third parties, including treble damages;
- require disputed rights to be licensed from a third party for royalties that may be substantial;
- require Iridium Holdings to cease using such technology; or
- prohibit Iridium Holdings from selling certain of its products or offering certain of its services.

Any of these outcomes may have a material adverse effect on Iridium Holdings business, financial condition and results of operations.

Conducting and expanding its operations outside the United States involves special challenges that Iridium Holdings may not be able to meet which may adversely affect its business.

Iridium Holdings determines the country in which it earns its revenues based on where it invoices its distributors. These distributors sell services directly or indirectly to end-users, who may be located or use Iridium Holdings products and services elsewhere. Iridium Holdings cannot provide the geographical distribution of end-users, because it does not contract directly with them. According to Iridium Holdings estimates, commercial data traffic originating outside the U.S. accounted for 74.7% of its total data traffic for the year ended December 31, 2008 and 69.9% of its total data traffic for the six months ended June 30, 2009, while commercial voice traffic originating outside the U.S. accounted for 90.1% of its total voice traffic for the year ended December 31, 2008 and 90.6% of its total voice traffic for the six months ended June 30, 2009. Iridium Holdings is also seeking authorization to offer to sell its services in China, Russia, Mexico, India and South Africa. While expanding its international operations would advance Iridium Holdings growth, it would also increase numerous risks, including:

- difficulties in penetrating new markets due to established and entrenched competitors;

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- difficulties in developing products and services that are tailored to the needs of local customers;
- lack of local acceptance or knowledge of its products and services;
- lack of recognition of its products and services;
- unavailability of or difficulties in establishing relationships with distributors;
- significant investments, including the development and deployment of dedicated gateways as certain countries require physical gateways within their jurisdiction to connect the traffic coming to and from their territory;
- instability of international economies and governments;
- changes in laws and policies affecting trade and investment in other jurisdictions;
- exposure to varying legal standards, including intellectual property protection and foreign state ownership laws, in other jurisdictions;
- difficulties in obtaining required regulatory authorizations;
- difficulties in enforcing legal rights in other jurisdictions;
- changing and conflicting national and local regulatory requirements; and
- foreign currency exchange rates and exchange controls.

These risks could affect Iridium Holdings ability to successfully compete and expand internationally, which may adversely affect its business, financial condition and results of operations.

The prices for most of its products and services are denominated in U.S. dollars. Any appreciation of the U.S. dollar against other currencies will increase the cost of its products and services to its international customers and, as a result, may reduce the competitiveness of its international offerings and its international growth.

Iridium Holdings currently is unable to offer service in important regions of the world due to regulatory requirements, which is limiting its growth and its ability to compete.

Iridium Holdings ability to provide service in certain regions is limited by local regulations as certain countries, such as China, Russia and India, have specific regulatory requirements such as local ownership requirements and/or requiring physical gateways within their jurisdiction to connect traffic coming to and from their territory. While Iridium Holdings is currently in discussions with parties in such countries to satisfy these regulatory requirements, Iridium Holdings may not be able find an acceptable local partner or reach an agreement to develop additional gateways or the cost of developing and deploying such gateways may be prohibitive, which could impair its ability to expand its product and service offerings in such areas and undermine its value for potential users who require service in these areas. The inability to offer to sell its products and services in all major international markets may have a material adverse effect on its business, financial condition and results of operations. In addition, the construction of such gateways in foreign countries may require Iridium Holdings to comply with certain U.S. regulatory requirements which may contravene the laws or regulations of the local jurisdiction.

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The U.S. government, Motorola and Boeing may unilaterally require Iridium Holdings to de-orbit its constellation upon the occurrence of certain events.

When Iridium Satellite purchased the assets of Iridium LLC out of bankruptcy, Boeing, Motorola and the US government insisted on having certain de-orbit rights as a way to control potential liability risk arising from future operation of the constellation, and provide for the U.S. government s obligation to indemnify Motorola. As a result, an agreement was entered into among Iridium Satellite, Boeing, Motorola and the U.S. government, the U.S. government obtained the right to, in its sole discretion, require Iridium Holdings to de-orbit its constellation upon the occurrence of any of the following with respect to Iridium Satellite: (a) its failure to pay certain insurance premiums or maintain insurance; (b) its bankruptcy; (c) its sale or the sale of any major asset in Iridium Holdings satellite system; (d) Boeing s replacement as the operator of Iridium Holdings satellite system; (e) its failure to provide certain notices as contemplated by the agreement; or (f) at any time after June 5, 2009, unless extended by the U.S. government. The U.S. government also has the right to require Iridium Holdings to de-orbit any of its individual functioning satellites (including in-orbit spares) that have been in orbit for more than seven years, unless the U.S. government grants a postponement. As of August 2009, all of Iridium Holdings functioning satellites have been on orbit for more than seven years. Iridium Holdings is currently in discussion with the U.S. government to extend the 2009 deadline.

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

Pursuant to Iridium Constellation s operations and maintenance agreement with Boeing, Boeing similarly has the unilateral right to de-orbit Iridium Holdings constellation upon the occurrence of any of the following events: (a) Iridium Constellation s or Iridium Satellite s bankruptcy; (b) the existence of reasonable grounds for Boeing to question the financial stability of Iridium Constellation; (c) Iridium Constellation s failure to maintain certain insurance policies; (d) Iridium Constellation s failure to provide Boeing certain quarterly financial statements; (e) Iridium Constellation s breach of the operations and maintenance agreement, including its payment obligation thereunder; or (f) changes in law or regulation that may increase the risks or costs associated with the operation and/or re-orbit process or the cost of operation and/or re-orbit of the constellation.

Iridium Holdings cannot guarantee that the U.S. government, Motorola and/or Boeing will not unilaterally exercise such de-orbiting rights upon the occurrence of any of the above events. A decision by any of the U.S. government, Motorola or Boeing to de-orbit Iridium Holdings constellation would affect its ability to provide satellite communications services, materially and adversely affecting its business, prospects and profitability.

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Wireless devices may pose health and safety risks and, as a result, Iridium Holdings may be subject to new regulations, demand for its services may decrease and Iridium Holdings could face liability based on alleged health risks.

There has been adverse publicity concerning alleged health risks associated with radio frequency transmissions from portable hand-held telephones that have transmitting antennae. Lawsuits have been filed against participants in the wireless industry alleging various adverse health consequences, including cancer, as a result of wireless phone usage. Although Iridium Holdings has not been party to any such lawsuits, Iridium Holdings may be exposed to such litigation in the future. While Iridium Holdings complies with applicable standards for radio frequency emissions and power and does not believe that there is valid scientific evidence that use of its phones poses a health risk, courts or governmental agencies could find otherwise. Any such finding could reduce its revenues and profitability and expose Iridium Holdings and other wireless providers to litigation, which, even if frivolous or unsuccessful, could be costly to defend.

If consumers health concerns over radio frequency emissions increase, they may be discouraged from using wireless handsets. Further, government authorities might increase regulation of wireless handsets as a result of these health concerns. The actual or perceived risk of radio frequency emissions could reduce the number of Iridium Holdings subscribers and demand for its products and services, which may have a material adverse effect on its business, financial condition and results of operations.

Iridium Holdings business is subject to extensive government regulation, which mandates how Iridium Holdings may operate its business and may increase its cost of providing services, slow its expansion into new markets and subject its services to additional competitive pressures or regulatory requirements.

Iridium Holdings ownership and operation of a satellite communication system is subject to significant regulation in the United States by the FCC and in foreign jurisdictions by similar local authorities. The rules and regulations of the FCC or these foreign authorities may change and such authorities may adopt regulations that limit or restrict Iridium Holdings operations as presently conducted or as Iridium Holdings plans to conduct such operations. Such authorities may also make changes in the licenses of Iridium Holdings competitors that impact Iridium Holdings spectrum. Failure to provide services in accordance with the terms of its licenses or failure to operate its satellites or ground stations as required by its licenses and applicable laws and government regulations could result in the imposition of government sanctions on Iridium Holdings, including the suspension or cancellation of its licenses.

Iridium Holdings and its affiliates must pay FCC filing and annual filing fees in connection with their licenses. One of Iridium Holdings subsidiaries, Iridium Carrier Services LLC, holds a common carrier radio license and is thus subject to regulation as a common carrier, including limitations and prior approval requirements with respect to direct or indirect foreign ownership. This subsidiary currently qualifies for exemptions from certain common carrier regulations, such as being required to file certain reports or pay certain fees. A change in the manner in which Iridium Holdings provides service or a failure to comply with common carrier regulation or pay required fees can result in sanctions including fines, loss of authorizations, or the denial of applications for new authorizations or the renewal of existing authorizations.

Iridium Holdings system must be authorized in each of the markets in which it provides its services. Iridium Holdings may not be able to obtain or retain all regulatory approvals needed for its operations. Regulatory changes, such as those resulting from judicial decisions or adoption of treaties, legislation or regulation in countries where Iridium Holdings currently offers products and services or intends to offer products and services, including the United States, may also

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significantly affect its business. Because regulations in each country are different, Iridium Holdings may not be aware if some of its distribution partners and/or persons with which Iridium Holdings or they do business do not hold the requisite licenses and approvals.

Iridium Holdings current regulatory approvals could now be, or could become, insufficient in the view of domestic or foreign regulatory authorities, any additional necessary approvals may not be granted on a timely basis, or at all, in jurisdictions in which Iridium Holdings currently plans to offer products and services, and applicable restrictions in those jurisdictions could become unduly burdensome, which may have a material adverse effect on its business, financial condition and results of operations.

Iridium Holdings operations are subject to certain regulations of the U.S. State Department s Office of Defense Trade Controls (i.e., the export of satellites and related technical data), U.S. Treasury Department s Office of Foreign Assets Control (i.e., financial transactions) and the U.S. Commerce Department s Bureau of Industry and Security (i.e., its phones). Iridium Holdings is also required to provide certain U.S. and foreign government law enforcement and security agencies with call interception services. In the course of seeking regulatory approval of the Acquisition, Iridium Holdings discussed with the U.S. Department of Justice (DOJ) certain procedures used by Iridium Holdings to satisfy its respective call interception obligations under licenses issued by the Australian and Canadian authorities. Iridium Holdings has informed the DOJ and notified the Australian and Canadian authorities that Iridium Holdings has discontinued such procedures until such time as the DOJ expressly authorizes their use. There can be no assurance that the discontinued procedures will be permitted to be reinstated or will not result in legal liability for Iridium Holdings. Iridium Holdings is currently in discussions with the Australian and Canadian authorities to obtain amendments or waivers to its licenses in those countries. Neither Australia nor Canada is obligated to grant such amendments or waivers and there can be no assurance that Australian and Canadian authorities will not suspend or revoke Iridium Holdings licenses or take other legal actions.

The above-cited U.S. and foreign obligations and regulations may limit or delay Iridium Holdings ability to offer products and services in a particular country. As new laws and regulations are issued, Iridium Holdings may be required to modify its business plans or operations. If Iridium Holdings fails to comply with these regulations in the United States or any other country, Iridium Holdings could be subject to sanctions that could affect, materially and adversely, its ability to operate in the United States or such other country. In addition, changing and conflicting national and local regulatory requirements may cause Iridium Holdings to be in compliance with local requirements in one country, while not being in compliance with the laws and regulations of another. Imposition of sanctions, losses of licenses and failure to obtain the authorizations necessary to use its assigned radio frequency spectrum and to distribute its products in certain countries could have a material adverse effect on Iridium Holdings business, financial condition and results of operations.

Iridium Holdings business would be negatively impacted if the FCC revokes, modifies or fails to renew or amend its licenses.

FCC licenses held by Iridium Holdings and its affiliates a license for the satellite constellation, licenses for its U.S. gateways and blanket earth station licenses for U.S. government customers and commercial subscribers are subject to revocation if Iridium Holdings and its affiliates fail to satisfy certain conditions or to meet certain prescribed milestones. The FCC licenses are also subject to modification by the FCC. While the FCC satellite constellation license is valid until 2013, Iridium Holdings and its affiliates are required, slightly more than three years prior to the expiration of the FCC satellite constellation license, to apply for a license renewal with the FCC. The U.S. gateway earth station licenses expire between 2011 and 2022 and the U.S. government customer and commercial subscribers earth station licenses will expire in 2021.

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Renewal applications for earth station licenses must be filed between 30 and 90 days prior to expiration. There can be no assurance that the FCC will renew Iridium Holdings and its affiliates FCC licenses. If the FCC revokes, modifies or fails to renew FCC licenses held by Iridium Holdings and its affiliates, or if Iridium Holdings and its affiliates fail to satisfy any of the conditions of their respective FCC licenses, Iridium Holdings may not be able to continue to provide satellite communications services.

Pursuing strategic transactions may cause Iridium Holdings to incur additional risks.

Iridium Holdings may pursue acquisitions, joint ventures or other strategic transactions, although no such transactions that would be financially significant to Iridium Holdings are probable at this time. Iridium Holdings may face costs and risks arising from any such transactions, including integrating a new business into its business or managing a joint venture. These risks may include legal, organizational, financial, loss of key customers and distributors and diversion of management s time.

In addition, if Iridium Holdings were to choose to engage in any major business combination or similar strategic transaction, Iridium Holdings may require significant external financing in connection with the transaction. Depending on market conditions, investor perceptions of Iridium Holdings and other factors, Iridium Holdings may not be able to obtain capital on acceptable terms, in acceptable amounts or at appropriate times to implement any such transaction. Any such financing, if obtained, may further dilute existing stockholders.

Iridium Holdings future indebtedness could impair its ability to react to changes in its business and may limit its ability to use debt to fund future capital needs.

As of June 30, 2009, Iridium Holdings had $154.3 million of indebtedness (including $120.0 million outstanding under its credit agreements). Iridium Holdings intends to use a portion of the funds in our trust account at the closing of the Acquisition to prepay all of Iridium Holdings outstanding indebtedness under its credit agreements of approximately $120.0 million (including the $65.0 million required to be repaid at closing pursuant to the terms of the credit agreements). In the future, Iridium Holdings may still incur significant amounts of debt and other obligations. For example, Iridium Holdings may need to incur a significant amount of debt to finance the development of Iridium NEXT and related ground infrastructure, products and services. If Iridium Holdings incurs other indebtedness following the closing of the Acquisition, such indebtedness could adversely affect its financial condition by, among others:

- requiring Iridium Holdings to dedicate a substantial portion of its cash flow from operations to principal and interest payments on its debt, thereby reducing the availability of its cash flow to fund working capital, capital expenditures and other general corporate expenditures;
- potentially exposing Iridium Holdings to increased interest costs with respect to its floating rate debt;
- resulting in an event of default if Iridium Holdings fails to comply with the restrictive covenants contained in its debt agreements, which event of default could result in all of its debt becoming immediately due and payable;
- increasing its vulnerability to adverse general economic or industry conditions because its debt could mature at a time when those conditions make it difficult to refinance and its cash flow is insufficient to repay the debt in full, forcing Iridium Holdings to sell assets at disadvantageous prices or to default on the debt, and because a decline in its profitability could cause Iridium Holdings to be unable to comply with financial covenants, resulting in a default on, and acceleration of, its debt;

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limiting its flexibility in planning for, or reacting to, competition and/or changes in its business or its industry by limiting its ability to incur additional debt, to make acquisitions and divestitures or to engage in transactions that could be beneficial to Iridium Holdings;

restricting Iridium Holdings from making strategic acquisitions, introducing new products or services or exploiting business opportunities; and

placing Iridium Holdings at a competitive disadvantage relative to competitors that have less debt or greater financial resources.

To the extent additional debt or other obligations are incurred, the risks described above would increase.

Furthermore, if an event of default were to occur with respect to its credit agreements or other indebtedness, its creditors could accelerate the maturity of its indebtedness. Iridium Holdings indebtedness under its future debt agreements may be secured by a lien on substantially all of its assets and the lenders could foreclose on these assets to repay the indebtedness.

Iridium Holdings ability to make scheduled payments on or to refinance indebtedness obligations depends on its financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond its control. Iridium Holdings may not be able to maintain a level of cash flows from operating activities sufficient to permit Iridium Holdings to pay the principal, premium, if any, and interest on its indebtedness. If its cash flows and capital resources are insufficient to fund its debt service obligations, Iridium Holdings could face substantial liquidity problems and could be forced to sell assets, seek additional capital or seek to restructure or refinance its indebtedness. These alternative measures may not be successful or feasible. Its future debt agreements may restrict its ability to sell assets. Even if Iridium Holdings could consummate those sales, the proceeds that Iridium Holdings realizes from them may not be adequate to meet any debt service obligations then due.

Restrictive covenants in Iridium Holdings future agreements governing its indebtedness may impose restrictions that may limit its operating and financial flexibility.

Iridium Holdings future agreements governing its indebtedness may contain a number of significant restrictions and covenants that limit its ability to, among other things:

incur or guarantee additional indebtedness;

pay dividends or make distributions to its unitholders;

make investments, acquisitions or capital expenditures;

grant liens on its assets;

enter into transactions with its affiliates;

merge or consolidate with other entities or transfer all or substantially all of its assets; and

transfer or sell assets.

In addition, Iridium Holdings may be required to maintain compliance with specified financial covenants. Complying with these restrictive covenants may impair Iridium Holdings ability to finance its operations or capital needs or to take advantage of other favorable business opportunities. Iridium Holdings ability to comply with these restrictive covenants will depend on its future performance, which may be affected by events beyond its control. If Iridium Holdings violates any of these covenants and is unable to obtain waivers, Iridium Holdings would be in default under the agreement and payment of the indebtedness could be accelerated. The acceleration of its indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross-default or cross-acceleration provisions. If its indebtedness is accelerated, Iridium Holdings may not be able to repay its indebtedness or borrow sufficient funds to refinance it. Even if Iridium Holdings is able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to Iridium Holdings. If its indebtedness is in default for any reason, Iridium Holdings business, financial condition and results of operations may be materially and adversely affected. In addition, complying with these covenants may cause Iridium Holdings to take actions that are not favorable to holders of its securities and may make it more difficult for Iridium Holdings to successfully execute its business plan and compete against companies who are not subject to such restrictions.

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

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

Iridium Holdings ability to operate its company effectively could be impaired if Iridium Holdings loses members of its senior management team or key technical personnel.

Iridium Holdings depends on the continued service of key managerial and technical personnel, as well as its ability to continue to attract and retain highly qualified personnel. Following the closing of the Acquisition, Iridium Holdings expects to maintain its current executive management team. The success of the Acquisition will be dependent upon the continued service of a relatively small group of key executives. Iridium Holdings competes for such personnel with other companies, academic institutions, government entities and other organizations. The unexpected loss or interruption of the services of such personnel could adversely affect its ability to effectively manage its operations, execute its business plan and meet its strategic objectives.

Iridium Holdings has never operated as a public company and has not been required to maintain disclosure controls and procedures and internal controls over financial reporting as it will be required as a public company. Fulfilling Iridium Holdings obligations as a public company after the Acquisition will be expensive and time consuming.

Iridium Holdings, as a private company, has not been required to prepare or file periodic and other reports with the SEC under applicable federal securities laws, to comply with the requirements of the federal securities laws applicable to public companies, or to document and assess the effectiveness of its internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley). Although Iridium Holdings has maintained certain disclosure controls and procedures and internal controls over financial reporting with respect to its activities, Iridium Holdings has not been required to establish and maintain such disclosure controls and procedures and internal controls over financial reporting as it will be required under the federal securities laws for a public company. Deficiencies in controls may affect Iridium Holdings ability to close its financial reporting on a timely basis or report accurate numbers, which could adversely affect its financial results or investors confidence and its ability to access external financing.

For the year ended December 31, 2008, the balance sheet has been restated to reclassify as prepaid expenses and other current assets a $1.4 million receivable from an insurer that was previously classified as a reduction of the related claim liability included in accrued expenses and other current liabilities. In addition, in the restated consolidated statements of income for the years ended December 31, 2008 and 2007, Iridium Holdings has reclassified $6.0 million and $3.4 million, respectively, of research and development costs related to government funded research and development service contracts as cost of services (exclusive of depreciation and amortization). These reclassifications have no impact on income from operations or net income.

In addition, under Sarbanes-Oxley and the related rules and regulations of the SEC, Iridium Holdings will be required to implement additional corporate governance practices and adhere to a variety of reporting requirements and accounting rules. Compliance with these obligations will require significant time and resources from Iridium Holdings management, finance and accounting staff and will significantly increase its legal, insurance and financial compliance costs. As a result of the increased costs associated with being a public operating company after the Acquisition, the operating income as a percentage of revenue of Iridium Holdings operations will likely be lower after the Acquisition than if it had remained a private company, which may adversely affect Iridium Holdings business, financial condition, results of operations and liquidity. In addition, our actual operating costs as a public company may exceed our projected operating costs as set forth in our pro forma financial statements. See Unaudited Pro Forma Condensed Combined Financial Data.

If Iridium Holdings becomes subject to unanticipated foreign tax liabilities, it could materially increase its costs.

Iridium Holdings operates in various foreign tax jurisdictions. Iridium Holdings believes that it has complied in all material respects with its obligations to pay taxes in these jurisdictions. However, its position is subject to review and possible challenge by the taxing authorities of these jurisdictions. If the applicable taxing authorities were to challenge successfully Iridium Holdings current tax positions or if there were changes in the manner in which Iridium Holdings conducts its activities, Iridium Holdings could become subject to material unanticipated tax liabilities. Iridium Holdings may also become subject to additional tax liabilities as a result of changes in tax laws, which could in certain circumstances have retroactive effect.

Risks Associated with the Acquisition

A substantial number of new shares of our common stock will be issued in connection with the Acquisition, the Exchanges and related transactions, which will result in substantial dilution of our current stockholders and could have an adverse effect on the market price of our shares.

We expect to issue an aggregate of approximately 29,443,500 shares of our common stock to the current owners of Iridium Holdings in connection with the Acquisition and to issue an additional 1,946,500 shares of our common stock to Greenhill Europe when it exercises its right to convert the convertible subordinated promissory note into shares of our common stock. We also expect to issue 1,244,923 shares of our common stock as part of the consideration for the Exchanges and to repurchase an aggregate of 16,325,196 shares of our common stock in the Forward Purchases. As a result of these transactions, and giving effect to this offering and the conversion of 9,214,167 IPO shares into a pro rata portion of the trust account following the

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closing of the Acquisition, the ownership of our existing stockholders is expected to be reduced to approximately 32.4% of the outstanding shares of our common stock, the owners of Iridium Holdings are expected to own approximately 42.0%, Greenhill Europe is expected to own approximately 2.8% as a result of the conversion of the note by Greenhill Europe and investors in this offering are expected to own approximately 22.8% of the outstanding shares of our common stock, in each case assuming (i) no holders of warrants exercise their rights to acquire our shares, and (ii) no shares will be issued to Motorola.

In addition, we issued warrants to purchase 44,130,437 shares of our common stock to our founding stockholder and in our IPO (net of warrants that our founding stockholder has agreed to forfeit upon closing of the Acquisition). In the Exchanges, we will (i) repurchase 12,449,308 of our outstanding warrants, (ii) restructure 14,368,525 of our outstanding warrants and (iii) issue 14,368,525 restructured warrants (including 4,000,000 restructured warrants to our founding stockholder). The remaining 13,657,104 warrants outstanding following these transactions and the 14,368,525 restructured warrants will become exercisable upon the completion of our initial business combination, although the warrants issued in the IPO, the warrants held by GHQ s independent directors and any restructured warrants sold pursuant to a resale registration statement may not be exercised unless we have an effective registration statement covering the shares of common stock issuable upon exercise of the warrants and a current prospectus relating to them is available.

Sales of substantial numbers of shares of our common stock issued upon the exercise of the warrants in the public market could adversely affect the market price of our shares and warrants. All of the sellers named in the Transaction Agreement (Sellers or sellers) and the initial stockholders have agreed to a one-year lock-up for the shares of our common stock they will hold following the closing of the Acquisition, except for underwritten secondary offerings approved by our Board of Directors anytime after six months from the closing of the Acquisition. In addition, we, each of our directors and our executive officers, and certain of our stockholders, have agreed to a lock-up for a period of 90 days after the date of this prospectus supplement. While none of our other stockholders or warrantholders are subject to a lock-up, these lock-ups limit, to an extent, the volume of our shares available for public trading, which may have an adverse effect on the market price of our common stock. Upon the termination, expiration or waiver of the lock-ups, a total of 39,448,824 shares of our common stock will become available to trade on the public markets (including the conversion of the note by Greenhill Europe), which may have a material adverse effect on the market price of our common stock.

Pursuant to our stock incentive plan proposal described in our Proxy Statement on Schedule 14A filed with the SEC on August 28, 2009 and approved by our stockholders at the special meeting of shareholders on September 23, 2009, we will reserve 8.0 million shares of our common stock for the grant of incentive stock options, nonqualified stock options, stock appreciation rights and other stock-based awards (which includes restricted stock, restricted stock units and performance-based awards payable both in cash and in shares of our common stock) to eligible individuals under the plan. Exercise of the stock options and stock rights by the eligible individuals will have a dilutive effect on our current stockholders and may adversely affect the market price of our shares of common stock.

The holders of 9,214,167 shares of our common stock issued in our IPO voted against the Acquisition and exercised their rights to convert their shares to cash, thereby reducing the cash available to fund the Acquisition and related transactions and provide working capital for us after the Acquisition.

The pro rata amount to be received by holders of the IPO shares who voted against the Acquisition and properly exercised their conversion right will be approximately $10.00 per share or an aggregate of $92,141,670 at the time of the closing of the Acquisition. Any additional amounts will only be payable to such holders of IPO shares in the future once GHQ has

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completed the filing of its tax returns in respect of the years 2008 and 2009 and received any refunds which may be due to it for such years.

The cash required to convert the IPO shares will reduce the cash balances available to us to prepay certain Iridium Holdings debt, pay transaction expenses and conduct Iridium Holdings business after completion of the Acquisition, which may have a material adverse effect on our financial condition and results of operation.

Because our initial stockholders and directors will not participate in liquidation distributions if we do not complete a business combination by February 14, 2010, our initial stockholders, directors and management team may have had conflicts of interest in approving the Acquisition.

Our initial stockholders have waived their rights to receive any liquidation proceeds with respect to the founding stockholder s shares if we fail to complete a business combination by February 14, 2010 and thereafter liquidate. Accordingly, their shares of common stock and warrants to purchase common stock will be worthless if we do not complete the Acquisition or another business combination by February 14, 2010. Because Messrs. Bok, Niehaus and Rodriguez have ownership interests in Greenhill and consequently an indirect ownership interest in our founding stockholder and us, they also have a conflict of interest in determining whether Iridium Holdings is an appropriate target business for us and our stockholders. These ownership interests may have influenced their motivation in identifying and selecting Iridium Holdings as an appropriate target business for our initial business combination and in timely completing the Acquisition. The exercise of discretion by our officers and directors in identifying and selecting one or more suitable target businesses may result in a conflict of interest when determining whether the terms, conditions and timing of the Acquisition are appropriate and in our stockholders best interest.

The exercise of our directors and officers discretion in agreeing to changes or waivers in the terms of the Acquisition may result or may have resulted in a conflict of interest when determining whether such changes to the terms of the Acquisition or waivers of conditions are appropriate and in our stockholders best interest.

In the period leading up to the closing of the Acquisition, events may occur that, pursuant to the Transaction Agreement, would require us to agree to further amendments to the Transaction Agreement, to consent to certain actions taken by Iridium Holdings or to waive rights that we are entitled to under the Transaction Agreement. Such events could arise because of changes in the course of Iridium Holdings business or industry, a request by Iridium Holdings to undertake actions that would otherwise be prohibited by the terms of the Transaction Agreement or the occurrence of other events that would have a material adverse effect on Iridium Holdings business and would entitle us to terminate the Transaction Agreement. In any of such circumstances, it would be within our discretion, acting through our board of directors, to grant our consent or waive our rights. The existence of the financial and personal interests of the directors described in the preceding risk factor may result in a conflict of interest on the part of one or more of the directors between what he may believe is best for our company and what he may believe is best for himself in determining whether or not to take the requested action.

If Iridium Holdings has breached any of its representations, warranties or covenants set forth in the Transaction Agreement, we may not have a remedy for losses arising therefrom.

None of Iridium Holdings, its owners or any other persons will indemnify us for any losses we realize as a result of any breach by Iridium Holdings of any of its representations, warranties or covenants set forth in the Transaction Agreement. Moreover, none of representations, warranties or pre-closing covenants of Iridium Holdings contained in the Transaction Agreement will survive the closing of the Acquisition, so our rights to pursue a remedy for breach of any such representations, warranties

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or pre-closing covenants will terminate upon the closing of the Acquisition. Any losses realized in connection with the breach of any representation, warranty, or covenant by Iridium Holdings may have a material adverse effect on our financial condition and results of operation.

If any of the Sellers have breached any of their representations, warranties or covenants set forth in the Transaction Agreement, our remedies for losses may be limited and we may be limited in our ability to collect for such losses.

Each Seller has agreed to indemnify us for breaches of its individual representations, warranties and covenants, subject to certain limitations, including that each Seller s maximum liability for all indemnification claims against it will not exceed the sum of (i) the cash consideration received by such Seller and (ii) the product of the number of shares of our common stock received by such Seller and $10.00. Except for the pledge arrangements we have entered into with the sellers of the blocker holding companies (described below), there are no escrow or other similar arrangements with any of the Sellers and, in the event we suffer losses from a breach of a Seller s representations, warranties or covenants, there can be no assurances that such Seller will have the cash consideration or shares of our common stock received by such Seller, or other available assets, to compensate us for our losses. Any losses realized in connection with the breach of any representation, warranty or covenant by any seller may have a material adverse effect on our financial condition and results of operations.

Certain Sellers under the Transaction Agreement hold their interests in Iridium Holdings shares via blocker corporations, and in those circumstances we are purchasing ownership of those blocker corporations (Baralonco and Syncom) instead of directly purchasing the Iridium Holdings units held by such blocker corporations. After the closing of the Acquisition, Baralonco and Syncom will become our wholly-owned subsidiaries. Each of the sellers of Baralonco and Syncom have agreed to indemnify us for the pre-closing tax liabilities of Baralonco and Syncom respectively, subject to certain limitations. The maximum liability for the seller of Syncom shall not exceed $3.0 million and the maximum liability for the seller of Baralonco shall not exceed $15.0 million. In support of their respective indemnity obligations under the Transaction Agreement, the seller of Syncom has agreed to pledge 300,000 shares of our common stock it will receive at closing of the Acquisition for a period of nine months post-closing and the seller of Baralonco has agreed to pledge 1.5 million shares of our common stock it will receive at closing of the Acquisition for a period of two years post-closing. These pledged shares may not fully cover all pre-closing tax liabilities of Baralonco and Syncom. The failure of the pledged shares to fully cover any pre-closing tax liabilities of Baralonco or Syncom may have a material adverse effect on our financial condition and results of operations.

The transaction costs associated with the Acquisition will be substantial, whether or not the Acquisition is completed.

We have already incurred significant costs, and expect to incur significant additional costs, associated with the Acquisition, whether or not the Acquisition is completed. These costs will reduce the amount of cash otherwise available for the payment of Iridium Holdings debt and other corporate purposes. We estimate that we will incur direct transaction costs of approximately $12.3 million associated with the Acquisition and related transactions. There is no assurance that the actual costs may not exceed these estimates. Any actual costs incurred by our company in excess of our estimates may have a material adverse effect on our financial condition and results of operations.

The completion of the Acquisition could result in disruptions in business, loss of clients or contracts or other adverse effects to Iridium Holdings business operations.

The completion of the Acquisition may cause disruptions, including potential loss of clients and other business partners, in the business of Iridium Holdings, which could have material

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adverse effects on the combined post-closing company s business and operations. Although we believe that Iridium Holdings business relationships are and will remain stable following the Acquisition, Iridium Holdings clients and other business partners, in response to the completion of the Acquisition, may adversely change or terminate their relationships with us following the closing of the Acquisition, which could have a material adverse effect on our business or that of Iridium Holdings following the closing of the Acquisition.

The completion and timing of the Acquisition is subject to the receipt of approvals from government entities.

Completion of the Acquisition is conditioned upon, among other things, the receipt of certain regulatory approvals, including antitrust approval under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended, which was obtained on October 10, 2008, and the approval of the FCC, which was received on August 14, 2009. FCC approval was conditioned on compliance by Iridium Holdings, Iridium Carrier Holdings LLC, GHQ, and their respective subsidiaries and affiliates with the commitments and undertakings set forth in the National Security Agreement. The FCC s Order approving the Acquisition was effective immediately upon release, but is subject to reconsideration by the International Bureau and/or review by the FCC. According to available public records of the FCC, no third party sought reconsideration or review and the International Bureau did not act to reconsider the Order on its own motion by September 14, 2009, and the FCC did not act to review the Order on its own motion by September 23, 2009. Therefore, presuming that no reconsideration or review filings or decisions were timely made, the Order became a final order on September 23, 2009 and is no longer subject to reconsideration or review. The FCC also noted in the Order that the record did not contain sufficient information to determine whether a previous investment by Baralonco Limited in Iridium Carrier Services LLC, at the time it was made, fell within the parameters specified in the FCC s order in 2002 authorizing foreign investment in Iridium (the 2002 order). Accordingly, the FCC stated that its grant of the Applications is without prejudice to any enforcement action by the FCC for non-compliance with the Communications Act of 1934, as amended, the FCC s rules and regulations, and the 2002 order. See Iridium Holdings Business Regulatory Matters.

We have entered into agreements to repurchase shares of common stock from a limited number of our stockholders and the purchase price paid may be higher than what other stockholders could receive either by voting against the Acquisition and exercising conversion rights or selling their shares in the market.

On September 14, 2009, we announced that we had entered into agreements through privately negotiated transactions with certain of our stockholders as a result of which 16,325,196 shares of our common stock, in the aggregate, will be repurchased upon closing of the Acquisition. The agreements provide that we will repurchase the shares for a price per share equal to the greater of $10.10 per share and the price per share of our common stock in this offering. Consummation of all Forward Purchases will be subject to the closing of the Acquisition. The Forward Purchases involve the repurchase of specified amounts of our outstanding common stock from a limited number of our stockholders who we believe are focused on fixed income like returns and would seek to exit their investment in us in connection with or shortly following the closing of the Acquisition. The purchase price for the Forward Purchases will be higher than the amount those stockholders could have received by voting against the Acquisition and exercising conversion rights and the purchase price may be higher than what other stockholders could receive either by voting against the Acquisition and exercising conversion rights or selling their shares in the market.

After we complete the Acquisition, our only material assets will be the units of Iridium Holdings, and we will accordingly be dependent upon distributions from Iridium Holdings to pay our expenses and taxes.

After the completion of the Acquisition, we will be a holding company and will conduct all of our operations through our subsidiary, Iridium Holdings and its subsidiaries. We will have no material assets other than our direct and indirect ownership of Iridium Holdings units, and no independent means of generating revenue. To the extent we need funds and Iridium Holdings is restricted from making distributions under applicable law or regulation or any other agreement, or is otherwise unable to provide such funds, we may have difficulty meeting our corporate obligations, which would materially adversely affect our business, liquidity, financial condition and results of operations.

Risks Associated with Our Securities

An active trading market for our common stock may not develop, and you may not be able to sell your common stock at or above your purchase price.

An active trading market for shares of our common stock may not develop or be sustained following the Acquisition and this offering. The shares of our common stock have been approved for listing on NASDAQ and we expect that they will commence trading on NASDAQ under the symbol IRDM on September 24, 2009. If an active trading market does not develop, you may have difficulty selling your shares of common stock at an attractive price. You may not be able to sell your common stock at or above your purchase price, or at any other price or at the time that you would like to sell.

The market price of our common stock may be volatile.

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

- failure in the performance of our current or future satellites or a delay in the launch of Iridium NEXT;
- failure to obtain adequate financing in a timely manner;
- actual or anticipated variations in our operating results, including termination or expiration of one or more of our key contracts, or a change in purchasing levels under one or more of our key contracts;
- stockholders with registration rights exercising such registration rights and selling a large number of shares of our common stock;
- changes in financial estimates by industry analysts, or any failure by us to meet or exceed any such estimates, or changes in the recommendations of any industry analysts that elect to follow our common stock or the common stock of our competitors;
- actual or anticipated changes in economic, political or market conditions, such as recessions or international currency fluctuations;
- actual or anticipated changes in the regulatory environment affecting our industry;
- changes in the market valuations of our competitors; and

announcements by our competitors regarding significant new products or services or significant acquisitions, strategic partnerships, divestitures, joint ventures or other strategic initiatives.

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

We may refuse to sell and deliver securities to a particular investor or investors in order to comply with limitations imposed on us by the FCC.

It is possible that purchases of securities in this offering by certain investors would result in the occurrence of an FCC Limitation (as defined under Notice to Investors). If we determine that the sale of securities to any investor would result in an FCC Limitation, we may exercise our right under our proposed second amended and restated certificate of incorporation to restrict ownership of our common stock by such investor. Our proposed second amended and restated certificate of incorporation also gives us the right to request from our stockholders or proposed stockholders (by transfer of stock or otherwise), certain information, including information relating to such stockholder s or proposed stockholder s citizenship, affiliations and ownership or interest in other companies, if we believe that such stockholder s or proposed stockholder s ownership of our securities may result in an FCC Limitation. If we do not receive the information we request from any stockholder or proposed stockholder or conclude that a person s ownership or proposed ownership or the exercise by any person of any ownership right may result in an FCC Limitation, we will have the right to, and until we determine in our sole discretion that no FCC Limitation will occur: (i) refuse to permit a transfer of stock to a proposed stockholder; (ii) suspend rights of stock or equity ownership which could cause an FCC Limitation; and/or (iii) redeem our common stock or preferred stock held by any person.

Our securities have been suspended from trading on the NYSE Amex and we expect that they will commence trading on NASDAQ under the symbol IRDM on September 24, 2009. The shares of our common stock have been approved for listing on NASDAQ. After listing, NASDAQ may subsequently delist our securities, which could make it more difficult for our stockholders to sell their securities and subject us to additional trading restrictions.

Our securities have been suspended from trading on the NYSE Amex and we expect that they will commence trading on NASDAQ under the symbol IRDM on September 24, 2009. The shares of our common stock have been approved for listing on NASDAQ. We cannot assure you that, after listing, NASDAQ will not subsequently delist our securities.

If we are delisted from NASDAQ, our stockholders may face significant consequences including:

- limited availability for market quotations for our securities; and
- reduced liquidity with respect to our securities.

In addition, we will face a decreased ability to issue additional securities or obtain additional financing in the future, which will have a material adverse effect on our business, financial condition and results of operations.

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

We do not currently pay cash dividends on our common stock. Any future dividend payments are within the discretion of our board of directors and will depend on, among other things, our results of operations, working capital requirements, capital expenditure requirements, financial

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condition, contractual restrictions, business opportunities, anticipated cash needs, provisions of applicable law and other factors that our board of directors may deem relevant. We may not generate sufficient cash from operations in the future to pay dividends on our common stock.

We may issue shares of preferred stock or debt securities with greater rights than our common stock.

Our proposed second amended and restated certificate of incorporation authorizes our board of directors to issue one or more series of preferred stock and set the terms of the preferred stock without seeking any further approval from holders of our common stock. Pursuant to our proposed second amended and restated certificate of incorporation, there are 2.0 million shares of preferred stock authorized but none issued. Any preferred stock that is issued may rank ahead of our common stock in terms of dividends, priority and liquidation premiums and may have greater voting rights than holders of our common stock. In addition, we may issue debt securities that accrue interest and have priority over our common stock with respect to liquidations.

If persons engage in short sales of our common stock, the price of our common stock may decline.

Selling short is a technique used by a stockholder to take advantage of an anticipated decline in the price of a security. A significant number of short sales or a large volume of other sales within a relatively short period of time can create downward pressure on the market price of a security. There are a significant number of warrants outstanding and holders of warrants also may engage in short sales. Further sales of common stock could cause even greater declines in the price of our common stock due to the number of additional shares available in the market, which could encourage short sales that could further undermine the value of our common stock. Holders of our securities could, therefore, experience a decline in the value of their investment as a result of short sales of our common stock.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us after the Acquisition, our stock price and trading volume could decline.

After the Acquisition, the trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us, including securities analysts employed by our underwriters who are currently prohibited under rules of FINRA from publishing research about us, Iridium Holdings or its business for a limited period of time. If no analysts elect to provide research coverage about us, or if one or more of the analysts who elect to cover us, if any, downgrades our stock or publishes inaccurate or unfavorable research about us our stock price would likely decline. If one or more of the analysts who elect to cover us, if any, ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

Provisions in our proposed second amended and restated certificate of incorporation and amended and restated bylaws may discourage takeovers, which could affect the rights of holders of our common stock.

Provisions of our proposed second amended and restated certificate of incorporation and amended and restated bylaws could hamper a third party s acquisition of our company or discourage a third party from attempting to acquire control of our company. These provisions include the ability of our board of directors to issue preferred stock with voting rights or with rights senior to those of the common stock without any further vote or action by the holders of our common stock. In addition, our amended and restated bylaws do not authorize our stockholders to call special meetings of stockholders or to fill vacancies on our board of directors. These provisions also could make it more difficult for any of our stockholders to elect directors and take other corporate actions, and could limit the price that investors might be willing to pay in the future for shares of our common stock.

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USE OF PROCEEDS

We expect the net proceeds from the sale of our common stock to be approximately $148,600,000, or $171,040,000 if the underwriters exercise in full their option to purchase additional shares of common stock, after deducting the underwriting discounts and the estimated expenses of the offering payable by us.

We intend to use the net proceeds from this offering to effect the Forward Purchases, in connection with the Exchanges and for general corporate purposes.

PRICE RANGE OF COMMON STOCK

The following table sets forth, for the quarters shown, the range of high and low composite prices of our common stock as reported on the NYSE Amex since our common stock commenced public trading on March 20, 2008. The last reported sales price of our common stock on the NYSE Amex on September 23, 2009 was $10.10 per share.

	High	Low
2009		
Third quarter (through September 23, 2009)	$ 10.10	$ 9.71
Second quarter	9.83	9.38
First quarter	9.42	9.00
2008		
Fourth quarter	$ 9.19	$ 8.60
Third quarter	9.41	9.15
Second quarter	9.35	9.05
First quarter (from March 20, 2008)	9.10	9.05

As of September 23, 2009, there was one holder of record of our common stock. We have applied to delist the shares of our common stock from the NYSE Amex and, as a result, the shares of our common stock have been suspended from trading on the NYSE Amex effective as of the date hereof (after close of trading). The shares of our common stock have been approved for listing on NASDAQ and will commence trading on NASDAQ under the symbol IRDM on September 24, 2009.

DIVIDEND POLICY

Since our IPO and the listing of our shares on the NYSE Amex, we have not paid dividends on our common stock and do not intend to pay any dividends prior to the completion of the Acquisition. After we complete the Acquisition, the payment of dividends will depend on our revenues and earnings, if any, our capital requirements and our general financial condition. The payment of dividends after the Acquisition will be within the discretion of our board of directors at that time. Our board of directors currently intends to retain any earnings for use in our business operations and, accordingly, we do not anticipate that our board of directors will declare any dividends in the foreseeable future. In addition, our ability to pay dividends may be limited by restrictions contained in our debt agreements.

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CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2009 on an actual basis and as adjusted to give effect to (i) the issuance of approximately 30,688,423 shares of our common stock in connection with the Acquisition and the Exchanges, including 1,244,923 shares of our common stock to be issued in the Exchanges, (ii) the forfeiture of 1,441,176 founding stockholder s shares, 8,369,563 founder warrants and 4,000,000 private placement warrants, (iii) the Deferred Underwriting Commission Forfeiture, (iv) the Banc of America Warrant Repurchase, (v) the conversion of 9,214,167 IPO shares into a pro rata portion of the trust account, (vi) the prepayment in full upon closing of the Acquisition of approximately $120.0 million of indebtedness is currently outstanding under Iridium Holdings credit agreements and (vii) the potential payment to Motorola of approximately $3.9 million, the potential issue of 1.5 million shares of our common stock to Motorola and the potential acceleration of $12.3 million of outstanding payment obligations to Motorola (plus $1.9 million of accrued interest and $1.3 million of certain other fees) (collectively, the Transactions) and as further adjusted to give effect to this offering and the Forward Purchases of 16,325,196 shares of our common stock in the aggregate pursuant to the agreements we announced on September 14, 2009. For purposes of calculating this information, we have assumed no exercise of our current warrants and restructured warrants and have not given effect to the conversion of the $22.9 million note held by Greenhill Europe into 1,946,500 shares of our common stock.

See Prospectus Supplement Summary The Acquisition Stockholder Approval of Initial Business Combination and Other Closing Conditions.

You should read the information set forth in the table below in conjunction with our Unaudited Pro Forma Condensed Combined Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations for Iridium Holdings included elsewhere in this prospectus supplement, Management s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes thereto set forth in GHQ s Annual Report on Form 10-K for the fiscal year ended December 31, 2008, as amended, and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, as amended, and Iridium Holdings financial statements and related notes beginning on page F-33 of our Proxy Statement on Schedule 14A filed with the SEC on August 28, 2009.

	As of June 30, 2009		
	Actual	As Adjusted for the Transactions	As Further Adjusted for this Offering and the Forward Purchases (a)
	(In thousands)		
Total cash and cash equivalents	$ 118	$ 87,052	$ 70,768
Total debt (b)		22,900	22,900
Stockholders equity:			
Preferred stock, $0.0001 par value, 1.0 million shares authorized; none issued or outstanding (c)			

Common stock, $0.001 par value, 200.0 million shares authorized; 48.5 million shares issued and outstanding (c)		49		70		70
Additional paid-in capital		274,911		572,306		556,022
Retained earnings		1,668		1,668		1,668
Total stockholders equity		276,628		574,044		557,760
Total capitalization	$	276,628	$	596,944	$	580,660

(a) Reflects an underwriting discount of 6.5% and estimated expenses of the offering payable by us of $1.0 million.

(b) This includes the $22.9 million note held by Greenhill Europe, which is convertible into 1,946,500 shares of our common stock. The earliest date that Greenhill Europe can convert the convertible note is October 24, 2009.

(c) Following the Acquisition, our proposed second amended and restated certificate will become effective, which authorizes the issuance of 300.0 million shares of common stock, par value $0.001, and 2.0 million shares of preferred stock, par value $0.0001.

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SELECTED HISTORICAL FINANCIAL DATA OF IRIDIUM HOLDINGS

The following selected historical financial data for each of the three years in the period ended December 31, 2008 was derived from Iridium Holdings audited financial statements and the financial information for the six months ended June 30, 2008 and 2009 was derived from Iridium Holdings unaudited condensed consolidated financial statements. Iridium Holdings unaudited condensed consolidated financial statements reflect all adjustments necessary to state fairly its financial position at June 30, 2008 and 2009 and its income and cash flows for the six months ended June 30, 2008 and 2009. The information for the years ended December 31, 2004 and 2005 was derived from Iridium Holdings audited financial statements. As described in footnote (a) below, the consolidated balance sheet as of December 31, 2008 and the consolidated statements of income for the years ended December 31, 2008 and 2007 have been restated to give effect to certain reclassification adjustments. Interim results are not necessarily indicative of results for the full year and historical results are not necessarily indicative of results to be expected in any future period. The selected financial data below should be read in conjunction with Iridium Holdings financial statements and related notes beginning on page F-33 of GHQ s Proxy Statement on Schedule 14A filed with the SEC on August 28, 2009 and Management s Discussion and Analysis of Financial Condition and Results of Operations for Iridium Holdings included in this prospectus supplement. The selected financial data is historical data for Iridium Holdings on a stand alone basis. The following selected financial data below is not necessarily indicative of future results and should be read in conjunction with the Unaudited Pro Forma Condensed Combined Financial Data included in this prospectus supplement.

For financial data of GHQ, please see Selected Historical Financial Data of GHQ in GHQ s Proxy Statement on Schedule 14A filed with the SEC on August 28, 2009.

	Years Ended December 31,					Six Months Ended June 30,	
Statement of Operations Data:	**2004**	**2005**	**2006**	**2007 As Restated (see note (a))**	**2008 As Restated (see note (a))**	**2008**	**2009**
				(In thousands)			
Revenue:							
Government Services	$ 45,069	$ 48,347	$ 50,807	$ 57,850	$ 67,759	$ 29,867	$ 36,628
Commercial Services	49,611	60,690	77,661	101,172	133,247	61,846	76,777
Subscriber Equipment	26,811	78,663	83,944	101,879	119,938	64,266	45,089
Total revenue	$ 121,491	$ 187,700	$ 212,412	$ 260,901	$ 320,944	$ 155,979	$ 158,494
Operating expenses:							
Cost of subscriber equipment sales	26,463	62,802	60,068	62,439	67,570	36,780	22,916
Cost of services (exclusive of depreciation and amortization) (b)	50,248	56,909	60,685	63,614	69,882	32,114	37,861
Selling, general and administrative	32,487	30,135	33,468	46,350	55,105	25,433	28,139

Research and development	9,044	4,334	4,419	13,944	32,774	10,880	13,269
Depreciation and amortization	7,132	7,722	8,541	11,380	12,535	5,861	7,249
Transaction costs					7,959	556	1,972
Satellite system development refund		(14,000)					
Total operating expenses	$ 125,374	$ 147,902	$ 167,181	$ 197,727	$ 245,825	$ 111,624	$ 111,406
Operating (loss) profit	$ (3,883)	$ 39,798	$ 45,231	$ 63,174	$ 75,119	$ 44,355	$ 47,088
Other (expense) income:							
Interest expense, net of capitalized interest	(9,122)	(5,106)	(15,179)	(21,771)	(21,094)	(9,759)	(9,219)
Interest expense recovered		2,526					
Interest and other income	483	2,377	1,762	2,370	(146)	801	449
Total other (expense) income, net	$ (8,639)	$ (203)	$ (13,417)	$ (19,401)	$ (21,240)	$ (8,958)	$ (8,770)
Net (loss) income	$ (12,522)	$ 39,595	$ 31,814	$ 43,773	$ 53,879	$ 35,397	$ 38,318

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Balance Sheet Data:	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08 As Restated (see note (a))	6/30/08	6/30/09
				(In thousands)			
Total current assets	$ 59,921	$ 65,385	$ 84,035	$ 80,342	$ 101,355	$ 109,613	$ 114,424
Total assets	150,514	129,397	161,525	167,581	190,569	195,909	199,484
Total long term obligations (c)	(119,781)	(53,848)	(208,225)	(178,324)	(155,845)	(162,020)	(142,050)
Total members deficit	(90,008)	(57,262)	(121,189)	(78,447)	(62,230)	(45,339)	(21,605)

	Years Ended December 31,					Six Months Ended June 30,	
Other Data:	2004	2005	2006	2007	2008	2008	2009
				(In thousands)			
Cash provided by (used in):							
Operating activities	$ 10,107	$ 30,742	$ 39,499	$ 36,560	$ 61,438	$ 33,517	$ 37,426
Investing activities	(1,608)	(9,661)	(9,467)	(19,787)	(13,913)	(5,936)	(4,784)
Financing activities	(5,542)	(18,887)	(8,032)	(26,526)	(44,820)	(7,819)	(16,977)
EBITDA (d)	3,554	49,595	54,243	74,732	86,163	50,299	54,671
Certain other items included in EBITDA (e)				1,777	22,072	3,973	9,597

(a) For the year ended December 31, 2008, the balance sheet has been restated to reclassify as prepaid expenses and other current assets a $1.4 million receivable from an insurer that was previously classified as a reduction of the related claim liability included in accrued expenses and other current liabilities. In addition, in the restated consolidated statements of income for the years ended December 31, 2008 and 2007, Iridium Holdings has reclassified $6.0 million and $3.4 million, respectively, of research and development costs related to government funded research and development service contracts as cost of services (exclusive of depreciation and amortization). These reclassifications have no impact on income from operations or net income.

(b) Iridium Holdings selected historical financial data for the year ended December 31, 2004 does not include a reclassification of operating expenses between cost of services (exclusive of depreciation and amortization) and selling, general and administrative. Therefore, Iridium Holdings selected historical financial data for the operating expenses described above for the year ended December 31, 2004 is not directly comparable to the selected historical financial data for subsequent periods.

(c) Long-term obligations are presented net of an unamortized discount associated with a commitment fee to Motorola in connection with the transition services, products and assets agreement. The balance of the unamortized discount was $3.0 million at December 31, 2004, $2.7 million at December 31, 2005, $2.3 million at December 31, 2006, $1.8 million at December 31, 2007, $1.3 million at December 31, 2008, $1.5 million at June 30, 2008, and $1.0 million at June 30, 2009.

(d) EBITDA represents net income before interest expense, interest income, income tax provision and depreciation and amortization. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations, as determined in accordance with GAAP and Iridium Holdings calculations thereof may not be comparable to similarly entitled measures reported by other companies. Iridium Holdings presents EBITDA because it believes it is a useful indicator of its profitability. Iridium Holdings management uses EBITDA principally as a measure of its operating performance and believes that EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in their evaluation of companies in industries similar to its own. Iridium Holdings also believes EBITDA is useful to its management and investors as a measure of comparative operating performance between time periods and among companies as it is reflective of changes in pricing decisions, cost controls and other factors that affect operating performance. Iridium Holdings management also uses EBITDA for planning purposes, including the preparation of its annual operating budget, financial projections and compensation plans.

EBITDA does not represent and should not be considered as an alternative to results of operations under GAAP and has significant limitations as an analytical tool. Although Iridium Holdings uses EBITDA as a measure to assess the performance of its business, the use of EBITDA is limited because it excludes certain material costs. For example, it does not include interest expense, which is a necessary element of its costs and ability to generate revenue, because Iridium Holdings has borrowed money in order to finance its operations. Because Iridium Holdings uses capital assets, depreciation expense is a necessary element of its costs and ability to generate revenue. Because EBITDA does not account for these expenses, its utility as a measure of

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Iridium Holdings operating performance has material limitations. As a limited liability company that is treated as a partnership for federal income tax purposes, Iridium Holdings is generally not subject to federal income tax directly and therefore no adjustment is required for income taxes. Because of these limitations, Iridium Holdings management does not view EBITDA in isolation or as a primary performance measure and also uses other measures, such as net income, revenue and operating profit, to measure operating performance.

The following is a reconciliation of EBITDA to net income:

	Years Ended December 31,					Six Months Ended June 30,	
	2004	2005	2006	2007	2008	2008	2009
	(In thousands)						
Net (loss) income	$ (12,522)	$ 39,595	$ 31,814	$ 43,773	$ 53,879	$ 35,397	$ 38,318
Interest expense	9,122	5,106	15,179	21,771	21,094	9,758	9,219
Interest expense recovered		(2,526)					
Interest income	(178)	(302)	(1,291)	(2,192)	(1,345)	(717)	(115)
Depreciation and amortization	7,132	7,722	8,541	11,380	12,535	5,861	7,249
EBITDA	$ 3,554	$ 49,595	$ 54,243	$ 74,732	$ 86,163	$ 50,299	$ 54,671

(e) The following table details certain items, which are included in EBITDA: non-recurring expenses relating to the Acquisition and expenses incurred in the development of Iridium Holdings second generation constellation, Iridium NEXT. This table does not represent and should not be considered as an alternative to net income or cash flow from operations, as determined in accordance with GAAP and Iridium Holdings calculations thereof may not be comparable to similarly entitled measures reported by other companies. Iridium Holdings believes this table, when reviewed in connection with its presentation of EBITDA provides another useful tool to investors and its management for measuring comparative operating performance between time periods and among companies as it is further reflective of cost controls and other factors that affect operating performance. In addition to EBITDA, Iridium Holdings management assesses the adjustments presented in this table when preparing its annual operating budget, financial projections and compensation plans. Because of the significant expenses resulting from the above mentioned Acquisition and Iridium NEXT, Iridium Holdings believes that the presentation of the adjustments relating to acquisition and Iridium NEXT expenses enables its management and investors to assess the impact of such expenses on its operating performance and provides a consistent measure of its operating performance for periods subsequent to the Acquisition and the full deployment of Iridium NEXT.

This table is not intended to comply with GAAP and has significant limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of Iridium Holdings results of operations as calculated under GAAP. Although Iridium Holdings uses this table as a financial measure to assess the performance of its business, the use of this table is limited because, in addition to the costs excluded in its presentation of EBITDA, it excludes certain material costs that Iridium Holdings has incurred over the periods presented. Because this table does not account for these expenses, its utility as a measure of Iridium Holdings operating performance has material limitations.

EBITDA, as defined above, was decreased by the following non-recurring and certain other items, each of which is further discussed below:

	Years Ended December 31,					Six Months Ended June 30,	
	2004	2005	2006	2007	2008	2008	2009
	(In thousands)						
Non-recurring transaction expenses (1)	$	$	$	$	$ 7,959	$ 556	$ 1,972
Iridium NEXT expenses (2)				1,777	14,113	3,417	7,625
Total	$	$	$	$ 1,777	$ 22,072	$ 3,973	$ 9,597

(1) Consists of non-recurring legal, regulatory and accounting expenses resulting from the Acquisition.

(2) Consist of expenses, net of customer revenues, incurred in connection with the design, manufacture and deployment of Iridium NEXT, including certain milestone payments paid to the two companies vying to serve as the prime system contractor. Iridium Holdings expects to incur such expenses through 2016 until the deployment of the new constellation, with the majority of these expenses incurred during the capital intensive launch phase between 2013 and 2016. In the future, Iridium Holdings may capitalize a portion of these costs.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

The following unaudited pro forma condensed combined balance sheet as of June 30, 2009 and the unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2009 and for the year ended December 31, 2008 are based on the historical financial statements of GHQ and Iridium Holdings after giving effect to the Acquisition. The Acquisition will be accounted for using the acquisition method of accounting.

The unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2009 and for the year ended December 31, 2008 give effect to the Acquisition as if it had occurred on January 1, 2008. The unaudited pro forma condensed combined balance sheet as of June 30, 2009 assumes that the Acquisition took place on June 30, 2009.

The unaudited condensed combined balance sheet and statement of operations as of and for the six months ended June 30, 2009 were derived from GHQ s unaudited condensed financial statements and Iridium Holdings unaudited condensed consolidated financial statements as of and for the six months ended June 30, 2009. The unaudited condensed statement of operations for the year ended December 31, 2008 was derived from GHQ s and Iridium Holdings audited statements of income for the year ended December 31, 2008. See the financial statements and notes thereto set forth in GHQ s Annual Report on Form 10-K for the fiscal year ended December 31, 2008, as amended, and GHQ s Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, as amended, and Iridium Holdings financial statements and related notes beginning on page F-33 of GHQ s Proxy Statement on Schedule 14A filed with the SEC on August 28, 2009.

At the special meeting of GHQ stockholders held September 23, 2009, stockholders holding 9,214,167 IPO shares, or 23.0% of the total IPO shares, voted against the acquisition proposal and elected to convert their shares into a pro rata portion of the trust account, which is approximately $10.00 per share. Therefore, a total of approximately $92.1 million from the trust account will be used to pay these converting stockholders.

The pro forma condensed combined financial statements reflect management s best estimate of the fair value of the tangible and intangible assets acquired and liabilities assumed based on a preliminary valuation study performed by an independent third-party valuation firm based on information currently available. As final valuations are performed, increases or decreases in the fair value of assets acquired and liabilities assumed will result in adjustments, which may be material, to the balance sheet and/or statement of operations.

As required, the unaudited pro forma condensed combined financial data includes adjustments which give effect to the events that are directly attributable to the Acquisition, expected to have a continuing impact and are factually supportable. Hence any planned adjustments affecting the balance sheet, statement of operations or changes in common stock outstanding, subsequent to the assumed closing date of the Acquisition are not included.

The unaudited pro forma condensed combined financial statements are provided for informational purposes only and are subject to a number of uncertainties and assumptions and do not purport to represent what the companies actual performance or financial position would have been had the Acquisition occurred on the dates indicated and does not purport to indicate the financial position or results of operations as of any future date or for any future period. Please refer to the following information in conjunction with the accompanying notes to these pro forma financial statements, Management s Discussion and Analysis of Financial Condition and Results of Operations for Iridium Holdings included elsewhere in this prospectus supplement, Management s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes thereto set forth in GHQ s Annual Report on Form 10-K for the fiscal year ended December 31, 2008, as amended, and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, as amended, and Iridium Holdings financial statements and related notes beginning on page F-33 of our Proxy Statement on Schedule 14A filed with the SEC on August 28, 2009.

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GHL Acquisition Corp.

Unaudited Pro Forma Condensed Combined Balance Sheet
As of June 30, 2009

	Historical GHQ	Historical Iridium	Pro Forma Adjustments (In thousands)		Combined Pro Forma
Assets					
Current assets:					
Cash and cash equivalents	$ 118	$ 40,475	$ (102,600)	A	$ 70,768
			400,930	B	
			(4,287)	C	
			(4,928)	D	
			(119,943)	E	
			(11,350)	F	
			(92,141)	M	
			(19,223)	T	
			(16,283)	U	
Restricted cash		120			120
Accounts receivable		45,616			45,616
Inventory		24,398	8,849	G	33,247
Prepaid expenses and other current assets	58	3,815			3,873
Total current assets	**176**	**114,424**	**39,024**		153,624
Property and equipment, net		60,875	337,622	H	398,497
Restricted cash, net of current portion		15,400			15,400
Deferred financing costs and other assets		8,785	(3,745)	E	5,040
Investments held in trust at broker	400,930		(400,930)	B	
Deferred tax asset	1,525		(1,525)	I	
Intangible assets			55,384	J	55,384
Goodwill			76,131	K	76,131
Total assets	**$ 402,631**	**$ 199,484**	**$ 101,961**		**$ 704,076**
Liabilities and Stockholders Equity					
Current liabilities:					
Accounts payable	$	$ 5,676			$ 5,676
Accrued expenses and other current liabilities	1,048	15,407			16,455
Accrued compensation and employee benefits		6,826			6,826
Credit facility, current portion		25,400	(127)	E	
			(25,273)	E	
Income tax payable	27				27
Deferred revenue, current portion		25,730	(15,330)	L	10,400
Deferred underwriter commissions	3,112		(3,112)	C	

Warrants subject to proposed bus. combination	1,828		(1,828)	D	
Total current liabilities	**6,015**	**79,039**	**(45,670)**		**39,384**
Accrued satellite operations and maintenance expense, net of current portion		8,661			8,661
Motorola payable		11,436	(11,436)	T	
Credit facility		94,543	(4,273)	E	
			(90,270)	E	
Convertible subordinated note		22,900			22,900
Other long-term liability		4,510			4,510
Income tax reserve			596	I	596
Deferred tax liability			70,265	I	70,265
Total liabilities	**6,015**	**221,089**	**(80,788)**		**146,316**
Common stock subject to possible conversion	119,988		(119,988)	M	
Stockholders equity					
Common stock	49		29	N	70
			1	D	
			(1)	S	
			1	T	
			(9)	M	
Additional paid-in capital	274,911	4,983	(1,175)	C	556,022
			(3,100)	D	
			(1)	D	
			(4,400)	E	
			(11,350)	F	
			27,856	M	
			297,351	N	
			(4,983)	O	
			1	S	
			(7,788)	T	
			(16,283)	U	
Retained earnings/(accumulated deficit)	1,668	(25,179)	25,179	O	1,668
Accumulated other comprehensive income (loss)		(1,409)	1,409	O	
Total stockholders equity	276,628	(21,605)	302,737		557,760
Total liabilities and stockholders equity	**$ 402,631**	**$ 199,484**	**$ 101,961**		**$ 704,076**

See accompanying notes to the unaudited pro forma condensed combined financial statements.

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GHL Acquisition Corp.

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Six Months Ended June 30, 2009

	Historical GHQ	Historical Iridium	Pro Forma Adjustments		Combined Pro Forma	
	(In thousands, except per share amounts)					
Revenue:						
Service:						
Government	$	$ 36,628	$		$ 36,628	
Commercial		76,777			76,777	
Subscriber equipment		45,089			45,089	
Total revenue		158,494			158,494	
Operating expenses:						
Cost of subscriber equipment sales		22,916			22,916	
Cost of services (exclusive of depreciation and amortization)		37,861			37,861	
Selling, general, and administrative	791	28,139			28,930	
Depreciation and amortization		7,249	33,762	H	46,549	
			5,538	J		
Research and development		13,269			13,269	
Transaction costs		1,972			1,972	
Total operating expenses	791	111,406	39,300		151,497	
Operating profit (loss)	(791)	47,088	(39,300)		6,997	
Other (expense) income:						
Interest expense		(9,219)	2,964	E	(6,255)	
Interest income and other income (expense)	821	449	(821)	P	682	
			233	Q		
Total other (expense) income, net	821	(8,770)	2,376		(5,573)	
Income (loss) before provision for income taxes	30	38,318	(36,924)		1,424	
Provision (benefit) for income taxes	14		875	R	889	
Net income (loss)	$ 16	$ 38,318	$ (37,799)		$ 535	
Weighted average shares outstanding basic	48,500				69,700	S
Weighted average shares outstanding diluted	48,500				75,700	S
Earnings per share basic	$ 0.00				$ 0.01	
Earnings per share diluted	$ 0.00				$ 0.01	

See accompanying notes to the unaudited pro forma condensed combined financial statements.

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GHL Acquisition Corp.

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended December 31, 2008

	Historical GHQ	Historical Iridium	Pro Forma Adjustments		Combined Pro Forma	
	(In thousands, except per share amounts)					
Revenue:						
Service:						
Government	$	$ 67,759	$		$ 67,759	
Commercial		133,247			133,247	
Subscriber equipment		119,938			119,938	
Total revenue		320,944			320,944	
Operating expenses:						
Cost of subscriber equipment sales		67,570			67,570	
Cost of services (exclusive of depreciation and amortization)		69,882			69,882	
Selling, general, and administrative	2,592	55,105			57,697	
Depreciation and amortization		12,535	67,524	H	91,136	
			11,077	J		
Research and development		32,774			32,774	
Transaction costs		7,959			7,959	
Total operating expenses	2,592	245,825	78,601		327,018	
Operating profit (loss)	(2,592)	75,119	(78,601)		(6,074)	
Other (expense) income:						
Interest expense		(21,094)	8,620	E	(12,474)	
Interest income and other income (expense)	5,605	(146)	(5,605)	P	319	
			465	Q		
Total other (expense) income, net	5,605	(21,240)	3,480		(12,155)	
Income (loss) before provision for income taxes	3,013	53,879	(75,121)		(18,229)	
Provision (benefit) for income taxes	1,357		(4,028)	R	(2,671)	
Net income (loss)	$ 1,656	$ 53,879	$ (71,093)		$ (15,558)	
Weighted average shares outstanding basic	43,268				69,700	S
Weighted average shares outstanding diluted	43,268				69,700	S
Earnings (loss) per share basic	$ 0.04				$ (0.22)	
Earnings (loss) per share diluted	$ 0.04				$ (0.22)	

See accompanying notes to the unaudited pro forma condensed combined financial statements.

Notes to Unaudited Condensed Combined Pro Forma Financial Statements

1. Description of the Acquisition and Basis of Presentation

The Acquisition

On September 22, 2008, GHQ entered into a Transaction Agreement, as amended on April 28, 2009, with Iridium Holdings and its members whereby GHQ agreed to purchase, directly or indirectly, 100% of Iridium Holdings member units (Class A and Class B) for 29.4 million shares of our common stock, $77.1 million in cash, subject to certain adjustments, and, within 90 days of the closing of the Acquisition, a tax benefit payment of $25.5 million in cash to sellers (other than the sellers of the equity of Baralonco and Syncom), if Iridium Holdings has in effect a valid IRC Section 754 election with respect to the taxable year in which the closing occurs. Upon the closing of the Acquisition, Iridium Holdings will become a subsidiary of GHQ and GHQ will be renamed Iridium Communications Inc.

Pursuant to the Transaction Agreement, GHQ will acquire two entities, Baralonco and Syncom, which are holders of a significant number of Iridium Holdings units. After the closing of the Acquisition, Baralonco and Syncom will become wholly-owned subsidiaries of GHQ. No pro forma adjustments have been made for the acquisition of Syncom and Baralonco because, although they currently have cash and certain immaterial assets and liabilities, the Transaction Agreement contemplates that these entities will have no assets or liabilities at the closing other than units of Iridium Holdings. The only historical operations of these entities have been the ownership of units of Iridium Holdings and, in the case of Baralonco, certain previously disposed investments.

In connection with the terms of the Acquisition, all outstanding equity awards of Iridium Holdings will immediately vest upon the closing of the Acquisition. The estimated reduction to Iridium Holdings equity at the close of the Acquisition related to the accelerated vesting is approximately $2.6 million. Following the closing of the Acquisition, GHQ will record a compensation charge in the amount $1.3 million and a capital contribution related to the transfer at cost of the founding stockholder s units to certain of GHQ s directors. The impact of the acceleration of Iridium Holdings equity incentive awards and GHQ s compensation charge and related capital contribution are not reflected in the pro forma condensed combined financial statements.

On October 24, 2008, Greenhill Europe purchased a convertible note for $22.9 million in cash from Iridium Holdings. Greenhill Europe has the option to convert the convertible note into Class A units of Iridium Holdings (which are exchangeable into shares of our common stock) upon the later of (i) October 24, 2009 and (ii) the earlier of closing of the Acquisition pursuant to the Transaction Agreement or the termination of the Transaction Agreement. In addition, in the event of (a) a change of control of Iridium Holdings (as defined in the note) or (b) the termination of the Transaction Agreement, after January 31, 2013, Greenhill Europe has the right to redeem the note in full. The convertible note matures in seven years and bears interest at 5% per annum, compounded quarterly, beginning on April 24, 2009. The pro forma condensed combined financial statements do not reflect the convertible note on an as-converted basis because the earliest date that Greenhill Europe can convert the convertible note is October 24, 2009.

In conjunction with the issuance of the convertible note, Iridium Holdings executed amendments to the first and second lien credit facilities (the Credit Amendments), which were completed in October 2008. Following the execution of the Credit Amendments, a net distribution of $36.3 million was made to current Iridium Holdings unit holders. Iridium Holdings also prepaid $22.0 million of the outstanding balance on the first lien term loan at the signing of the Credit Amendments. The Credit Amendments provide for: (a) an increase in the applicable interest rate margin for Eurodollar loans by 75 basis points (5% for first lien and 9% for second lien); (b) an increase in permitted capital expenditures for 2009; (c) a prepayment of

$80.0 million of the outstanding balance on the first lien term loan under the agreement by Iridium Holdings if the Acquisition is consummated (as required by the Credit Amendments, $15.0 million of this amount was prepaid on June 11, 2009 because stockholder approval was not obtained by June 29, 2009); and (d) an amendment to the definition of Change of Control under the agreement to include the public company in existence after the Acquisition. Upon the closing of the Acquisition, the first and second lien credit facilities will be paid off in full.

On June 2, 2009, GHQ entered into an agreement with Banc of America, the underwriter of GHQ s IPO offering, and its affiliate, pursuant to which Banc of America has agreed to reduce the deferred underwriting commission payable upon the closing of the Acquisition by approximately $8.2 million. Accordingly, the deferred underwriting commissions payable upon closing by GHQ to Banc of America will range between approximately $3.1 million (assuming maximum conversion) to $8.2 million (assuming no conversion) depending upon the number of stockholders who exercise their conversion rights. Stockholders holding 9,214,167 IPO shares, or 23.0% of the total IPO shares, voted against the acquisition proposal and elected to convert their shares into a pro rata portion of the trust account. Therefore, the deferred underwriting commission payable to Banc of America is approximately $4.3 million. In addition, Banc of America or its affiliate agreed to sell to GHQ, immediately after the closing of the Acquisition, approximately 3.7 million of GHQ warrants for approximately $1.8 million.

On July 29, 2009, GHQ entered into Warrant Purchase Agreements to repurchase and/or restructure approximately 26.8 million warrants issued in GHQ s IPO and to the founding stockholder, in privately negotiated transactions, from certain of our Warrantholders, subject to the closing of the Acquisition. As part of the Warrant Purchase Agreements, GHQ agreed to purchase approximately 12.4 million existing warrants issued in our IPO for a total of approximately $3.1 million of cash and approximately $12.4 million worth of our common stock (or 1,244,923 shares of our common stock) and to restructure approximately 14.4 million existing warrants issued in GHQ s IPO and to enter into a new warrant agreement with respect to the restructured warrants.

Basis of Presentation

The unaudited pro forma condensed combined financial statements have been prepared based on GHQ s and Iridium Holdings historical financial information. Certain disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States have been condensed or omitted as permitted by SEC rules and regulations.

These unaudited pro forma condensed combined financial statements are not necessarily indicative of the results of operations that would have been achieved had the Acquisition actually taken place at the dates indicated and do not purport to be indicative of future financial condition or operating results.

2. Acquisition Method

The pro forma condensed combined financial statements reflect accounting for the Acquisition in accordance with the acquisition method of accounting. Under the acquisition method, the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values, with any excess of the purchase price over the estimated fair value of the identifiable net assets acquired recorded as goodwill.

The fair value of GHQ s shares of common stock issued was calculated using GHQ s closing stock price of $10.10 at September 23, 2009. Daily closing prices for GHQ s common stock have ranged between $8.60 and $10.10 since GHQ s common stock began to trade publicly on March 20, 2008 through September 23, 2009. The consequence of a change in stock price to the bottom end of

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this range would adjust the fair value of GHQ s common stock issued as a result of the Acquisition downward by $44.1 million with the offsetting amount being recorded to goodwill.

The following represents the purchase price of the Acquisition (in millions):

Value of 29.4 million GHQ shares issued	$ 297.4
Cash consideration	102.6
Purchase price	$ 400.0

The following represents the allocation of the purchase price (in millions):

Purchase price	$ 400.0
Assets acquired and liabilities assumed:	
Assets:	
Property and equipment	$ 398.5
Current assets	123.3
Goodwill	76.1
Identifiable intangible assets	55.4
Other assets	18.9
Total assets	$ 672.2
Liabilities:	
Senior term loan facility	$ (115.5)
Deferred tax liability	(70.3)
Other liabilities	(86.4)
Total liabilities	$ (272.2)
Net Assets	$ 400.0

3. Pro Forma Adjustments and Assumptions

A) Represents the cash component of the purchase price of $102.6 million, consisting of a $77.1 million cash payment and $25.5 million of tax benefit payments.

B) Reflects the release of $400.9 million of GHQ investments held in trust that will be available for the operating activities of the combined company and distributions related to the Acquisition. Uses for the remaining cash include the intended pay down of the full amounts outstanding under the credit facilities and capital expenditures for the development and expansion of the combined company s operations.

C) Reflects revised deferred underwriting commissions of $8.2 million as a liability of $3.1 million, with $5.1 million included in common stock subject to possible conversion. The deferred underwriting commissions were reduced pro rata as a result of the exercise of stockholder conversion rights. Accordingly, the deferred underwriting commissions payable upon closing will be approximately $4.3 million, which was calculated based upon 23.0% of stockholders holding IPO shares exercising their conversion rights.

D) Pursuant to an agreement dated June 2, 2009 and conditioned upon the closing of the Acquisition, GHQ will purchase approximately 3.7 million warrants from Banc of America or its affiliate for approximately $1.8 million. In addition, GHQ has entered into agreements, conditioned upon the closing of the Acquisition, to purchase approximately 12.4 million warrants from current holders at a price of $1.25 consisting of $0.25 in cash (or approximately $3.1 million) and $1.00 in stock (in value based on the lesser of the price per share of our common stock in this offering and $10.00 per share). Combined, these agreements would result in a cash reduction of $4.9 million, an issuance of approximately

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1.2 million shares of common stock (based on the offering price of $10.00 per share) and a reduction of 16.1 million outstanding warrants.

Also, pursuant to the Warrant Purchase Agreements, conditioned upon the closing of the Acquisition, GHQ and current warrant holders will restructure approximately 14.4 million warrants to (i) increase the exercise price from $7.00 to the lesser of 115% of the price per share of our common stock in this offering and $11.50 per share; (ii) extend the expiration date an additional two years to February 14, 2015; and (iii) increase the price of our common stock at which GHQ can redeem the restructured warrants to $18.00. Included in this restructuring, Greenhill & Co., Inc. has agreed to exchange 4.0 million warrants held by it into the restructured warrants as described above. Also included in this restructuring, GHQ s chairman, Scott L. Bok, and its chief executive officer, Robert H. Niehaus, agreed to exchange 0.4 million warrants purchased by them in GHQ s IPO into the restructured warrants as described above. No pro forma adjustments are required in connection with the restructured warrants.

E) Reflects the repayment of the first lien and second credit facilities in full and the write-off of $3.7 million of deferred financing costs. Also, reflects the fair value adjustment to the credit facilities of $0.1 million and $4.3 million (current and non-current portion, respectively). The fair value of the credit facilities was derived by multiplying the face amount by the median of independent market data for debt trading on June 30, 2009. The reduction in interest expense related to the pay down of the credit facilities is $3.0 million and $8.6 million for the six months ended June 30, 2009 and the year ended December 31, 2008, respectively. Interest expense has been calculated based on the revised interest rates set forth in the Credit Amendments.

F) Reflects the payment of $11.4 million of fees to financial advisors payable upon the closing of the Acquisition. Depending upon the post-closing capitalization, the combined company will be required to pay up to an additional $2.0 million of fees to financial advisors.

G) Reflects the pro forma impact of the preliminary fair value adjustment to inventory acquired of $8.8 million.

H) Reflects the pro forma impact of the acquired property and equipment of Iridium Holdings. The preliminary fair value adjustment and related depreciation is as follows (in millions):

			Additional depreciation expense		
Historical amounts	**Fair value**	**Fair value adjustment**	**For the six months ended June 30, 2009**	**For the year ended December 31, 2008**	**Remaining useful lives**
$60.88	$ 398.50	$ 337.62	$ 33.76	$ 67.52	5

I) Reflects the pro forma adjustment to deferred taxes which represents the estimated impact of the pro forma adjustments at a statutory tax rate of approximately 38.4%. A deferred tax liability of $70.3 million has been reflected based on the preliminary adjustment of $179.5 million (the excess of the preliminary book step up of $472.7 million and the preliminary tax step up of $293.2 million, plus the Iridium Holdings book tax differences existing on the balance sheet date). The book step up adjustment is determined based on the excess of the fair value of the assets ($672.2 million) over the book value of the assets ($199.5 million). The tax step up of the assets is based upon IRC Section 743 and the tax gain that the sellers (other than the sellers of the equity of

Baralonco or Syncom) will recognize in the Acquisition. The book and tax step ups increase the basis of the assets. Under FAS 109 and FAS 141R, the difference between the book basis of the assets and the tax basis of the assets is treated as a deferred tax item. A deferred tax asset adjustment of $(1.5) million has been reflected based on the elimination of the GHQ Acquisition deferred tax asset that is no longer recoverable once the business combination occurs. An income tax reserve of $0.6 million has been reflected.

J) Reflects the pro forma impact of the identified intangible assets of Iridium Holdings which have been allocated to trade names, customer relationships, spectrum/license agreements,

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internally developed, internal use software and developed technology assuming remaining useful lives of five years.

The preliminary fair value adjustment and related amortization is as follows (in millions):

Intangible	Historical amounts	Fair value	Fair value adjustment	Amortization expense For the six months ended June 30, 2009	For the year ended December 31, 2008	Remaining useful lives
Customer relationships	$ 0.00	$ 40.28	$ 40.28	$ 4.03	$ 8.06	5
Core/developed technology	$ 0.00	$ 5.47	$ 5.47	$ 0.54	$ 1.09	5
Spectrum/license agreements	$ 0.00	$ 5.21	$ 5.21	$ 0.52	$ 1.04	5
Trade names/marks	$ 0.00	$ 4.25	$ 4.25	$ 0.43	$ 0.85	5
Internally developed software	$ 0.00	$ 0.17	$ 0.17	$ 0.02	$ 0.03	5
Total	$ 0.00	$ 55.38	$ 55.38	$ 5.54	$ 11.07	

K) Reflects the pro forma adjustment to goodwill of $76.1 million, representing the excess of the purchase price over the fair value of net assets to be acquired.

L) Reflects the preliminary fair value adjustment to deferred revenues of $(15.3) million. The deferred revenue liability reflects fair value assumptions based on total costs to satisfy the legal performance obligation assumed by GHQ. The fair value is calculated as the present value of direct and indirect costs required to service the obligation. It also includes an estimated, normal profit margin of 18% based on the perspective of a market participant. A risk-free rate of 4.5% was used to discount the aforementioned figures to present value given the fact that the obligation will be serviced over time (generally a one-year period).

M) Reflects the exercise of conversion rights by holders of 9,214,167 IPO shares at $10.00 per share for a total of approximately $92.1 million.

N) Reflects the fair value of the 29.4 million shares to be issued as consideration for Iridium Holdings. The shares were valued using GHQ s closing market price of its common stock of $10.10 at September 23, 2009.

O) Reflects the elimination of Iridium Holdings historical net equity of approximately $(21.6) million as a result of the Acquisition.

P) Reflects the reduction of interest income related to the release of cash from trust which would no longer earn interest.

Q) Reflects the increase of interest income earned at an average annualized rate of 0.65% on the remaining cash after distributions and payments related to the Acquisition are made of $0.2 million and $0.5 million for the six months ended June 30, 2009 and the year ended December 31, 2008, respectively.

R) Reflects an income tax expense of $0.9 million and income tax benefit of $4.0 million for the six months ended June 30, 2009 and for the year ended December 31, 2008, respectively, for the combined entity, assuming the Acquisition occurred on January 1, 2008. The adjustments are calculated based on the difference between the income tax expense/(benefit) calculated under FAS 109 for the combined entity and the income tax expense/(benefit) recorded under FAS 109 in the separate entity financial statements. In the separate entity financial statements, because Iridium Holdings is a partnership for tax purposes, the entity is not subject to income tax. Consequently, no income tax expense has been recorded in its financial statements. The combined entity will record income tax expense related to Iridium Holdings taxable income.

S) Pro forma earnings (loss) per share (EPS), basic and diluted, are based on the following calculations of the number of shares of common stock. Earnings (loss) per share is computed by dividing net income (loss) by the weighted-average number of shares of common stock outstanding during the period.

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At the closing of the Acquisition, after giving effect to the Exchanges described in footnote D above, there will be approximately 13.7 million GHQ warrants outstanding with an exercise price of $7.00 and approximately 14.4 million restructured warrants outstanding with an exercise price equal to the lesser of 115% of the price per share of our common stock in this offering and $11.50 per share. The effect of the 14.4 million restructured warrants has not been considered in these pro forma financial statements because the warrants are out of the money.

The table below details the computation of basic weighted average shares outstanding for the year ended December 31, 2008 and the six months ended June 30, 2009 and the diluted weighted average shares outstanding for the six months ended June 30, 2009.

For the year ended December 31, 2008, there is a net loss. Accordingly, EPS, basic and diluted, was determined using basic average shares and the effects of the GHQ warrants with a $7.00 exercise price and the convertible note on an as-converted basis have not been considered in diluted loss per share because the warrants and convertible note would be anti-dilutive.

Basic and diluted shares (in millions):	
GHQ shares outstanding	48.5
GHQ shares converted	(9.2)
Issuance of GHQ shares as purchase consideration to Iridium Sellers	29.4
Issuance of shares in Offering	16.0
Forward Purchases	(16.3)
Issuance of shares to Motorola (see note T below)	1.5
Founder shares forfeited	(1.4)
Issuance to current warrantholders as purchase consideration	1.2
Weighted average shares outstanding basic	69.7
Effect of GHQ warrants with $7.00 exercise price (based on treasury stock method)	4.1
Effect of convertible note on as-converted basis	1.9
Weighted average shares outstanding diluted	75.7

T) Iridium Holdings agreements with Motorola require potential payments to be made to Motorola upon the occurrence of a triggering event, distribution event, change of control or other specified transactions. Iridium Holdings believes that it is unclear whether and how any of the foregoing provisions were intended to apply to a transaction such as the Acquisition. As a result, Iridium Holdings contacted Motorola to discuss deleting these provisions and Motorola has responded that it believes that pursuant to these provisions, it should receive at closing approximately $3.9 million in cash and 1.5 million shares of our common stock and acceleration of the $12.3 million of outstanding payment obligations (plus $1.9 million of accrued interest and $1.3 million of certain other potential fees) under the Transition Services, Product and Asset Agreement (TSA) with Motorola and the Senior Subordinated Term Loan Agreement (the Note Agreement) with Motorola (of which $11.4 million had been accrued on Iridium Holdings historical financial statements as of June 30, 2009). Iridium Holdings and Motorola are continuing to discuss an appropriate resolution under these provisions of the Motorola agreements. Given the uncertainty of the outcome of the discussions, the unaudited pro forma condensed combined financial statements reflect adjustments based on Motorola s latest proposal. For more information, see Risk Factors Iridium Holdings agreements with Motorola contain potential payment provisions which may apply to the Acquisition; and Iridium Holdings and Motorola are in discussions with respect to such provisions, the outcome of which is uncertain.

U) The pro forma adjustment reflects the difference between the net proceeds of the offering ($148.6 million) and the total purchase price of the Forward Purchases ($164.9 million).

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR IRIDIUM HOLDINGS

The following discussion and analysis of financial condition and results of our operations relates to periods prior to the closing of the Acquisition. Accordingly, the following discussion and analysis of historical periods does not reflect the significant impact that the Acquisition will have on us.

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our audited and unaudited consolidated financial statements and the related notes beginning on page F-33 of our Proxy Statement on Schedule 14A filed with the SEC on August 28, 2009. The following discussion may contain predictions, estimates and other forward-looking statements that involve a number of risks and uncertainties, including those discussed under Risk Factors and elsewhere in this prospectus supplement. These risks could cause our actual results to differ materially from any future performance suggested below and also from the results suggested by the Unaudited Pro Forma Condensed Combined Financial Data. Accordingly, you should read Information Concerning Forward-Looking Statements, Risk Factors and Unaudited Pro Forma Condensed Combined Financial Data appearing elsewhere in this prospectus supplement.

For purposes of this Section, the terms we, us and our refer to Iridium Holdings LLC and its subsidiaries.

Overview

We are the second largest provider of mobile voice and data communications services via satellite, and the only provider of mobile satellite communications services offering 100% global coverage. Our satellite network provides communications services to regions of the world where existing wireless or wireline networks do not exist or are impaired, including extremely remote or rural land areas, open ocean, the Polar Regions and regions where the telecommunications infrastructure has been affected by political conflicts or natural disasters. Demand for our mobile satellite services and products is growing as a result of the increasing need for reliable communications services in all locations.

We offer voice and data communications services to the U.S. and foreign governments, businesses, non-governmental organizations and consumers via our constellation of 66 in-orbit satellites, seven in-orbit spares and related ground infrastructure, including a primary commercial gateway. We utilize an interlinked mesh architecture to route traffic across our satellite constellation using radio frequency crosslinks. This unique architecture minimizes the need for ground facilities to support the constellation, which facilitates the global reach of our services and allows us to offer services in countries and regions where we have no physical presence.

We sell our products and services to commercial end-users exclusively through a wholesale distribution network, encompassing approximately 65 service providers, 110 value-added resellers and 45 value-added manufacturers, who either sell directly to the end-user or indirectly through other service providers, value-added resellers or dealers. These distributors often integrate our products and services with other complementary hardware and software and have developed over 200 unique applications for our products and services targeting specific vertical markets. We expect that demand for our services will increase as more applications are developed for our products and services.

At June 30, 2009, our product and service solutions had approximately 347,000 subscribers worldwide, which represented a 23.9% increase since June 30, 2008. Our subscriber base has grown consistently since we reintroduced commercial services in 2001, growing at a compound annual growth rate of 40.1% between December 31, 2001 (when we had approximately 30,000

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subscribers worldwide) and December 31, 2008 (when we had approximately 320,000 subscribers worldwide), and at a compound annual growth rate of 27.8% between December 31, 2003 (when we had approximately 94,000 subscribers worldwide) and December 31, 2008. We have a diverse customer base, including end-users in the following vertical markets: land-based handset, maritime, aviation, asset tracking and monitoring, or machine-to-machine, and government.

We expect continued growth in revenue from both commercial services and U.S. government services in the future, although we anticipate growth in U.S. government revenue to be more moderate than growth from commercial revenue sources. While we expect to continue to increase our number of subscribers and revenue, we expect our future growth rate will be slower than our historical growth rate. We expect our future growth rate will be impacted by the current general economic slowdown, increased competition over time, gradual maturation of the satellite communications industry and the difficulty in sustaining high growth rates as we increase in size. The recent appreciation of the U.S. dollar may also negatively impact our growth by increasing the cost of our products and services in foreign countries. We also expect our subscriber equipment revenue to decrease in the future as we decreases our price per unit in order to drive an increase in our services revenue and as a result of increased competition and the continued maturation of the market.

We are the successor to Iridium LLC, a Delaware limited liability company formed in 1996 by Motorola and several other partners. Motorola launched Iridium LLC with the mission of providing global mobile satellite services through a network of 66 LEO satellites, which was completed and deployed for a cost of approximately $3.4 billion. Motorola invested significantly in research and development, the acquisition of spectrum and global licenses and in market development efforts during the development of the constellation. Beginning in 1997, after seven years of planning and development, Iridium LLC successfully launched its constellation, including active satellites and in-orbit spares. In November 1998, Iridium LLC began offering commercial services principally focused on the retail consumer market, launching the first commercially available global satellite phone services. On August 13, 1999, Iridium LLC filed voluntary petitions under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. Iridium LLC remained in possession of its assets and properties and continued to operate its businesses as a debtor-in-possession.

On December 7, 2000, Iridium Holdings, our wholly owned subsidiary, Iridium Satellite, and Iridium Constellation, a wholly-owned subsidiary of Iridium Satellite, were organized as limited liability companies under the laws of the State of Delaware. On December 11, 2000, we acquired Iridium LLC s operating assets, including the satellite constellation, certain portions of the terrestrial network, ground spare satellites and real property. In addition, we also acquired from Motorola, either outright or by license, the intellectual property rights necessary to operate the system and produce related equipment and took assignment of applicable licenses from the FCC. In connection with the acquisition of these assets, we entered into a transition services, products and asset agreement with Motorola and an operations and maintenance agreement with Boeing relating to the operations of the constellation. We were also awarded our first services contract with the DoD at this time. In March 2001, we reintroduced commercial satellite services through our subsidiary, Iridium Satellite. In 2002, we launched an additional seven spare satellites into orbit.

On September 22, 2008, GHQ entered into a Transaction Agreement, as amended on April 28, 2009, with us and our members whereby GHQ agreed to purchase 100% of our member units (Class A and Class B) for 29.4 million shares of our common stock, $77.1 million in cash, subject to certain adjustments, and, within 90 days of the closing of the Acquisition, a tax benefit payment of $25.5 million in cash to sellers (other than the sellers of the equity of Baralonco and Syncom), if we have in effect a valid election under Section 754 of the Internal Revenue Code of 1986, as amended (the Code) with respect to the taxable year in which the closing occurs. Upon the closing of the Acquisition, we will become a subsidiary of GHQ and GHQ will be renamed Iridium Communications Inc. and continue as a publicly traded corporation.

The Acquisition will be accounted for as a business combination and will be accounted for under the acquisition method of accounting. Under the acquisition method of accounting, the purchase price will be allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their respective fair value, with the remainder being allocated to goodwill. See Unaudited Pro Forma Condensed Combined Financial Data.

The impact of acquisition accounting is expected to result in an increase in the carrying value of inventory, property and equipment and intangible assets, and a decrease in deferred revenue. Based on preliminary estimates, which are subject to material revision, we expect the carrying value of inventory, property and equipment, and intangible assets to increase by approximately $8.8 million, $337.6 million and $55.4 million, respectively, depreciation and amortization expense to increase and commercial revenue to decrease as a result of these acquisition accounting adjustments. We also expect the increase in our carrying value of inventory will increase the cost of subscriber equipment sales in future periods. The effect of these adjustments on depreciation and amortization will be to increase operating expenses and thereby reduce operating profit and operating profit margin in future periods, while the effect of these adjustments on cost of subscriber equipment sales and commercial revenue will be to increase operating expenses and thereby reduce operating profit and operating profit margin for a period of up to 24 months. See Unaudited Pro Forma Condensed Combined Financial Data.

We will also record significant transaction-related expenses during the quarter when the Acquisition closes, including an estimated $2.6 million related to the accelerated vesting of equity incentive awards for certain employees. In addition, we have recorded $9.9 million of transaction costs and expects to incur approximately $11.7 million of additional transaction costs. We made a required prepayment, under our first lien credit agreement of $15.0 million in June 2009 and will be required to prepay $65.0 million on closing of the Acquisition. In addition, we intend to prepay all of our remaining outstanding indebtedness under our credit agreements upon the closing of the Acquisition. These prepayments will cause interest expense to decrease in the short term. However, our interest expense is expected to increase significantly above historical levels in the future when we incur additional debt to fund, in part, Iridium NEXT. Additionally, following the closing of the Acquisition, GHQ will record a compensation charge in the amount $1.3 million and a capital contribution related to the transfer at cost of founding stockholder s units to certain of GHQ s directors. After the completion of the Acquisition, we will also incur income taxes as we will no longer be treated as a partnership for federal income tax purposes.

As discussed in Note 2 to the financial statements on page F-40 of our Proxy Statement on Schedule 14A filed with the SEC on August 28, 2009, the consolidated balance sheet as of December 31, 2008 and the consolidated statements of income for the years ended December 31, 2008 and 2007 have been restated to give effect to certain reclassification adjustments. For the year ended December 31, 2008, the balance sheet has been restated to reclassify as prepaid expenses and other current assets a $1.4 million receivable from an insurer that was previously classified as a reduction of the related claim liability included in accrued expenses and other current liabilities. In addition, in the restated consolidated statements of income for the years ended December 31, 2008 and 2007, we have reclassified $6.0 million and $3.4 million, respectively, of research and development costs related to government funded research and development service contracts as cost of services (exclusive of depreciation and amortization). These reclassifications have no impact on income from operations or net income.

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Material Trends and Uncertainties

Both our industry and our customer base have been growing rapidly as a result of:

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

Nonetheless, we face a number of challenges and uncertainties, including:

- our ability to maintain the health, capacity, control and level of service of our satellite network;
- our ability to obtain capital and external funding to meet our future capital requirements, on acceptable terms or at all-in particular the funding for developing Iridium NEXT and related ground infrastructure, products and services;
- changes in general economic, business and industry conditions;
- our reliance on a single primary gateway and satellite network operations center;
- the competition from other mobile satellite service providers and, to a lesser extent, from the expansion of terrestrial based cellular phone systems and related pricing pressures;
- our ability to maintain our relationship with U.S. government customers, particularly the DoD;
- rapid and significant technological changes in the telecommunications industry; and
- reliance on our wholesale distribution network to market and sell our products, services and applications effectively.

For more information, see Material Trends and Uncertainties under the caption Iridium Holdings Management Discussion and Analysis of Financial Condition and Results of Operations in GHQ s Proxy Statement on Schedule 14A filed on August 28, 2009, incorporated by reference herein.

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Components of Results of Operations

Revenue

We earn revenue primarily from: (i) the sale of commercial mobile satellite services to third-party distributors, who provide our product and service solutions to end-users, either directly or indirectly through dealers; (ii) the sale of mobile satellite services to U.S. government customers, particularly the DoD; and (iii) sales of related voice and data equipment capable of accessing our network.

From 2006 to 2008, our revenue increased at a compound annual growth rate of 22.9%. Our revenue grew during that time primarily due to:

- increased overall subscribers resulting from heightened demand for mobile satellite services across all vertical markets, including emerging global markets, accelerated by increased demand from U.S. government and relief agencies in the wake of Hurricanes Katrina, Rita, Wilma and Ike, the Asian tsunami and other natural disasters. Our total subscribers grew at a compound annual growth rate of 35.5% during the period, from 174,219 on December 31, 2006 to 319,874 on December 31, 2008;

- the introduction of new product and service offerings, particularly our Iridium 9601 short burst data modem and related machine-to-machine services, as well as the continued development of innovative and value-added solutions and applications integrating our product and service offerings by our distributors. Sales of our short burst data modems grew from 14,650 in 2006 to 42,600 in 2008;

- increased U.S. government revenue resulting from greater demand from the DoD related to global security concerns. Our U.S. government revenue grew at a compound annual growth rate of 15.5% during the period, from $50.8 million in 2006 to $67.8 million in 2008;

- increased subscriber growth resulting from the degradation of Globalstar s voice and data services as a result of satellite failures and other problems relating to its constellation, particularly in the North American market. We view Globalstar as our primary competitor in North America; and

- an increase in access fees for our commercial services as well as an increase in user fees for our U.S. government customers.

During this period, a significant portion of our revenue was generated from sales of voice and data equipment to our distributors, including service providers, value-added resellers and value added-manufacturers. U.S. government customers purchase our equipment and related applications indirectly through such distributors. Such revenue also includes previously deferred equipment revenue. Through December 31, 2004, we considered the sale of our equipment and services as a single unit of accounting due primarily to the fact that our equipment was not considered to have stand-alone value to end-users. As a result, when equipment was sold, revenue from these transactions was deferred and recognized ratably over the four-year estimated average life of the end-user relationship. See Critical Accounting Policies and Estimates Revenue Recognition Contracts with multiple elements. The last year we recognized previously deferred equipment revenue was 2008. From 2006 to 2008, revenue from subscriber equipment sales have decreased from 39.5% of total revenue in 2006 to 37.4% of total revenue in 2008, and from 41.8% of total revenue for the six months ended June 30, 2006 to 28.4% for the six months ended June 30, 2009, primarily as a result of the change of the method of accounting for subscriber equipment described above. We also expect our subscriber equipment revenue to

decrease in the future as we decreases our price per unit, which will more than offset the increase in unit sales.

Commercial mobile satellite services to our third-party distributors, which include mobile voice and data services and machine-to-machine services, account for the second largest portion of our total revenue in 2006 and 2007 and the largest portion in 2008. Our commercial services revenue increased in absolute terms between 2006 and 2008. In addition, commercial revenue increased as a percentage of total revenue from approximately 36.6% to 41.5% of our total revenue during the period. Such revenue represented 48.4% of our total revenue for the first six months of 2009. However, as a result of the acquisition accounting adjustment to commercial revenue in connection with the Acquisition, prepaid voice service revenue is expected to decrease.

This increase in the proportion of commercial services revenue relative to our other sources of revenue from 2006 to 2008 is principally attributable to a growth in commercial subscribers, and the associated access and usage fees, as well as an increase in monthly access fees in August 2006 for voice subscribers by $5.00 per month. The proportion of total revenue from subscriber equipment sales during this period decreased slightly, primarily as a result of a change of the method of accounting for subscriber equipment. The Iridium 9601 short burst data modem has exhibited continued growth in sales since its introduction in 2005 accounting for a greater proportion of total equipment sales.

We derive our remaining revenue from sales of mobile satellite services and other related services to U.S. government customers. These services include mission critical mobile satellite services to all branches of the U.S. armed forces as well as services for other U.S. and international government agencies. Our U.S. government revenue is derived from both our agreements with DISA as well as other contract revenue related to research and development projects with the DoD, including assessing the feasibility of incorporating secondary payloads in Iridium NEXT, and other U.S. government agencies (either directly or through a prime contractor). Such revenue does not include services to U.S. and international government agencies, including the DoD, purchased through our distributors and offered through our commercial gateway. Because we do not contract for services on our commercial gateway directly with the U.S. or international governments, we cannot determine the amount of U.S. and international government revenue derived from our commercial gateway. U.S. government service revenue also increased in absolute terms from 2006 to 2008 but decreased as a percentage of total revenue from approximately 23.9% to 21.1% during the period. Such revenue represented 23.1% of our total revenue for the first six months of 2009.

We expect continued growth in revenue from commercial services and U.S. government services in the future, although we anticipate growth in U.S. government revenue to be more moderate than growth from commercial revenue sources.

Since 2006, the geographic distribution of our revenue between U.S. and international revenue has remained relatively stable with international revenue constituting approximately 51.7% of our revenue between 2006 and 2008. We allocate revenue geographically based on where we invoice our distributors, whom we bill for mobile satellite services and related equipment sales. These distributors sell services directly or indirectly to end-users, who may be located elsewhere. It is not possible for us to provide the geographical distribution of end-users, as we do not contract directly with them. U.S. revenue accounted for approximately 48.3% of our revenue between 2006 and 2008.

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The table below sets forth the geographic distribution of our revenue for the periods indicated based on the location we invoice our distributors and not the location of our end-users (who may be located or utilize the service elsewhere).

	Revenue by Country (in thousands)			
	Year ended December 31, 2006	**Year ended December 31, 2007**	**Year ended December 31, 2008**	**Six months ended June 30, 2009**
United States	$ 102,194	$ 125,251	$ 155,923	$ 76,395
Canada	33,576	44,211	55,271	22,244
Other Countries(1)	76,642	91,439	109,750	59,855
Total	$ 212,412	$ 260,901	$ 320,944	$ 158,494

(1) No other country represents more than 10% of our revenue for any of the periods indicated.

Nearly all of our revenue is invoiced in U.S. dollars.

The table below estimates the percentage of our commercial voice and data traffic originating outside the U.S. for the years ended December 31, 2006, 2007 and 2008, and the six months ended June 30, 2009.

	Traffic originating outside the U.S.			
	Year ended December 31, 2006	**Year ended December 31, 2007**	**Year ended December 31, 2008**	**Six months ended June 30, 2009**
Commercial voice traffic (minutes)	93.2%	92.1%	90.1%	90.6%
Commercial data traffic (kilobytes)	44.7%	52.4%	74.7%	69.9%

Operating Expenses

Our operating expenses are comprised principally of:

Cost of subscriber equipment sales, which includes both cost of current year subscriber equipment sales and cost of recognizing previously deferred subscriber equipment sales. Cost of current year subscriber equipment sales is the recognition of the average carrying cost of inventory into expense when equipment is sold. Until sold, inventory is recorded as an asset on our balance sheet. Cost of recognizing previously deferred subscriber equipment sales is the recognition of costs related to equipment sales from previous years. Inventory consists of subscriber equipment, which includes satellite handsets, L-Band transceivers, and data devices, and a selection of accessories for our devices, including holsters, earbud remotes and charging units, to be sold to customers to access our services. We outsource manufacturing of satellite handsets, L-Band transceivers and data devices and purchase accessories from third-party suppliers. Our cost of inventory also includes an allocation of overhead (including salary and benefits of our logistics personnel, which manage our relationships with our vendors and prepare inventory for sale), raw materials, scrap, shrinkage, tooling and freight are included as cost components of these manufactured items. In addition, as a result of the acquisition accounting adjustments in connection with the Acquisition, we expect to increase the carrying value of our inventory, which will increase the cost of subscriber equipment sales in future periods;

Cost of services (exclusive of depreciation and amortization), which are costs directly related to the operation and maintenance of our network, such as satellite tracking and monitoring, gateway monitoring, trouble shooting and sub-system maintenance, and costs for providing engineering and support services to commercial and government customers. The majority of these expenses relate to payments under our operations and maintenance agreement with Boeing. These expenses also include variable telecommunication termination costs, which are the costs paid to telecommunications providers to originate and terminate voice or data calls from customers using our network to terrestrial wireline or wireless networks. We have concluded that costs for government engineering and support services should be classified as cost of services (exclusive of depreciation and amortization). Some of these costs were previously classified as research and development costs. We have reclassified these amounts in the consolidated statements of income for the years ended December 31, 2008 and 2007. Personnel expenses for our Operations Group, which oversees the operation of our satellite network, are similarly included in network and satellite operations and maintenance expenses. Since we expect continued growth in revenue from commercial and U.S. government services in the future, we also expect costs of services to increase;

Depreciation and amortization, which represent the depreciation of our space and ground facilities, property, plant and equipment. Because the acquisition cost of these assets was substantially below their historic cost or replacement cost, current depreciation and amortization costs are substantially lower for GAAP purposes, thereby increasing net income. As we begin to capitalize our expenditures in connection with Iridium NEXT, especially to procure and launch our second-generation satellite constellation, we expect GAAP depreciation to increase substantially starting in 2014 and 2015 after we launch the first set of satellites. In addition, as a result of the application of acquisition accounting in connection with the Acquisition, our depreciation and amortization expense will increase in future periods following the consummation of the Acquisition;

Selling, general and administrative expenses, which are the salaries, commissions and other personnel-related expenses for employees engaged in sales and marketing and the marketing costs of our business. This also includes expenses for our executive, finance, legal, regulatory, administrative, information technology and human resource departments. Since we expect continued growth in revenue from commercial and U.S. government services in the future, we also expect selling, general and administrative expenses to increase as well, although at a slower rate than our anticipated revenue growth; and

Research and development expenses, which represent expenses incurred in the development, design and testing of new products and services, product and service enhancements and new applications for our existing products and services. Currently, this also includes all expenses relating to the development of Iridium NEXT, including certain milestone payments paid to the two companies vying to serve as the prime system contractor.

From 2006 to 2008, our operating expenses have grown primarily due to:

increased cost of subscriber equipment sales due to subscriber growth and the related sales of our voice and data devices;

increased cost of services (exclusive of depreciation and amortization) expenses due to new government research and development services contracts awarded. Our network costs, network and operations and maintenance expenses have been fairly consistent over the past three fiscal years;

increased research and development expenses resulting from investments in new products and services, such as our Iridium 9601 short burst data modem and related machine-to-machine services, the Iridium 9555 next generation satellite handset and L-Band transceiver and Iridium OpenPort, as well the development of Iridium NEXT;

increased personnel and related costs to support our growth, principally as a result of a 25.9% increase in our total employees during the period, from 101 in 2006 to 160 in 2008; and

increased administrative and related costs, including licensing, regulatory and legal expenses, to support our growth and the Acquisition.

Most of our service contracts with third parties are denominated in U.S. dollars; however, we entered into a development agreement with a third party manufacturer, which is denominated in pounds sterling. Expenses under this contract amounted to $27.2 million from 2006 to 2008 (based on the average exchange rate for the period of US$1.90 per £1.00), and as such, do not account for a significant proportion of our total operating expenses during the period. We have entered into foreign currency forward exchange contracts in an attempt to manage our exposure to pounds sterling relating to this agreement; such forward exchange contracts do not qualify for hedge accounting.

Operating Profit (Loss)

Our operating profit has grown over the past three years due primarily to increased services and subscriber equipment revenue resulting from the growth in equipment sales, particularly our satellite handsets, and an increase in overall subscribers. Although the proportion of satellite handset sales relative to sales of our other devices decreased from 2006 to 2008, sales of our handsets grew in absolute terms during the period, contributing significantly to growth in our operating profit. These increases in operating profit were partially offset by increased cost of sales, research and development expenses and selling, general and administrative expenses as described above. As a percentage of total revenue, operating profit has also increased during this period. We expect equipment sales to decline both as a result of lower prices and the potential for a decrease in the number of units sold, which may have a negative effect on future profitability.

Interest Expense

Interest expense consists primarily of interest and fees on borrowings under our first and second lien credit agreements and convertible note, as well as certain payments related to our agreements with Motorola, including our transition services, products and asset agreement and a senior subordinated term loan. Principal and interest on the senior subordinated term loan with Motorola were paid in full in May 2005; however we continue to accrue certain deferred payment obligations under such documents. We expect our interest expenses to decrease significantly in the short term because we prepaid in June 2009 $15.0 million, under our first lien credit agreement, and are required to prepay $65.0 million on closing of the Acquisition. In addition, we intend to prepay all of our remaining outstanding indebtedness under our credit agreements upon the closing of the Acquisition. These prepayments will cause interest expense to decrease in the short-term. However, our interest expense is expected to increase significantly above historical levels in the future when we incur additional debt to fund, in part, Iridium NEXT. See Liquidity and Capital Resources Cash and Indebtedness below. In October 2008, we prepaid $22.0 million of outstanding borrowings in connection with an amendment to our first lien credit facility.

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Interest and Other Income

Interest and other income is comprised of interest income earned on our cash and cash equivalents and short-term investments, consisting primarily of certain investments that have contractual maturities of no greater than nine months at the time of purchase. Other income and expense includes gains and losses on our foreign exchange forward contracts related to our agreement with Cambridge Consulting. Prior to 2007, miscellaneous revenue related to call intercept services provided pursuant to subpoenas received from various U.S. and foreign government agencies was recorded under other income. In 2007, this revenue was reclassified and is now recorded as commercial services revenue.

Income Taxes

As a limited liability company that is treated as a partnership for federal and state income tax purposes, we are generally not subject to federal or state income tax directly. However, we will be subject to such federal and state taxes in the future upon the consummation of the Acquisition, and expect income tax expenses to significantly increase in future periods.

Net Income

From 2006 to 2008, our net income has increased as a result of the factors cited above. In future periods, we expect our net income to be affected by the changes to research and development, depreciation, amortization and interest expense and income taxes, as discussed above.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make 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, property and equipment, long-lived assets, inventory, interest rate swaps, income taxes and equity-based compensation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

The accounting policies we believe to be most critical to understanding our financial results and condition and that require complex and subjective management judgments are discussed below. Refer to the notes to our consolidated financial statements for a full discussion of our significant accounting policies.

Revenue Recognition

We derive our revenue primarily as a wholesaler of satellite communications products and services. The primary types of revenue include (i) airtime revenue (both fixed- and flat-rate, as well as usage-based) and (ii) subscriber equipment sales revenue. Additionally, we generate sales by providing engineering and support services to commercial and government customers.

Wholesaler of satellite communications products and services

Pursuant to wholesale agreements, we sell our products and services to service providers who, in turn, sell the products and services to other distributors or directly to the end users.

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Generally, we recognize revenue when services are performed or delivery has occurred, evidence of an arrangement exists, the fee is fixed or determinable, and collection is probable, as follows:

Contracts with multiple elements

At times, we sell voice and data equipment (or subscriber equipment) through multi-element contracts that bundle subscriber equipment along with airtime services. We follow the guidance contained in Emerging Issues Task Force (EITF) 00-21 when we sell subscriber equipment and airtime services in bundled arrangements. Pursuant to EITF 00-21, we allocate the bundled contract price among the various contract deliverables based on each deliverable s relative fair value. We determine vendor specific objective evidence of fair value by assessing sales prices of subscriber equipment and airtime services when they are sold to customers on a stand-alone basis.

Prior to 2005, we considered the sale of bundled subscriber equipment and services as a single unit of accounting due primarily to the fact that our subscriber equipment was not considered to have stand-alone value to end-users. As a result, when subscriber equipment was sold, revenue from these transactions was deferred and recognized ratably over the four-year estimated average life of the end-user relationship.

Services revenue sold on a stand-alone basis

Services revenue is generated from our service providers through usage of our satellite system and through fixed monthly access fees per user charged by us to each service provider. Revenue for usage is recognized when usage occurs and revenue for the fixed-per-user access fee is recognized ratably over the period in which the services are provided to the end-user. Revenue from prepaid services is recognized when usage occurs or when the customer s right to access the unused prepaid services expires. We do not offer refund privileges for unused prepaid services. Deferred prepaid services revenue and access fees are typically earned and recognized as income within one year of customer prepayment.

Subscriber equipment sold on a stand-alone basis

We recognize subscriber equipment sales and the related costs when equipment title (and the risks and rewards of ownership) passes to the customer.

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

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

Engineering and Support Services to Commercial and Government Customers

Government engineering and support services

We currently are a party to a contract with the U.S. government pursuant to which we provide maintenance services to the U.S. government s dedicated gateway in Hawaii. Revenue related to the services provided under this contract is recognized ratably over the periods in which the services are provided; costs are expensed as incurred.

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Other government and commercial engineering and support services

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

Inventory

Inventory consists of subscriber equipment, which includes handsets, L-Band transceivers and data devices, related accessories to be sold to customers to access our services and raw materials from a third party manufacturer. We outsource manufacturing of handsets, L-Band transceivers, and data devices to a third party manufacturer and purchases accessories from third party suppliers. Our cost of inventory includes an allocation of overhead (including salaries and benefits of employees directly involved in bringing inventory to our existing condition, scrap, tooling, and freight). All inventories are valued using the average cost method, and are carried at the lower of cost or market.

Warranty Expense

We generally provide our customers a warranty on subscriber equipment for one year from the date of activation, with the exception of the Iridium OpenPort product which has a two-year standard warranty. Warranties are accounted for such that an accrual is made when it is estimable and probable that a loss has been incurred. A warranty reserve is maintained based on historical experience of warranty costs and expected occurrences of warranty coverage on equipment. Costs associated with warranties are recorded as cost of subscriber equipment sales and include equipment replacements, repairs and program administration.

Financial Instruments

The condensed consolidated balance sheets include various financial instruments (primarily cash and cash equivalents, restricted cash, accounts receivable, accounts payable, accrued expenses and other liabilities, long-term debt, derivative instruments, and other obligations).

Convertible Subordinated Promissory Note

In October 2008, we issued to Greenhill Europe, a $22.9 million 5% convertible subordinated note due October 2015. We have determined that the embedded derivatives contained in the promissory note (including the conversion option, the holder s put options and our call option) do not require separate accounting and that there were no beneficial conversion features associated with the note pursuant to EITF 98-5, Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios. Accordingly, we are accounting for the note pursuant to the guidance contained in Accounting Principal Board s Opinion No. 14, Accounting for Convertible Debt and Debt Issued with Stock Purchase Warrants.

Interest on the note began accruing in April 2009 at 5% per year. We are recording periodic interest cost using the effective interest rate method.

Accounting for Equity-Based Compensation

We use SFAS No. 123(R), Accounting for Stock-Based Compensation, for all share-based payments granted. We use the Black-Scholes option-pricing model (Black-Scholes) as our method

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of valuation under SFAS No. 123(R). This fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period. The fair value of equity-based payment awards on the date of grant as determined by the Black-Scholes model is affected by our assumptions. These assumptions include, but are not limited to, the expected stock price volatility over the term of the awards and expected forfeitures. The fair value of employee interests was estimated using the Black-Scholes model. There have been no grants in 2009.

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

Given the limited number of employees who have been granted equity interests, we have estimated there will be no forfeitures.

Under Statement No. 123(R), a nonpublic entity can make a policy decision of whether to measure all of its liabilities incurred under share-based payment arrangements at fair value or to measure all such liabilities at intrinsic value. Our policy is to measure all liabilities under SFAS No. 123(R) using the intrinsic method. This intrinsic value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting periods.

Long-Lived Assets

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

The carrying value of a satellite lost as a result of an in-orbit failure would be charged to operations upon the occurrence of the loss. In February 2009, we lost the use of a satellite and recorded an impairment charge of $0.1 million, which represented the carrying value of the satellite.

Comparison of Results of Operations for the Six-Months Ended June 30, 2009 and 2008

Revenue. Total revenue increased by $2.5 million, or approximately 1.6%, to $158.5 million for the six months ended June 30, 2009 from $156.0 million for the same period in 2008, due principally to increased commercial services revenue and increased revenue from the iGPS contract as well as the renewal by us of our service agreements with the U.S. government and the related fee increases. These increases were offset by a decline in subscriber equipment revenue. Total subscribers increased 23.7% during the period, from 280,242 at June 30, 2008 to 346,675 at June 30, 2009.

Government Services Revenue. Government services revenue increased by $6.7 million, or approximately 22.4%, to $36.6 million for the six months ended June 30, 2009 from $29.9 million for the same period in 2008. This growth was driven by an increase in revenue relating to engineering and support agreements from the iGPS contract and U.S. government agencies. The remaining growth was primarily attributable to an increase in user fees and higher gateway maintenance revenue as provided in our recently renewed agreements with the U.S. government, which became effective April 1, 2008. As a percentage of total revenue, government services

revenue increased from 19.2% for the six months ended June 30, 2008 to 23.1% for the same period in 2009.

Commercial Services Revenue. Commercial services revenue increased by $15.0 million, or approximately 24.3%, to $76.8 million for the six months ended June 30, 2009 from $61.8 million for the same period in 2008, due principally to growth of commercial subscribers and the associated access and usage fees. In addition, this increase in subscribers and related increase in commercial services revenue was primarily the result of greater demand for our machine-to-machine and pre-paid services. As a percentage of total revenue, commercial services revenue increased from 39.6% for the six months ended June 30, 2008 to 48.5% for the same period in 2009.

Subscriber Equipment Sales. Subscriber equipment sales decreased by $19.2 million, or approximately 29.9%, to $45.1 million for the six months ended June 30, 2009 from $64.3 million for the same period in 2008. Decreased subscriber equipment sales were driven principally by reduced demand for satellite handsets caused by the current economic downturn and the change of the method of accounting for subscriber equipment sales. As a result, the proportion of satellite handset sales relative to sales of our other lower priced devices decreased during the period contributing significantly to the decline in our revenue for subscriber equipment sales. Until the introduction of our Iridium OpenPort terminals, our satellite handsets had been our highest priced devices. In addition to decreased sales, we recognized $3.4 million of previously deferred revenue under EITF-0021 in the first six months of 2008. As a percentage of total revenue, subscriber equipment sales decreased from 41.2% for the six months ended June 30, 2008 to 28.5% for the same period in 2009.

Operating Expenses. Total operating expenses decreased by $0.2 million, or approximately 0.2%, to $111.4 million for the six months ended June 30, 2009 from $111.6 million for the same period in 2008. This decrease was due primarily to lower cost of subscriber equipment due to a decrease in sales of our voice and data devices, particularly our satellite handsets. This decrease was partially offset by increased research and development expenses related to the development of Iridium NEXT, increased costs relating to several engineering and support agreements, including the iGPS contract and contracts with U.S. government agencies, legal fees related to the Iridium NEXT contract and increased software and maintenance costs. As a percentage of total revenue, operating expenses decreased from 71.5% for the six months ended June 30, 2008 to 70.3% for the same period in 2009.

Cost of Subscriber Equipment Sales. Cost of sales decreased by $13.9 million, or approximately 37.8%, to $22.9 million for the six months ended June 30, 2009 from $36.8 million for the same period in 2008, primarily as a result of the decrease in sales of our voice and data devices, particularly our satellite handsets as noted above. In addition to decreased sales, we recognized $2.7 million of previously deferred subscriber equipment cost of sales under EITF-0021 in the first six months of 2008. All previously deferred expense was recognized during 2008. As a percentage of total revenue, cost of subscriber equipment sales decreased from 23.6% for the six months ended June 30, 2008 to 14.4% for the same period in 2009.

Cost of Services (exclusive of depreciation and amortization). Cost of services (exclusive of depreciation and amortization) expenses increased by $5.8 million, or approximately 18.1%, to $37.9 million for the six months ended June 30, 2009 from $32.1 million for the same period in 2008, primarily as a result of increased costs associated with revenue relating to research and development agreements related to the iGPS contract and with U.S. government agencies and increased operations and maintenance expenses with respect to our satellite network due to the annual price escalation in our operations and maintenance agreement with Boeing. As a percentage of total revenue, cost of services (exclusive of depreciation and amortization) expenses

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increased from 20.6% for the six months ended June 30, 2008 to 23.9% for the same period in 2009.

Depreciation and Amortization. Depreciation and amortization expenses increased by $1.4 million, or approximately 24.1%, to $7.2 million for the six months ended June 30, 2009 from $5.8 million for the same period in 2008, primarily as a result of additional depreciation associated with new equipment placed in service, primarily equipment for our satellite network operations center and gateway. As a percentage of total revenue, depreciation and amortization expenses increased from 3.7% for the six months ended June 30, 2008 to 4.5% for the same period in 2009.

Selling, General and Administrative. Selling, general and administrative expenses increased by $2.7 million, or approximately 10.6%, to $28.1 million for the six months ended June 30, 2009 from $25.4 million for the same period in 2008, primarily as a result of higher licensing, software maintenance costs for billing and corporate systems and legal expenses in 2009 resulting from business expansion and the Iridium NEXT project. As a percentage of total revenue, selling, general and administrative expenses increased from 16.3% for the six months ended June 30, 2008 to 17.7% for the same period in 2009.

Research and Development. Research and development expenses increased by $2.4 million, or approximately 22.0%, to $13.3 million for the six months ended June 30, 2009 from $10.9 million for the same period in 2008, as a result of increased expenses related to investments in new subscriber equipment and services, primarily Iridium NEXT, partially offset by the reversal of a prime contractor development effort bonus accrual for Iridium NEXT for which specific criteria was not met by either contractor. As a percentage of total revenue, research and development expenses increased from 7.0% for the six months ended June 30, 2008 to 8.4% for the same period in 2009.

Transaction costs. Transaction costs increased by $1.4 million or approximately 233.3%, to $2.0 million for the six months ended June 30, 2009 from $0.6 million for the same period in 2008. This increase is primarily the result of increased legal and consulting fees as we continue to work towards the completion of the Acquisition.

Operating Profit. Operating profit increased by $2.7 million, or approximately 6.1%, to $47.1 million for the six months ended June 30, 2009 from $44.4 million for the same period in 2008. This increase was due primarily to increased commercial and government services revenue as described above, partially offset by decreased subscriber equipment revenue, particularly our satellite handsets, and an increase in research and development costs related to Iridium NEXT. As a percentage of total revenue, operating profit increased from 28.5% for the six months ended June 30, 2008 to 29.7% for the same period in 2009.

Interest Expense. Interest expense decreased by $0.6 million, or approximately 6.1%, to $9.2 million for the six months ended June 30, 2009 from $9.8 million for the same period in 2008. This decrease resulted from lower outstanding balances on our first lien credit agreements, lower interest rate on both the first and second credit lien agreements and no loan success fee payments were made to Motorola in 2009 under the term loan agreement because we made no distributions in 2009.

Interest and Other Income. Interest and other income decreased by $0.4 million, or approximately 50.0%, to $0.4 million for the six months ended June 30, 2009 from $0.8 million for the same period in 2008. This decrease was due to lower interest income resulting from a decrease in the interest rate earned on our cash and cash equivalents and short term investments, slightly offset by increased foreign currency losses.

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Net Income. Our net income increased by $2.9 million, or approximately 8.2%, to $38.3 million for the six months ended June 30, 2009 from $35.4 million for the same period in 2008, as a result of the factors described above. As a percentage of total revenue, net income increased from 22.7% for the six months ended June 30, 2008 to 24.2% for the same period in 2009.

Comparison of Results of Operations for the Years Ended December 31, 2008 and 2007

Revenue. Total revenue increased by $60.0 million, or approximately 23.0%, to $320.9 million for the year ended December 31, 2008 from $260.9 million for 2007, due principally to a growth in total subscribers, an increase of commercial services, an increase in our subscriber equipment sales and increased contract revenue from the DoD as well as the renewal of our service agreements with the U.S. government and the related fee increases. Total subscribers increased 36.6% during the period, from 234,162 at December 31, 2007 to 319,874 at December 31, 2008.

Government Services Revenue. Government services revenue increased by $10.0 million, or approximately 17.3%, to $67.8 million for the year ended December 31, 2008 from $57.8 million for 2007. This growth was driven by an increase in contract revenue relating to several research and development agreements with the iGPS contract and other U.S. government agencies, including secondary payload research. The remaining growth was attributable to a 5.0% increase in user fees and higher gateway maintenance revenue as provided in our recently renewed agreements with the U.S. government, which became effective April 1, 2008. As a percentage of total revenue, government services revenue decreased from 22.2% for the year ended December 31, 2007 to 21.1% for the same period in 2008.

Commercial Services Revenue. Commercial services revenue increased by $32.0 million, or approximately 31.6%, to $133.2 million for the year ended December 31, 2008 from $101.2 million for 2007, due principally to growth in subscribers and associated usage and access fees resulting from increased overall demand, accelerated by the popularity of our machine-to-machine services and customer defections from Globalstar. The increase in commercial services revenue was offset by lower revenue from usage fees resulting from an increase in the proportion of machine-to-machine services relative to voice services, as machine-to-machine services account for lower average revenue per unit than voice services. As a percentage of total revenue, commercial services revenue increased from 38.8% for the year ended December 31, 2007 to 41.5% for the same period in 2008.

Subscriber Equipment Sales. Subscriber equipment sales increased by $18.0 million, or approximately 17.7%, to $119.9 million for the year ended December 31, 2008 from $101.9 million for 2007. Increased subscriber equipment sales were driven principally by subscriber growth and the related increased in sales of our satellite handsets and Iridium 9601 short burst data modem. Sales of our Iridium 9601 short burst data modem continued to exhibit strong growth. Although the proportion of satellites handset sales relative to sales of our other lower priced devices decreased during the period, sales of our higher priced handsets grew in absolute terms, contributing significantly to growth in our revenue from subscriber equipment sales. Until the introduction of our Iridium OpenPort terminals, our satellite handsets have been our highest priced devices. As a percentage of total revenue, subscriber equipment sales decreased from 39.1% for the year ended December 31, 2007 to 37.4% for the same period in 2008.

Operating Expenses. Total operating expenses increased by $48.1 million, or approximately 24.3%, to $245.8 million for the year ended December 31, 2008 from $197.7 million for 2007. This increase was due primarily to increased costs of sales resulting from a growth in sales of our voice and data devices as well as increased research and development expenses related to the

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development of new subscriber equipment and services and Iridium NEXT. Total operating expenses for the period also increased as a result of higher selling, general and administrative expenses resulting from the Acquisition in the third quarter of 2008 and increased personnel expenses from growth in total employees resulting from our expansion. As a percentage of total revenue, operating expenses increased from 75.8% for the year ended December 31, 2007 to 76.6% for the same period in 2008.

Cost of Subscriber Equipment Sales. Cost of subscriber equipment sales increased by $5.2 million, or approximately 8.3%, to $67.6 million for the year ended December 31, 2008 from $62.4 million for 2007 primarily as a result of subscriber growth and the related increase in sales of our voice and data devices, particularly our satellite handsets. Our handsets have the highest production costs of all our devices, except for Iridium OpenPort. This increase in costs of sales was offset by a decrease in the cost of recognizing previously deferred subscriber equipment sales of $8.4 million, or approximately 71.2%, to $3.4 million for the period ended December 31, 2008, from $11.8 million in 2007. Effective January 1, 2005, we began recognizing equipment sales and related costs when equipment title passes to the customer. As a percentage of total revenue, cost of sales decreased from 23.9% for the year ended December 31, 2007 to 21.1% for the same period in 2008.

Cost of Services (exclusive of depreciation and amortization). Cost of services (exclusive of depreciation and amortization) expenses increased by $6.3 million, or approximately 9.9%, to $69.9 million for the year ended December 31, 2008 from $63.6 million for 2007, primarily as a result of increased maintenance expenses with respect to our satellite network due to the annual price escalation clause in our operations and maintenance agreement with Boeing, higher fees for software licensing and maintenance, increased expenses related to research and development services related to the iGPS contract and with U.S. government agencies, an increase in variable network costs, including termination costs, and increased personnel expenses related to the growth of our Operations Group. As a percentage of total revenue, cost of services (exclusive of depreciation and amortization) expenses decreased from 24.4% for the year ended December 31, 2007 to 21.8% for the same period in 2008.

Depreciation and Amortization. Depreciation and amortization expenses increased by $1.1 million, or approximately 9.6%, to $12.5 million for the year ended December 31, 2008 from $11.4 million for 2007, primarily as a result of additional depreciation associated with new equipment placed in service, including a new satellite earth station facility in Norway and certain equipment for our satellite network operations center and gateway. As a percentage of total revenue, depreciation and amortization expenses decreased from 4.4% for the year ended December 31, 2007 to 3.9% for the same period in 2008.

Selling, General and Administrative. Selling, general and administrative expenses increased by $8.8 million, or approximately 19.0%, to $55.1 million for the year ended December 31, 2008 from $46.3 million for 2007, primarily as a result of higher legal, regulatory and accounting expenses in 2008 resulting from our increased personnel and other administrative expenses related to our growth and pursuit of expansion opportunities. As a percentage of total revenue, selling, general and administrative expenses decreased from 17.7% for the year ended December 31, 2007 to 17.2% for the same period in 2008.

Research and Development. Research and development expenses increased by $18.8 million, or approximately 134.3%, to $32.8 million for the year ended December 31, 2008 from $14.0 million for 2007, primarily as a result of increased expenses related to investments in new subscriber equipment and services, including our next generation satellite handset, L-Band transceiver and short burst data modem and Iridium OpenPort, as well as the development of Iridium NEXT. As a percentage of total revenue, research and development expenses increased from 5.4% for the year ended December 31, 2007 to 10.2% for the same period in 2008.

Transaction costs. Transaction costs were $7.9 million for the year ended December 31, 2008. The costs primarily include legal, accounting and consulting fees as we worked towards completing the Acquisition.

Operating Profit. Operating profit increased by $11.9 million, or approximately 18.8%, to $75.1 million for the period ended December 31, 2008 from $63.2 million for 2007. This increase was due primarily to increased services and subscriber equipment revenue resulting from growth in equipment sales, particularly our satellite handsets and an increase in total subscribers. Although the proportion of satellites handset sales relative to sales of our other devices decreased during the period, as discussed above, handsets sales grew in absolute terms, contributing significantly to growth in our operating profit. This increase in operating profit were partially offset by increased cost of sales, research and development expenses and selling, general and administrative expenses as described above. As a percentage of total revenue, operating profit decreased slightly from 24.2% for the year ended December 31, 2007 to 23.4% for the same period in 2008.

Interest Expense. Interest expense decreased by $0.7 million, or approximately 3.2%, to $21.1 million for the year ended December 31, 2008 from $21.8 million for 2007. This decrease resulted from lower outstanding balances on our first and second lien credit agreements.

Interest and Other Income. Interest and other income decreased by $2.5 million, or approximately 104.2%, to ($0.1) million for the year ended December 31, 2008 from $2.4 million for 2007. This decrease was due to lower interest income resulting from a decrease in the interest earned on our cash and cash equivalents and short term investments offset by increased foreign currency losses.

Net Income. Our net income increased by $10.1 million, or approximately 23.1%, to $53.9 million for the year ended December 31, 2008 from $43.8 million for 2007, as a result of the factors described above. As a percentage of total revenue, net income remained consistent at 16.8% for the year ended December 31, 2007 compared to the same period in 2008.

Comparison of Results of Operations for the Years Ended December 31, 2007 and 2006

Revenue. Total revenue increased by $48.5 million, or approximately 22.8%, to $260.9 million for the year ended December 31, 2007 from $212.4 million for the year ended December 31, 2006, due principally to a growth in total subscribers, an increase of commercial services, an increase in our subscriber equipment sales and increased contract revenue from the DoD. Total subscribers increased 34.4% during the period, from 174,219 at December 31, 2006 to 234,162 at December 31, 2007.

Government Services Revenue. Government services revenue increased by $7.0 million, or approximately 13.8%, to $57.8 million for the year ended December 31, 2007 from $50.8 million in 2006. This growth was driven by an increase in contract revenue from an agreement with a prime contractor of the U.S. government to assess the feasibility of incorporating secondary payloads in Iridium NEXT as well as an increase in the number of subscribers. As a percentage of total revenue, government services revenue decreased from 23.9% for the year ended December 31, 2006 to 22.2% for the same period in 2007.

Commercial Services Revenue. Commercial services revenue increased by $23.5 million, or approximately 30.2%, to $101.2 million for the year ended December 31, 2007 from $77.7 million for 2006. This growth was driven by a growth in subscribers and associated access and usage fees resulting from increased overall demand, accelerated by the popularity of our machine-to-machine services and customer defections from Globalstar. Further contributing to this increase, in August 2006, we increased monthly access fees for voice subscribers by $5 per

month. As a percentage of total revenue, commercial services revenue increased from 36.6% for the year ended December 31, 2006 to 38.8% for the same period in 2007.

Subscriber Equipment Sales. Subscriber equipment sales increased by $18.0 million, or approximately 21.54%, to $101.9 million for the year ended December 31, 2007 from $83.9 million for 2006. Increased subscriber equipment sales were driven principally by subscriber growth and the related increase in sales of our satellite handsets and Iridium 9601 short burst data modem. Sales of our higher priced handsets also grew, contributing significantly to growth in our revenue from subscriber equipment sales. As a percentage of total revenue, subscriber equipment sales decreased from 39.5% for the year ended December 31, 2006 to 39.1% for the same period in 2007.

Operating Expenses. Total operating expenses increased by $30.5 million, or approximately 18.2%, to $197.7 million for the year ended December 31, 2007 from $167.2 million for 2006. This increase was due primarily to increased research and development expenses related to the development of new subscriber equipment and services as well as increased costs of sales resulting from a growth in sales of our voice and data devices. Total operating expenses for the period also increased as a result of higher personnel and other administrative expenses largely from growth in total employees resulting from our expansion. As a percentage of total revenue, operating expenses decreased from 78.7% for the year ended December 31, 2006 to 75.8% for the same period in 2007.

Cost of Subscriber Equipment Sales. Cost of subscriber equipment sales increased by $2.3 million, or approximately 3.8%, to $62.4 million for the year ended December 31, 2007 from $60.1 million for 2006, primarily as a result of subscriber growth and the related increase in sales of our voice and data devices, particularly our higher cost satellite handsets. This increase was offset by a decrease in the cost of recognizing previously deferred subscriber equipment sales, which decreased by $9.5 million, or approximately 44.4%, to $11.8 million for the year ended December 31, 2007 from $21.3 million for 2006. As a percentage of total revenue, cost of subscriber equipment sales decreased from 28.3% for the year ended December 31, 2006 to 23.9% for the same period in 2007.

Cost of Services (exclusive of depreciation and amortization). Cost of services (exclusive of depreciation and amortization) expenses increased by $2.9 million, or approximately 4.8%, to $63.6 million for the year ended December 31, 2007 from $60.7 million for 2006, primarily as a result of increased expenses related to the above mentioned research and development contract with the U.S. government, increased maintenance expenses with respect to our satellite network due to the annual price escalation clause in our operations and maintenance agreement with Boeing, an increase in variable network costs, including termination costs and higher personnel expenses related to the growth of our Operations Group, partially offset by a decrease in the amount of consulting expenditures incurred related to our current satellite system. As a percentage of total revenue, network and satellite operations and maintenance expenses decreased from 28.6% for the year ended December 31, 2006 to 24.4% for the same period in 2007.

Depreciation and Amortization. Depreciation and amortization expenses increased by $2.9 million, or approximately 34.1%, to $11.4 million for the year ended December 31, 2007 from $8.5 million for 2006, primarily as a result of additional depreciation associated with new equipment placed in service in 2007, including equipment upgrades at our satellite network operations center and technical support center as well as business systems, including a new data warehouse and call intercept system. As a percentage of total revenue, depreciation and amortization expenses increased from 4.0% for the year ended December 31, 2006 to 4.4% for the same period in 2007.

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Selling, General and Administrative. Selling, general and administrative expenses increased by $12.8 million, or approximately 38.2%, to $46.3 million for the year ended December 31, 2007 from $33.5 million for 2006, primarily as a result of increased personnel and other administrative expenses to accompany our growth. As a percentage of total revenue, selling, general and administrative expenses increased from 15.8% for the year ended December 31, 2006 to 17.7% for the same period in 2007.

Research and Development. Research and development expenses increased by $9.6 million, or approximately 218.2%, to $14.0 million for the year ended December 31, 2007 from $4.4 million for 2006, primarily as a result of expenditures related to the development of new subscriber equipment and services, including our next generation satellite handset and L-Band transceiver and Iridium OpenPort. As a percentage of total revenue, research and development expenses increased from 2.1% for the year ended December 31, 2006 to 5.4% for the same period in 2007.

Operating Profit. Operating profit increased by $18.0 million, or approximately 39.8%, to $63.2 million for the year ended December 31, 2007 from $45.2 million for 2006. This increase was due primarily to increased services and subscriber equipment revenue resulting from growth in equipment sales, particularly our satellite handsets, and an increase in total subscribers. As discussed above, handsets sales grew during the period, contributing significantly to growth in our operating profit. The increase in operating profit were partially offset by increased cost of sales, research and development expenses and selling, general and administrative expenses as described above. As a percentage of total revenue, operating profit increased from 21.3% for the year ended December 31, 2006 to 24.2% for the same period in 2007.

Interest Expense. Interest expense increased by $6.6 million, or approximately 43.4%, to $21.8 million for the year ended December 31, 2007 from $15.2 million for 2006. This increase resulted from recognizing a full year of interest expense associated with our first and second lien credit agreements, which we entered into in July 2006.

Interest and Other Income. Interest and other income increased by $0.6 million, or approximately 33.3%, to $2.4 million for the year ended December 31, 2007 from $1.8 million for 2006. This increase resulted from higher interest income resulting from increased cash balances on hand. This increase was offset by a decrease in other income due to lower revenue from intercept services provided pursuant to U.S. government subpoenas, which were reclassified as commercial services revenue in 2007.

Net Income. Our net income increased by $12.0 million, or approximately 37.7%, to $43.8 million for the year ended December 31, 2007 from $31.8 million for 2006, as a result of the factors described above. As a percentage of total revenue, net income increased from 15.0% for the year ended December 31, 2006 to 16.8% for the same period in 2007.

Liquidity and Capital Resources

Our principal sources of liquidity are existing cash, internally generated cash flow and borrowings under our first and second lien credit agreements. We will also receive cash from the GHQ trust account upon the consummation of the Acquisition and intend to use a portion of that cash to prepay all of our outstanding indebtedness under our credit agreements upon the closing of the Acquisition. We believe that these sources will provide sufficient liquidity for us to meet our liquidity requirements for the next 12 months. We plan to fund a majority of the costs associated with Iridium NEXT from internally generated cash flows and secondary payload funding, as well as proceeds from the Acquisition. We expect to finance the remaining cost of Iridium NEXT with additional debt and/or equity financing. If future internally generated cash flows and revenue from hosting secondary payloads are below expectations or the cost of developing Iridium NEXT is higher than anticipated, we will require additional external funding.

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Since we have not yet entered into an agreement with a prime contractor for Iridium NEXT, the timing of our payments under any such agreement is uncertain. If the timing or amount of our payments under our agreement with our prime contractor are due sooner than expected or are larger than expected, we may not have sufficient liquidity for the foreseeable future.

Our principal liquidity requirements are to meet our working capital, research and development and capital expenditure needs, including the development of Iridium NEXT, and to service our debt. We paid $15.0 million in June 2009, and will be required to prepay $65.0 million under our first lien credit facility on closing of the Acquisition. In addition, we intend to prepay all of our remaining outstanding indebtedness under our credit agreements upon the closing of the Acquisition. We will, however, require additional liquidity as we continue to execute our business strategy. Our liquidity and our ability to fund our liquidity requirements is also dependent on our future financial performance, which is subject to general economic, financial, regulatory and other factors that are beyond our control. We anticipate that we will require additional liquidity and we will raise additional debt and/or equity financing. Our ability to obtain additional liquidity may be adversely impacted by a number of factors, including the recent global economic crisis and related tightening of the credit markets. We cannot assure you that we will be able to obtain such additional liquidity on reasonable terms, or at all.

In addition, pursuant to Iridium Constellation s operations and maintenance agreement with Boeing, Iridium Satellite has issued to Boeing a $15.4 million cash-collateralized letter of credit as collateral for certain obligations under this agreement, which is included in the long-term restricted cash in the consolidated balance sheets.

Cash Flows

The following table shows our consolidated cash flows from operating, investing and financing activities for the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 and 2008:

Statements of Cash Flows	**Year ended December 31, 2008**	**Year ended December 31, 2007**	**Year ended December 31, 2006**	**Six months ended June 30, 2009**	**Six months ended June 30, 2008**
			(In millions)		
Cash flows provided by operating activities	$ 61.4	$ 36.6	$ 39.5	$ 37.4	$ 33.5
Cash flows used in investing activities	(13.9)	(19.8)	(9.5)	(4.8)	(5.9)
Cash flows used in financing activities	(44.8)	(26.5)	(8.0)	(16.9)	(7.8)
Net increase (decrease) in cash and cash equivalents	$ 2.7	$ (9.8)	$ 22.0	$ 15.7	$ 19.8

Cash Flows Provided by Operating Activities

Net cash provided by operating activities for the six months ended June 30, 2009 increased to $37.4 million from $33.5 million for the same period in 2008. This increase was attributable primarily to an increase in net income of

$2.9 million, and an increase in non-cash adjustments of $1.3 million, slightly offset by a decrease in working capital of $0.3 million.

Net cash provided by operating activities for the year ended December 31, 2008 increased to $61.4 million from $36.6 million for 2007. This increase was attributable primarily to a $10.1 million increase in net income, a $11.1 million increase in working capital and a $3.6 million increase in non-cash adjustments during the period. The increase in working capital primarily relates to a payment made to Boeing in 2007 in connection with our purchase of their right to receive distributions, which consequentially reduced our working capital for that period, as well as an increase in deferred revenue resulting from higher sales of our prepaid services and an increase in accounts payable due to the timing of payments to vendors. The increase in non-cash adjustments consists primarily of increases in depreciation and amortization and increases in equity and profits interest compensation.

Net cash provided by operating activities for the year ended 2007 decreased to $36.6 million from $39.5 million for 2006. This decrease was attributable primarily to a $21.6 million decrease in working capital partially offset by a $12.0 million increase in net income and a $6.7 million increase in non-cash adjustments during the period. The decrease in working capital is the result of the above mentioned 2007 payment to Boeing. Adjustments for non-cash items increased during the period due to increases in depreciation and amortization and increases in equity and profits interest compensation.

Cash Flows Used in Investing Activities

Net cash used in investing activities for the six months ended June 30, 2009 decreased to $4.8 million from $5.9 million for the same period in 2008. This decrease was attributable primarily to lower development expenses related to our new high-speed data services, Iridium OpenPort, which was recently introduced.

Net cash used in investing activities for the year ended December 31, 2008 decreased to $13.9 million from $19.8 million for 2007. This decrease was attributable primarily to lower development expenses related to our new high-speed data services, Iridium OpenPort.

Net cash used in investing activities for the year ended December 31, 2007 increased to $19.8 million from $9.5 million for 2006. This increase was attributable primarily to increased development expenses related to Iridium OpenPort as well as the procurement and implementation of a more robust customer billing system.

Cash Flows Used in Financing Activities

Net cash used in financing activities for the six months ended June 30, 2009 increased to $16.9 million from $7.8 million for the same period in 2008. This increase was attributable primarily to principal payments of $16.9 million on our first lien credit agreement, partially offset by cash distributions of $5.7 million to current investors and principal payments of $2.1 million on our first lien credit agreement made in the first six months of 2008. Net cash used in financing activities for the year ended December 31, 2008 increased to $44.8 million from $26.5 million for 2007. This increase was attributable primarily to principal payments of $27.5 million on our first lien credit agreement, and cash distributions to our current investors partially offset by proceeds from the issuance of a convertible subordinated note to Greenhill Europe.

Net cash used in financing activities for the year ended December 31, 2007 increased to $26.5 million from $8.0 million for 2006. This increase was attributable primarily to increased debt payments resulting from our first and second lien credit agreements, which we entered into in July 2006.

Capital Expenditures

Our capital expenditures consisted primarily of the hardware and software upgrades to maintain our ground infrastructure and a portion of the expenses related to the development of Iridium OpenPort. These also include upgrades to our business systems, including upgrades to our billing system to enable customer billing of us. Once a prime contractor is selected for Iridium NEXT, and a full scale development contract is signed, we expect that the majority of our future capital expenditures will relate to the development of Iridium NEXT through 2016.

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Our capital expenditures were $9.5 million, $19.8 million, $13.9 million and $4.8 million in 2006, 2007, 2008 and the first six months of 2009, respectively.

We plan to fund a majority of the costs associated with Iridium NEXT from internally generated cash flows and secondary payload funding, as well as proceeds from the Acquisition expects to finance the remaining cost of Iridium NEXT with additional debt and/or equity financing. If future internally generated cash flows and revenue from hosting secondary payloads are below expectations or the cost of developing Iridium NEXT is higher than anticipated, we will require additional external funding.

Cash and Indebtedness

Our total cash and cash equivalents were $31.9 million at December 31, 2006, $22.1 million at December 31, 2007, $24.8 million at December 31, 2008 and $40.5 million at June 30, 2009. We had total indebtedness (including the Motorola payable) of $199.9 million at December 31, 2006, $174.2 million at December 31, 2007, $170.7 million at December 31, 2008 and $154.3 million at June 30, 2009.

On July 27, 2006, we entered into a $170.0 million first lien credit agreement and $40.0 million second lien credit agreement. The agreements include a $98.0 million four-year first lien Tranche A term loan, a $62.0 million five-year first lien Tranche B term loan, a $40.0 million six-year second lien term loan and a $10.0 million three-year first lien revolving credit facility. As of June 30, 2009, we had $25.5 million outstanding under our Tranche A term loan, $54.5 million outstanding under our Tranche B term loan, $40.0 million outstanding under the second lien term loan and we had no borrowings and availability of $5.0 million under our revolving credit facility, which has subsequently expired on July 27, 2009. Upon the closing of the Acquisition, we intend to prepay all of the outstanding indebtedness under the first and second lien credit agreements.

The following table sets forth the amounts outstanding under our Tranche A term loan, our Tranche B term loan, our second lien term loan and our revolving credit facility, the effective interest rates on such outstanding amounts and amounts available for additional borrowing thereunder as of June 30, 2009.

First and Second Lien Credit Agreements	Effective Interest Rate	Amount Outstanding	Amount Available for Additional Borrowing
		(In millions)	
Tranche A Term Loan	6.04%	$ 25.5	$ 0.0
Tranche B Term Loan	6.04%	54.5	0.0
Second Lien Term Loan	10.04%	40.0	0.0
Revolving Credit Facility(1)	6.04%		5.0
Total		$ 120.0	$ 5.0

(1) On October 5, 2008, Lehman Brothers Inc., a subsidiary of Lehman Brothers Holdings Inc., filed for protection under Chapter 11 of the Federal Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York. Lehman Brothers Inc. is a joint lead arranger under our revolving credit facility and had, as of June 30,

2009, committed to provide $5.0 million under our $10.0 million revolving credit facility. We currently do not expect to be able to draw on the $5.0 million and, as a result, we have $5.0 million available under the revolving credit facility, which has subsequently expired on July 27, 2009. We do not believe, however, that this reduction in availability will have a material adverse effect on our liquidity and capital resources.

First Lien Tranche A Term Loan

Our $98.0 million first lien Tranche A term loan bears interest at the Eurodollar base interest rate plus 5.0% and requires quarterly principal and interest payments. Quarterly principal payments on the loan range from $0.1 million to $6.7 million. The term loan matures on June 30, 2010. In October 2008, upon execution of the amendment to the first lien credit agreement, we prepaid $22.0 million of the outstanding Tranche A balance. Due to this payment, no additional principal payments were required until June 2009. In June 2009, we prepaid an additional $10.5 million of the outstanding Tranche A balance. We can prepay the term loan, in whole or in part, at par.

First Lien Tranche B Term Loan

Our $62.0 million first lien Tranche B term loan bears interest at the Eurodollar base interest rate plus 5.0% and requires quarterly principal and interest payments. Quarterly principal payments start on September 30, 2010 in the amount of $13.3 million. The term loan matures on July 27, 2011. In June 2009, we prepaid $4.5 million of the outstanding Tranche B balance. We can prepay the term loan, in whole or in part, at par.

Second Lien Term Loan

Our $40.0 million second lien term loan bears interest at the Eurodollar base interest rate plus 9.0% and requires quarterly interest payments. The term loan matures on July 27, 2012, at which time the entire $40.0 million principal amount is due. We can prepay the term loan, in whole or in part, at par, provided that no amounts remain outstanding under our first lien Tranche A and B term loans.

First Lien Revolving Credit Facility

Our $10.0 million first lien revolving credit facility matured on July 27, 2009. We paid an up-front fee of 2.0% on the revolving facility of $200,000 and were required to pay a quarterly commitment fee in respect of the unutilized commitments at an initial rate equal to 0.5% per annum on the available balance of the commitment. On October 5, 2008, Lehman Brothers Inc., a subsidiary of Lehman Brothers Holdings Inc., filed for protection under Chapter 11 of the Federal Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York. Lehman Brothers Inc. is a joint lead arranger under our revolving credit facility and had, as of June 30, 2009, committed to provide $5.0 million under our $10.0 million revolving credit facility. As of July 27, 2009, the ability to draw on this revolving credit facility expired.

Our first and second lien credit agreements also contain certain customary covenants, agreements and events of default, including restrictions on our ability to incur indebtedness, grant liens, pay dividends, merge or sell all of our assets, dispose of our property, use funds for capital expenditures, make investments, make optional payments or modify debt instruments, or enter into sale and leaseback transactions, or enter into new lines of business, among others. In addition, our first and second lien credit agreements require us to maintain compliance with specified financial covenants. We must also maintain hedge agreements in order to provide interest rate protection on a minimum of 50% of the aggregate principal amounts outstanding under the term loans during the first three years of the credit agreement. As of June 30, 2009, we were in compliance with all of our financial covenants specified in our first and second lien credit facilities.

The indebtedness under our first and second lien credit agreements is secured by a pledge on all of our tangible and intangible assets.

On October 17, 2008, we entered into an amendment to each of our first and second lien credit agreements with our respective lenders. The amendment to our first lien credit agreement provides for, among other things: (a) an increase in the applicable interest rate margin for Eurodollar loans by 75 basis points to 5%; (b) an increase in permitted capital expenditures for 2008 and 2009; (c) distributions of up to $37.9 million to our members in 2008; (d) a prepayment of $80.0 million of the outstanding balance under the agreement by us if the Acquisition is consummated ($15.0 million if stockholder approval was not obtained by June 29, 2009 or, if stockholder approval was obtained by June 29, 2009, the Acquisition was not consummated by September 30, 2009); and (e) an amendment to the definition of Change of Control under the agreement to include the public company in existence after the Acquisition. Upon execution of the amendment to our first lien credit agreement, we prepaid $22.0 million of our outstanding balance under our first lien credit agreement. In June 2009, we prepaid $15.0 million of outstanding balance on the First Lien as required by the amendment.

The amendment to our second lien credit agreement similarly provides for, among other things: (a) an increase in the applicable interest rate margin for Eurodollar loans by 75 basis points to 9%; (b) an increase in permitted capital expenditures for 2008 and 2009; (c) distributions of up to $37.9 million to our members in 2008; and (d) an amendment to the definition of Change of Control under the agreement to include the public company in existence after the Acquisition.

Convertible Subordinated Promissory Note

Concurrently with the signing of the Transaction Agreement, Greenhill Europe entered into an agreement with us to purchase a $22.9 million convertible subordinated promissory note. The closing of the purchase of the note occurred on October 24, 2008, following the execution of the amendments to the first and second lien credit facilities described above. Under the terms of the note, Greenhill Europe has the option to convert the note into our units upon the later to occur of (a) October 24, 2009 and (b) the closing or the termination of the Transaction Agreement. If the closing occurs after October 24, 2009, upon the exercise of its conversion rights, Greenhill Europe will be entitled to receive 1.947 million shares of our common stock. If the closing occurs prior to September 22, 2009, GHQ and Greenhill Europe will enter into an agreement which will entitle Greenhill Europe to exchange each of our units into which the note is convertible for 23.1936 shares of our common stock, subject to certain adjustments. A portion of the $22.9 million in cash proceeds from the issuance of the note and an additional $15.0 million in cash from us was distributed to certain holders of our units in November 2008.

Cash from the GHQ Trust Account

GHQ s only significant asset is approximately $400.9 million in cash, which is held in a trust account pending completion of the Acquisition. GHQ will use $77.1 million of the trust account balance to pay unit holders, $4.3 million to pay the deferred underwriting commissions and discounts, up to $3.0 million to pay transaction expenses and $4.9 million in costs related to warrants. GHQ will also be required to use $92.1 million of the trust account balance to pay holders of GHQ IPO shares who elect to converted into a portion of the trust account. In addition, 90 days following the closing of the Acquisition, if we make a valid election under Section 754 of the Code with respect to the taxable year in which the closing of the Acquisition occurs, GHQ will make a tax benefit payment of up to $25.5 million in aggregate out of the trust account funds to sellers (other than the sellers of the equity of Baralonco and Syncom) of our units to compensate them for the tax basis step-up. Iridium Communications Inc., the combined enterprise, will have an increase of approximately $150.0 million in cash, following the consummation of the Acquisition. As a result, in addition to the $65.0 million required to be prepaid at the closing of the Acquisition, we intend to prepay all of our remaining outstanding debt balance under our credit agreements upon the closing of the Acquisition.

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Contractual Obligations and Commitments

The following table summarizes our outstanding contractual obligations as of December 31, 2008:

Contractual Obligations:		Less than 1 Year		1-3 Years		3-5 Years		More Than 5 Years		Total
						(In millions)				
Long-term debt obligations (1)	$	81.9(2)	$	15.0	$	40.0	$	0.0	$	136.9
Operating lease obligations (3)		1.8		3.9		3.7		2.0		11.4
Motorola payment obligations				12.3(4)						12.3
Unconditional purchase obligations (5)		83.8		100.0		100.1		0.0		283.9
Total(6)	$	167.5	$	131.2	$	143.8	$	2.0	$	444.5

(1) Our long-term debt obligations are comprised of principal payments due under our first and second lien credit agreements. The table does not reflect interest payments required to be made under these credit facilities and related swap agreements, including $14.4 million that is required to be paid in 2009, assuming no prepayment of such credit facilities. Interest payments are expected to decline in future years as the outstanding debt reduces.

The $22.9 million note held by Greenhill Europe is not included in the table above. We believe the note will be converted into shares of our common stock upon the later of October 24, 2009 and the closing of the Acquisition, and therefore, the note will not result in a cash payment.

(2) This table reflects our required prepayment of $80.0 million of the outstanding balance under our credit agreements if we consummate the Acquisition ($15.0 million of this amount was prepaid in June 2009 because stockholder approval was not obtained by June 29, 2009).

(3) On August 17, 2009, we signed a lease for 21,573 square feet of office space in McLean, Virginia, which will serve as our new principal headquarters. Since this lease was executed after December 31, 2008, the payment obligations under the lease were not reflected on the table above. The initial term of the lease is 122 months from the rent commencement date, which shall be the earlier to occur of (i) the substantial completion of improvements in the leased property by us, and (ii) 180 days following the lease commencement date (expected to be October 1, 2009), subject to delays. The monthly rent for the first twelve months is $93,762, which will be subject to annual increases. During its 122 month-period, the amount to be paid under this lease is approximately $12.7 million.

(4) The table above reflects $12.3 million of payment obligations (not including $1.1 million of accrued interest) due on December 11, 2010 to Motorola pursuant to the TSA and Note Agreement, which may be accelerated if the Acquisition qualifies as a triggering event. In addition, we may be required to make an additional payment of cash and/or stock if the Acquisition qualifies as a triggering event, distribution event, change of control or other specified transaction under the TSA and Note Agreement. Such payment is not reflected in the table above. For more information, see Risk Factors Iridium Holdings agreements with Motorola contain potential payment provisions which may apply to the Acquisition; and Iridium Holdings and Motorola are in discussions with respect to such provisions, the outcome of which is uncertain, and Note 5 of the Unaudited Pro Forma Condensed

Combined Financial Data.

(5) Our unconditional purchase obligations include payments under our operations and maintenance agreement with Boeing, our agreement with Celestica for the manufacturing of our devices and various commitments with other vendors.

(6) Certain bonus payments shall be payable to Lockheed Martin Corporation and Thales Alenia Space if certain milestones are reached in connection with the design proposals for Iridium NEXT. As of December 31, 2008, no bonus payments to Lockheed Martin Corporation or Thales Alenia Space were due. In 2009, management concluded that we were not required to pay such bonus payments as Lockheed Martin Corporation or Thales Alenia Space have not met the required conditions.

Off-Balance Sheet Transactions

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 are subject to seasonal usage changes for our commercial customers. April through October are typically our peak months for commercial services revenue and subscriber equipment sales. Our U.S. government revenue is less subject to seasonal usage changes since a portion of the U.S. government revenue is derived from fixed fees per user rather than usage fees.

Recent Accounting Pronouncements

In June 2006, the FASB issued FASB Interpretation (FIN) No. 48, *Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109,* or FIN No. 48. FIN No. 48 applies to taxes based substantially on income. The FASB deferred the effective date of FIN No. 48 for certain non-public enterprises to annual periods beginning after December 15, 2008. We will adopt the provisions of FIN No. 48 effective January 1, 2009. Because we are not subject to federal or state income tax in the United States, and our foreign affiliate operations are immaterial, the adoption of FIN No. 48 is not expected to have a material impact on our financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115*, or SFAS No. 159. SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS No. 159 does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value. We have chosen not to adopt the alternative provided in this statement.

In December 2007, the FASB issued SFAS No. 141R, *Business Combinations*, or SFAS No. 141R. SFAS 141R requires the acquiring entity in a business combination to record all assets acquired and liabilities assumed at their respective acquisition-date fair values, changes the recognition of assets acquired and liabilities assumed arising from contingencies, changes the recognition and measurement of contingent consideration, and requires the expensing of acquisition-related costs as incurred. SFAS No. 141R also requires additional disclosure of information surrounding a business combination, such that users of the entity s financial statements can fully understand the nature and financial impact of the business combination. SFAS No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The provisions of SFAS No. 141R will only impact us if we are a party to a business combination.

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In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133*, or SFAS No. 161. SFAS No. 161 requires enhanced disclosures about the objectives of derivative instruments and hedging activities, the method of accounting for such instruments under SFAS No. 133 and its related interpretations, and a tabular disclosure of the effects of such instruments and related hedged items on an entity s financial position, financial performance and cash flows. SFAS No. 161 is effective for fiscal years beginning after November 15, 2008, as such, will be effective beginning in our fiscal year 2009. We adopted SFAS No. 161 in the first quarter of 2009 and the adoption did not have a material impact on our consolidated financial results.

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles*, or SFAS No. 162. SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with U.S. GAAP. SFAS No. 162 will become effective 60 days following the SEC s approval of the Public Company Accounting Oversight Board (PCAOB) amendments to AU Section 411, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*. Our adoption of SFAS No. 162 will not have a material impact on our financial statements.

In April 2009, the FASB issued FASB Staff Position (FSP) FAS 141R-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies* (FSP No. 141R-1), to amend and clarify the initial recognition and measurement, subsequent measurement and accounting, and related disclosures arising from contingencies in a business combination under SFAS 141R. Under the new guidance, assets acquired and liabilities assumed in a business combination that arise from contingencies should be recognized at fair value on the acquisition date if fair value can be determined during the measurement period. If fair value cannot be determined, companies should typically account for the acquired contingencies using existing guidance. FSP No. 141R-1 has the same effective date as SFAS No. 141R, which applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The provisions of FSP No. 141R-1 will impact us only if we are a party to a business combination.

In April 2009, the FASB issued FSP No. 107-1, *Interim Disclosures about Fair Value of Financial Instruments* (FSP No. 107-1), which amends FSP No. 107, *Disclosures about Fair Value of Financial Instruments*, and APB Opinion No. 28, *Interim Financial Reporting*. FSP No. 107-1 requires disclosures about fair value of financial instruments in financial statements for interim reporting periods and in annual financial statements of publicly-traded companies. This FSP also requires entities to disclose the method(s) and significant assumptions used to estimate the fair value of financial instruments in financial statements on an interim and annual basis and to highlight any changes from prior periods. The effective date for this FSP is interim and annual periods ending after June 15, 2009. We adopted FSP 107-1 in the second quarter of 2009 and the adoption did not have a material impact on our financial statements other than a disclosure.

In April 2009, the FASB issued FSP No. FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* (FSP No. 115-2/124-2). FSP No. 115-2/124-2 amends the other-than-temporary impairment guidance for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities. FSP No. 115-2/124-2 is effective for interim and annual periods ending after June 15, 2009. We adopted FSP No. 115-2/124-2 in the second quarter of 2009 and the adoption did not have a material impact on our financial statements.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events* (SFAS No. 165), which establishes general standards of accounting for and disclosure of events that occur after the

balance sheet date but before financial statements are issued or are available to be issued. SFAS No. 165 applies prospectively to both interim and annual financial periods ending after June 15, 2009. We adopted SFAS No. 165 in the second quarter of 2009 and the adoption did not have a material impact on our financial statements other than disclosures.

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (FAS No. 167). The standard requires an analysis to determine whether a variable interest gives a company a controlling financial interest in a variable interest entity. It also requires an ongoing reassessment and eliminates the quantitative approach previously required for determining whether the company is the primary beneficiary. The standard is effective January 1, 2010. We are currently evaluating the requirements of this standard.

Quantitative and Qualitative Disclosure Regarding Market Risk

We are exposed to interest rate risk in connection with our variable rate debt under our first and second lien credit agreements, under which loans bear interest at a floating rate based on a Eurodollar applicable borrowing margin. For variable rate debt, interest rate changes generally do not affect the fair value of the debt instrument, but do impact future earnings and cash flows, assuming other factors are held constant. Based on our $136.9 million outstanding borrowing on the term debt available under our credit agreements at December 31, 2008, and without giving effect to the hedging arrangement described below, a 1.0% change in interest rates would result in a change to interest expense of approximately $1.4 million annually. In June 2009, we prepaid $15.0 million under our credit agreements because stockholder approval for the Acquisition was not obtained by June 29, 2009. Currently, based on our $120.0 million outstanding borrowing on the term debt available under our credit agreements, and without giving effect to the hedging arrangement described in the next sentence, a 1.0% change in interest rates would result in a change to interest expense of approximately $1.2 million annually. As required by our credit agreements, we currently maintain two interest rate swap agreements with respect to $86.0 million portion of the principal amount to hedge a portion of our interest rate risk.

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IRIDIUM HOLDINGS BUSINESS

For purposes of this Section, the terms we, us and our refer to Iridium Holdings LLC and its subsidiaries.

Business

We are the second largest provider of mobile voice and data communications services via satellite, and the only provider of mobile satellite communications services offering 100% global coverage. Our satellite network provides communications services to regions of the world where existing wireless or wireline networks do not exist or are impaired, including extremely remote or rural land areas, open ocean, the Polar Regions and regions where the telecommunications infrastructure has been affected by political conflicts or natural disasters. Demand for our mobile satellite services and products is growing as a result of the increasing need for reliable communications services in all locations.

We offer voice and data communications services to the U.S. and foreign governments, businesses, non-governmental organizations and consumers via our constellation of 66 in-orbit satellites, seven in-orbit spares and related ground infrastructure, including a primary commercial gateway. We utilize an interlinked mesh architecture to route traffic across our satellite constellation using radio frequency crosslinks. This unique architecture minimizes the need for ground facilities to support the constellation, which facilitates the global reach of our services and allows us to offer services in countries and regions where we have no physical presence.

The U.S. government, directly and indirectly, has been and continues to be our largest customer, generating $67.8 million, or 21.1%, of our total revenues for the year ended December 31, 2008, and $36.6 million, or 23.1%, of our total revenues for the six months ended June 30, 2009. The DoD owns and operates a dedicated gateway that is only compatible with our satellite network. The U.S. Army, Navy, Air Force and Marines, as well as other nations military forces, use our voice and data services for a variety of mission-critical applications, including for combat, training and daily operations. In addition to voice and data products used by soldiers for primary and backup communications solutions, our products and related applications are installed in ground vehicles, unmanned aerial vehicles, helicopters and aircraft and used for command and control and situational awareness purposes. Our satellite network provides the DoD with a secure communication system because traffic is routed across our satellite constellation before being brought down to earth via the dedicated, secure DoD gateway, thus reducing the risk of electronic jamming and eavesdropping. Since our inception, the DoD has made significant investments to build a dedicated gateway in Hawaii and to purchase our handsets and devices, all of which are only compatible with our satellite network. The DoD would have to incur significant time and expense to replicate our network architecture and replace our voice and data services with a competing service provider.

Our commercial end-user base, which we view as our primary growth engine, is very diverse and includes the emergency services, maritime, government, utilities, oil and gas, mining, leisure, forestry, construction and transportation markets. Many of our end-users increasingly view our products and services as critical to their daily operations and integral to their communications and business infrastructure. For example, multinational corporations in various sectors use our services for business telephony, email and data transfer services and to provide pay telephony services for employees in communities inadequately served by terrestrial networks. Ship crews and passengers use our services to send and receive email and data files as well as facsimiles, and to receive electronic newspapers, weather reports, emergency bulletins and electronic charts. Shipping operators use our services to manage inventory on board ships and to transmit data, such as course, speed and fuel stock. Aviation-based end-users use our services for air-to-ground telephony and data communications.

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We sell our products and services to commercial end-users exclusively through a wholesale distribution network, encompassing approximately 65 service providers, 110 value-added resellers and 45 value-added manufacturers, who either sell directly to the end-user or indirectly through other service providers, value-added resellers or dealers. These distributors often integrate our products and services with other complementary hardware and software and have developed over 200 unique applications for our products and services targeting specific vertical markets. We expect that demand for our services will increase as more applications are developed for our products and services.

We and our partners have a history of developing innovative products, services and applications to expand our markets. These innovations have driven our market expansion and increased service revenue. For example, in 2005 we introduced the Iridium 9601 short burst data modem, which is typically used in tracking, sensor and data applications and systems. In October 2008, we began offering the Iridium OpenPort terminal, specifically engineered for maritime voice and data use, including high bandwidth and flexible configuration options. We believe that the relatively low cost and high functionality of the Iridium OpenPort terminal will allow us to expand and further penetrate the maritime market. In addition, pursuant to a DoD funded research and development contract, we are also developing new services, such as Netted Iridium, which provides push-to-talk capability and is being used today by soldiers in the field for improved over-the-horizon tactical communications capability. We and our partners also design innovative applications for our products and services which are tailored to the specific needs of end-users in various industries. For example, oil-field service companies, like Schlumberger Limited, use our services to run applications that allow remote monitoring and operation of equipment and facilities, such as oil pipelines and offshore drilling platforms.

At December 31, 2008 and June 30, 2009, we had approximately 320, 000 and 347,000 subscribers worldwide, respectively, representing a 36.6% and 23.9% increase compared to December 31, 2007 and June 30, 2008, respectively. Over the five-year period from December 31, 2003 to December 31, 2008, our subscriber base grew from 94,000 to 320,000, a compound annual growth rate of 27.8%. Total revenues increased from $260.9 million in 2007 to $320.9 million in 2008.

Industry

We compete in the mobile satellite services sector of the global communications industry. Mobile satellite services operators provide voice and data services using a network of satellites and ground facilities. Mobile satellite services are usually complementary to, and interconnected with, other forms of terrestrial communications services and infrastructure and are intended to respond to users desires for connectivity in all locations. Customers typically use satellite voice and data communications in situations where existing terrestrial wireline and wireless communications networks do not exist or are impaired. Further, many regions of the world benefit from satellite networks, such as rural and developing areas that lack adequate wireless or wireline networks, and ocean and Polar Regions where few alternatives exist, and regions where the telecommunications infrastructure has been affected by political conflicts and natural disasters.

Worldwide, government organizations, military and intelligence agencies, natural disaster aid associations, event-driven response agencies and corporate security teams depend on mobile and fixed voice and data communications services on a regular basis. Businesses with global operations require reliable communications services when operating in remote locations around the world. Mobile satellite services users span the emergency services, maritime, government, utilities, oil and gas, mining, leisure, forestry, construction and transportation sectors, among others. Many existing customers increasingly view satellite communications services as critical to their daily operations.

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We believe that the increasing penetration and continued growth of the terrestrial wireless industry provide a significant market opportunity for the mobile satellite services industry. According to GSM Association & Europa Technologies, there were 3.5 billion global cellular subscribers served by 1,050 networks throughout the world as of January 2009. We believe that growth in the terrestrial wireless industry has increased awareness for the need for reliable, mobile voice and data communication services among customers. In addition, despite significant penetration and competition, terrestrial wireless systems only serve a small fraction of the earth s surface and are focused mainly in those areas where people live, excluding oceans and other remote regions where ships, airplanes and other remote assets are located. By offering mobile communications services with global voice and data coverage, mobile satellite service providers address the increasing demand from governments, businesses and individuals for connectivity and reliability in locations not consistently served by wireline and wireless terrestrial networks. In a 2009 report, Northern Sky Research indicated that it expected mobile satellite services wholesale revenues to grow at a compound annual growth rate of 12% over the five-year period from 2010 to 2015.

The mobile satellite services industry also benefits from the continued development of innovative, lower cost technology and applications integrating mobile satellite products and services. Growth in demand for mobile satellite voice services is driven in large part by the declining cost of these services, the diminishing size and lower costs of voice, data and machine-to-machine devices, as well as the rollout of new applications tailored to the specific needs of customers across a variety of markets.

Communications industry sectors include:

- mobile satellite services, which provide customers with voice and data connectivity to mobile and fixed devices using ground facilities and networks of geostationary satellites, or GEO (located approximately 22,300 miles above the earth s surface), medium earth orbit satellites (located between approximately 6,400 and 10,000 miles above the earth s surface), or low earth orbit satellites, or LEO (located between approximately 300 and 1,000 miles above the earth s surface), such as our satellite constellation;

- fixed satellite services, which use GEO satellites to provide customers with broadband communications links between fixed points on the earth s surface; and

- terrestrial services, which use a terrestrial network to provide wireless or wireline connectivity and are complementary to satellite services.

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

A LEO system, such as the system we currently operate, has lower transmission delays than a GEO system such as that operated by Inmarsat due to the shorter distance signals have to travel, which enables the use of smaller antennas on devices. We believe the interlinked mesh architecture of our constellation combined with the global footprint of our satellites provides us with a unique advantage over other LEO satellite operators like Globalstar and Orbcomm, allowing us to route voice and data transmissions to and from anywhere on the earth s surface via a single gateway. As a result, we are the only mobile satellite services operator offering real-time, low latency services with 100% global coverage. Furthermore, we are the only mobile satellite

service provider with full coverage of the Polar Regions, which represented approximately 11% of our traffic between 2006 and 2008.

Our Competitive Strengths

Only provider with 100% global coverage. Our satellite network operates in a LEO and offers 100% global coverage. In contrast, GEO satellite systems are only able to cover approximately 70% of the earth s surface as they are generally positioned at the Equator. In addition, none of our LEO competitors offer 100% global coverage. Our satellite network relies on an interlinked mesh architecture to transmit signals, which reduces the need for multiple ground stations and facilitates the global reach of our services. Other satellite service providers use a bent pipe architecture that requires voice and data transmissions to be immediately routed to nearby ground stations, which limits their ability to provide global coverage. As a result, we believe that we are well-positioned to capture the growth in our industry from end-users who require reliable communications service in all locations.

High quality and reliable voice and data services. We believe we offer high quality and reliable voice and data services. The LEO design of our satellite constellation produces minimal transmission delays relative to GEO systems due to its relatively close proximity to earth and the shorter distance our signals have to travel. Additionally, LEO systems have smaller handset antenna requirements and are less prone to signal blockage caused by terrain than GEO satellite networks. Our primary LEO-based competitor has publicly announced that it has experienced satellite failures and other problems impacting its constellation that are affecting and will continue to affect its ability to provide commercially acceptable two-way voice and data service for the foreseeable future.

Solutions for a broad range of vertical markets. We have created additional demand for our products and services and expanded our target market by partnering with our distributors to develop new products, services and applications. The specialized needs of our global end-users span many markets, including emergency services, maritime, government, utilities, oil and gas, mining, leisure, forestry, construction and transportation. Our communication solutions have become an integral part of the communications and business infrastructure of many of our end-users. In many cases, our service provides the only connectivity solution for these applications, and our products are often integrated by the original manufacturers or in the aftermarket into expensive machinery, such as military equipment and sophisticated monitoring devices.

Strategic relationship with the DoD. The U.S. government is our largest customer, and we have had a strategic relationship with the DoD since our inception in late 2000. We provide the DoD, as well as other U.S. government agencies, with mission-critical mobile satellite products and services. Our satellite handsets are one of the few commercial handsets available on the market that are capable of Type I encryption accredited by the United States National Security Agency for Top Secret communications. In addition, the DoD has made significant investments to build a dedicated gateway in Hawaii to allow DoD users to access our network on a secure basis. This gateway is only compatible with our satellite network.

Large, value-added wholesale distribution network. We sell our products and services to commercial end-users exclusively through a wholesale distribution network of approximately 65 service providers, 110 value-added resellers and 45 value-added manufacturers. By relying on distributors to manage end-user sales, we believe that our model leverages their expertise in marketing to their target customers while lowering overall customer acquisition costs and mitigating certain risks such as consumer credit risk. Our distributors further support our growth by developing new applications and solutions for our products and services, often combining our products with other technologies, such as GPS and terrestrial wireless technology, to provide integrated communications solutions for their target customers.

Our Business and Growth Strategies

Develop new products and services for commercial markets to further expand and penetrate our target markets. We expect to continue to develop, together with our partners, tailor-made products, services and applications targeted to the maritime, aviation, land-based handset, and machine-to-machine markets. We believe these markets represent an attractive opportunity for subscriber growth and increased airtime usage. We expect the development of a netted (push-to-talk) application to provide us in the future with potential new commercial applications in public safety, fishing and field worker communications. The high integrity GPS service (iGPS) technology we have developed with a partner is expected to enable new commercial applications in enhanced navigation services such as precision farming, high accuracy navigation for oil and gas exploration and construction services. In addition, our partners regularly develop specialized end-user applications targeted at specific markets.

Develop new services for the DoD. We are developing additional capabilities for our network to enhance its utility to the DoD. In conjunction with the Marine Corps Warfighting Lab, we are currently expanding the capabilities of our satellite handsets to permit netted (push-to-talk) group calling radio services, providing over-the-horizon user-defined tactical radio networks to DoD users. We are also developing capabilities that will enable iGPS service, which is expected to be used as an embedded component in several DoD applications. These and other services in development provide us with opportunities to increase revenue from the DoD, our anchor customer. In addition, we expect that our Iridium NEXT satellite constellation will incorporate unique features and capabilities tailored to meet the specific needs of the DoD.

Leverage our fixed cost infrastructure by growing our service revenues. Our business model is characterized by high fixed costs, primarily costs associated with designing, building, launching and maintaining our satellite constellation. However, the incremental cost of providing service to additional end-users is relatively low. We believe that service revenues will be our largest source of future growth and profits and intend to focus on growing both our commercial and government service revenues in order to leverage our fixed cost infrastructure.

Expand our geographic sales reach. Our products and services are offered in over 100 countries. While our network can be used throughout the world, we are not currently licensed to sell our products and services directly in certain countries, including Russia, China, Mexico, South Africa and India. We are currently in discussions with regulatory officials in these and other countries to obtain licenses and, to the extent we are successful in obtaining such licenses, we believe the expanded reach of our product and service distribution platform will accelerate our growth.

Develop Iridium NEXT constellation. We are developing our next-generation satellite constellation, Iridium NEXT, which we expect to begin launching in 2014. Iridium NEXT will be backward compatible with our current system and will replace the existing constellation with a more powerful satellite network, which we anticipate will have more than twice the capacity. Iridium NEXT will maintain our current system s unique attributes, including the capability to upload new software, while providing new and enhanced capabilities, such as higher data speeds and increased capacity. In addition, Iridium NEXT will be designed to host secondary payloads which we expect to defray a portion of the capital expenditures related to Iridium NEXT as well as to generate recurring revenues. We believe Iridium NEXT s increased capabilities will expand our target markets by enabling us to offer a broader range of products and services, including a wider array of broadband data services.

History

We are the successor to Iridium LLC, a Delaware limited liability company formed in 1996 by Motorola and several other partners. Motorola launched Iridium LLC with the mission of providing global mobile satellite services through a network of 66 LEO satellites, which was completed and deployed for a cost of approximately $3.4 billion. Motorola invested significantly in research and development, the acquisition of spectrum and global licenses and in market development efforts during the development of the constellation. Beginning in 1997, after seven years of planning and development, Iridium LLC successfully launched its constellation, including active satellites and in-orbit spares. In November 1998, Iridium LLC began offering commercial services principally focused on the retail consumer market, launching the first commercially available global satellite phone service. On August 13, 1999, Iridium LLC filed voluntary petitions under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. Iridium LLC remained in possession of its assets and properties and continued to operate its businesses as a debtor-in-possession.

On December 7, 2000, Iridium Holdings LLC, its wholly owned subsidiary, Iridium Satellite, and Iridium Constellation, a wholly owned subsidiary of Iridium Satellite, were organized as limited liability companies under the laws of the State of Delaware. On December 11, 2000, we acquired Iridium LLC s operating assets, including the satellite constellation, certain portions of the terrestrial network, ground spare satellites and real property. In addition, we also acquired from Motorola, either outright or by license, the intellectual property rights necessary to operate the system and produce related equipment and took assignment of applicable licenses from the FCC. In connection with the acquisition of these assets, we entered into a transition services, products and asset agreement with Motorola and an operations and maintenance agreement with Boeing relating to the operations of our constellation. We were also awarded our first services contract with the DoD. In March 2001, we reintroduced commercial satellite services through our subsidiary, Iridium Satellite. In 2002, we launched into orbit an additional seven spare satellites.

Distribution Channels

We sell our products and services to our commercial customers exclusively through a wholesale distribution network of approximately 65 service providers, 110 value-added resellers and 45 value-added manufacturers. These distributors sell our products and services to the end-user, either directly or indirectly through service providers, value-added resellers or dealers. Our distributors often integrate our products and services with other complementary hardware and software and have developed over 200 unique solutions targeting our main vertical markets. We also sell our services directly to U.S. government customers, including the DoD, pursuant to fixed-fee arrangements. The U.S. government and international government agencies purchase additional services as well as our products and related applications through our network of distributors.

We provide our distributors with certain support services, including assistance with coordinating end-user sales, strategic planning and training, as well as helping them respond to new opportunities for our products and services. We have representatives covering three regions around the world to better manage our distributor relationships: the Americas, which includes North, South and Central America; Asia Pacific, which includes Australia and Asia; and Europe,

Russia, the Middle East and Africa. We also maintain various online management tools that allow us to communicate efficiently with our distributors. We similarly provide support services to our U.S. government customers. By relying on our distributors to manage end-user sales, we believe our model reduces certain risks and costs related to our business, such as consumer credit risk and sales and marketing costs, while providing us with a broad and expanding distribution network for our products and services with access to diverse and geographically dispersed niche markets. We are also able to rely on the specialized expertise of our distributors, who continue to develop innovative and improved solutions and applications integrating our product and service offerings, providing us with a unique platform to support our growth.

Commercial Markets

We view our commercial end-user base as our primary growth engine. Our service providers and value-added resellers are the main distribution channel for our products and services in the commercial markets. Service providers and resellers purchase our products and services and market them directly to their customers or indirectly through independent dealers. They are each responsible for customer billing, end-user customer care, managing credit risk and maintaining all customer account information. If our service providers or value-added resellers provide our services through dealers, these dealers will often provide such services directly to the end-user. Service providers typically purchase our most basic products and services, such as mobile voice services and related satellite handsets, and offers additional services such as voice mail. Unlike service providers, our resellers provide a broader array of value-added services specifically targeted to the niche markets they serve, integrating our handsets, transceivers, high-speed data devices and short burst data modems with other hardware and software to create packaged solutions for end-users. Examples of these applications include cockpit voice and data solutions for use by the aviation sector and voice, data and tracking applications for industrial customers, the DoD and other U.S. and international government agencies. Many of our resellers specialize in niche vertical markets such as maritime, aviation, machine-to-machine and government markets where high-use customers with specialized needs are concentrated. Our principal service providers include dedicated satellite service providers such as Vizada and Stratos Global Corporation, as well as some of the largest telecommunications companies in the world, such as Telstra Corporation, KDDI Corporation and the SingTel Group. Our principal resellers include ARINC Incorporated, Blue Sky Network, EADS N.V., General Dynamics Corporation, Honeywell International Inc., NAL Research Corporation and Zunibal S.A.

We also sell our products to value-added manufacturers, which integrate our transceivers and short burst data devices into their propriety hardware and software. These manufacturers produce specialized equipment, including integrated ship communication systems and secure satellite handsets, such as handsets with National Security Agency Type I encryption capability, which they offer to end-users in maritime, government and machine-to-machine markets. As with our service providers and resellers, manufacturers sell their product solutions either directly or through other distributors, including some of our service providers and resellers, for customer sales. These manufacturers sell services on the product solutions to endorsers only through other distributors. Our principal manufacturers include AirCell Inc., ITT Corporation, General Dynamics Corporation and Thrane & Thrane A/S.

In addition to resellers and manufacturers, we maintain relationships with approximately 30 value-added developers. We typically license these companies with technical information on our products, which they then use to develop new software and hardware that complements our products and services in line with the specifications of our resellers and manufacturers. These products include airline tracking and flight management applications and crew email applications for the maritime industry. We believe that working with value-added developers allows us to create new platforms for our products and services and increases our market opportunity while reducing our overall research and development expenses. Our principal value-added developers include Active Web Solutions, Boeing, Global Marine Networks and Ontec Co. Ltd.

We maintain a stable pricing model for our commercial products and services with a consistent wholesale rate structure. Under our distribution agreements, we charge our distributors wholesale rates for commercial products and services, based on volume of data transmitted or duration of voice calls according to the types of services they distribute to end-users, subject to discount arrangements. We also charge fixed monthly access fees per subscriber for certain services. Our distributors are in turn responsible for setting their own pricing to their customers. Our agreements with distributors typically have terms of one year and are automatically renewable for additional one year terms, subject to termination rights. This model results in attractive margins for airtime usage, monthly access fees and subscriber equipment sales. We believe this model provides incentives for distributors to focus on selling our commercial product and service portfolio and developing additional applications. An additional benefit of this model is simplicity. This efficient model lessens back office complexities and costs and allows distributors to remain focused on revenue generation.

Vizada and Stratos Global Corporation represented 14.9% and 12.6% of our revenues for the year ended December 31, 2008, and 11.9% and 10.0% of our revenue for the six months ended June 30, 2009, respectively. During April 2009, Inmarsat, one of our main competitors, acquired Stratos Global Corporation. No other distributor represented more than 10.0% of our revenue for the year ended December 31, 2008 or the six months ended June 30, 2009.

Government Markets

We provide mission critical mobile satellite products and services to all military branches of the DoD as well as other U.S. government customers. Military forces contribute significantly and increasingly to the demand for mobile satellite product and service solutions. These users require voice and two way data capability with global coverage, low latency, mobility and security and often have no alternate terrestrial communication capability, or rely on mobile satellite services as an important backup system. We believe we are well positioned to take advantage of increased demand from such users. Our Iridium 9505A satellite handsets are one of the few commercial handsets available on the market that are capable of Type I encryption accredited by the National Security Agency for Top Secret communications. In addition, the DoD has made significant investments to build a dedicated gateway in Hawaii and in purchasing our handsets and devices to be used on our system, all of which are only compatible with our satellite network.

We provide airtime and airtime support to U.S. government customers pursuant to an Enhanced Mobile Satellite Services (EMSS) contract managed by the Defense Information Systems Agency (DISA), which administers the contract on behalf of DoD and other U.S. government and international customers authorized by DoD to use EMSS services. The contract, entered into in April 2008, provides for a one-year base term and up to four additional one-year options exercisable at the election of the U.S. government. In March 2009, prior to the expiration of the initial one-year base term agreement, the U.S. government elected to exercise the first of the four additional one-year options. The current term of the EMSS contract will expire on March 31, 2010, subject to further extension by the U.S. government as described above. Under this agreement, we provide U.S. government customers bulk access to our airtime services through the DoD s dedicated gateway, receiving from subscribers (i) fixed monthly fees on a per user basis for airtime services and voice usage, (ii) fixed monthly fee per user for paging services, and (iii) a tiered pricing plan, based on usage per device for data services. The U.S. government is not required to guarantee a minimum number of users pursuant to this agreement. Services furnished under the agreement include voice, data, messaging and paging services. We do not sell our products and related applications directly to U.S. government customers under the existing

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agreement. These products are sold to U.S. government customers through our network of distributors, which typically integrate them with other products and technologies.

We also provide maintenance services to the DoD s dedicated gateway in Hawaii pursuant to the Gateway Maintenance and Support Services Agreement (GMSSA) which is a separate contract managed by DISA, which also was entered into in April 2008. As with the EMSS contract, GMSSA provides for a one-year base term and up to four additional one-year options exercisable at the election of the U.S. government. In March 2009, prior to the expiration of the initial one-year base term on March 31, 2009, the U.S. government elected to exercise the first of the four additional one-year options. The current term of the maintenance contract will expire on March 31, 2010, subject to further extension by the U.S. government as described above. The U.S. government may terminate either of these contracts, in whole or in part, at any time.

U.S. government services accounted for approximately 21.1% and 23.1% of our total revenues for the year ended December 31, 2008 and the six months ended June 30, 2009, respectively. Our U.S. government revenue includes only revenue derived from our two agreements with the DISA as well as other contract revenue related to research and development projects with the DoD. Such revenues do not include services to U.S. government agencies, including the DoD and the Federal Emergency Management Agency (FEMA), purchased through our distributors and offered through our commercial gateway. They also do not include revenues from services to most non-U.S. government agencies worldwide, including defense agencies. We consider such services commercial services, as they are provided through our commercial gateway. Although we cannot determine the amount of U.S. government revenues derived from our commercial gateway, we do not believe that such revenues are material.

Vertical Markets

The specialized needs of our global customers span many markets. Our system is able to offer our customers cost-effective communications solutions with 100% global coverage in areas underserved or unserved by existing telecommunications infrastructures. Our mission critical communication solutions have become an integral part of the communications and business infrastructure of our end-users. In many cases, our service is the only connectivity for these critical applications or is used to complement terrestrial applications to provide a full extension to their mobile communications solutions.

Our current principal markets include land-based handset, maritime, aviation, machine-to-machine and government.

Land-based Handset

We are one of the leading global providers of mobile satellite communications services to the land-based handset sector, providing handset services to areas not served or inconsistently served by existing terrestrial communications networks. As of March 2009, TMF Associates estimates that approximately 632,000 satellite handsets were in operation worldwide. Mining, forestry, construction, oil and gas, utilities, heavy industry and transport companies as well as public safety and disaster relief agencies constitute the largest land-based handset end-users. We believe that increasing demand for mobile communications devices operating outside the coverage of terrestrial networks, combined with our small, lightweight, durable handsets with 100% global coverage, including our recently launched next generation handsets, will allow us to continue to capitalize on growth opportunities among such users.

Our land-based handset end-users utilize our satellite communications services for:

Voice and data: Multinational corporations in various sectors use our services for business telephony, email and data transfer services and to provide pay telephony

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services for employees in communities inadequately served by terrestrial networks. Oil and gas and mining companies, for example, provide their personnel with our equipment solutions to survey new drilling and mining opportunities and for conducting routine operations in remote areas that are not served by cellular communications networks. In addition, a number of recreational, scientific and other outdoor segments rely on our mobile satellite handsets and services for use when beyond terrestrial wireless coverage;

Mobile and remote office connectivity: A variety of enterprises use our services to access voice calls, data, email, internet and corporate network connections;

Public safety and disaster relief: Relief agencies, such as FEMA, have built our products and services into their emergency response plans, particularly in the aftermath of Hurricanes Katrina, Rita, Wilma and Ike, the Asian tsunami and other natural disasters. These agencies generate significant demand for both our voice and data products, especially during the late summer months in anticipation of the hurricane season in North America. Government responses to natural disasters continue to increase demand for our products and services in this sector; and

Public telephone infrastructure: Telecommunications providers use our services to satisfy regulatory mandates to provide communications services to rural populations currently not served by terrestrial infrastructure. Telstra Corporation, for example, uses our services to comply with its obligations to provide communications services to customers in certain remote parts of Australia.

Maritime

The maritime market is one of our most significant market opportunities. Currently, our principal competitor in this market is Inmarsat. End-users of our services in the maritime sector include companies engaged in merchant shipping, passenger transport, fishing, energy and leisure. Merchant shipping accounts for a significant portion of our maritime revenues, as those ships spend the majority of their time at sea away from coastal areas and out of reach of terrestrial communication services. Our products and services targeting the maritime market are high value with high average revenue per subscriber with multiple users utilizing a single device. Once a system is installed on a vessel, it typically generates a long-term recurring revenue stream from the customer.

We believe increased regulatory mandates and increased demand for higher-speed, low-cost data services will allow us to capitalize on significant growth opportunities in this growing market. We expect the recent introduction of our new high-speed data service, Iridium OpenPort, which offers speeds of up to 128 kilobits per second (kbps) and up to three voice lines, will present a cost competitive, high speed communication alternative to end-users in the maritime market, which will allow us to more effectively compete with Inmarsat s strong position in the maritime data sector.

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

Data and information applications: Ship crews and passengers use our services to send and receive email and data files as well as facsimiles, and to receive other information services such as electronic newspapers, weather reports, emergency bulletins and electronic charts. We believe the introduction of Iridium OpenPort will provide a particularly attractive alternative for shipping operators looking for cost savings, and for luxury yachts, tug boats and other fishing and cruising vessels for which traditional marine satellite systems have typically been too costly;

Voice services for passengers and crew: Maritime global voice services are used for both vessel operations and social communications for crew welfare. Merchant shipping operators, such as Stolt-Nielsen S.A., increasingly use our services to provide phone cards and or payphones for crew use with preferential rates during off peak times during the day;

Vessel management, procurement and asset tracking: Shipping operators, such as Exmar Shipmanagement N.V., Lauritzen Fleet Management A/S and Zodiac Shipping Ltd., use our services to manage inventory on board ships and to transmit data, such as course, speed and fuel stock. Our services can be integrated with a global positioning system to provide a position reporting capability. Many fishing vessels are required by law to carry terminals using approved mobile satellite services for tracking purposes as well as to monitor catches and to ensure compliance with geographic fishing restrictions. European Union regulations, for example, require EU-registered fishing vessels of over 15 meters to carry terminals for the purpose of positional reporting of those vessels. Furthermore, new security regulations in certain jurisdictions are expected to require tracking of merchant vessels in territorial waters which will drive further growth; and

Safety applications: Ships in distress, including potential piracy, hijack or terrorist activity, rely on mobile satellite voice and data services. The Ship Security and Alert Systems (SSAS) regulations were adopted by the International Maritime Organization (IMO) to enhance maritime security in response to the increasing threat from terrorism and piracy. After July 1, 2004, most deep-sea passenger and cargo ships must be fitted with a device that can send an alert message containing the ship s ID and position whenever the ship is under threat or has been compromised. We and our partners are developing several solutions to meeting this requirement for merchant vessels. The Global Maritime Distress and Safety System (GMDSS) is an application built to alert a maritime rescue coordination center of their situation and position, which then coordinates rescue efforts among ships in the area. The IMO requires all cargo vessels over 300 gross tons and certain passenger vessels, irrespective of size, that travel in international waters to carry distress and safety terminals that use GMDSS applications. Our products and services are currently not certified to be used in GMDSS applications. However, we are currently working on obtaining such certification and expect to offer such services once these are obtained.

Aviation

We are one of the leading global providers of mobile satellite communications services to the aviation sector. In the aviation sector, our satellite communications services are used principally by corporate jets, corporate and government helicopter fleets, specialized general aviation fleets, such as medevac companies and fire suppression and other specialized transport fleets, and high-end personal aircraft. Increasingly, our services are being employed by airline operators for passenger and cockpit voice services and safety applications. Our voice and data devices from our manufacturers and developers have become factory options for a range of airframe manufacturers and fractional operators in business aviation and air transport, such as NetJets Inc., Gulfstream Aerospace Corporation, Bombardier Inc., Cessna Aircraft Company and Embraer, and have become standard equipment on some of their aircraft fleets. Our devices are also installed in the aftermarket on a variety of aircraft. As of June 30, 2009, we estimate that approximately 22,000 active our systems were installed on aircraft.

According to Euroconsult, there were approximately 338,000 commercial airplanes, business jets, helicopters and high-end general aviation aircraft in active use around the world as of December 31, 2006. Based on internal studies and public documents, we estimate that approximately 10% of such aircraft have installed mobile satellite systems as of June 30, 2009.

We believe the low level of penetration in this market, combined with recent regulatory changes and the continued development of innovative, cost-effective applications by our distributors, will provide us with significant growth opportunities in the future.

Aviation end-users utilize our satellite communications services for:

Aviation operational communications: Aircraft crew and airline ground operations use our services for air-to-ground telephony and data communications. This includes the automatic reporting of an aircraft s position and mission critical condition data to the ground and controller-pilot data link communication for clearance and information services. We provide critical communications applications for airlines and air transport customers such as Continental Airlines, Cathay Pacific Airways and El Al Airlines. Many of these operators rely on our services and applications because there is no other communications service available to them in areas such as the Polar Regions. We maintain relationships with ARINC Incorporated and SITA, two of the leading providers of voice and data network communications service and applications to the airline sector, which integrate our products and services into their offerings;

Aviation passenger communications: Commercial and private fleet aircraft passengers use our services for air-to-ground telephony, fax services and data communications. Operators are currently using our services to allow passengers to email using their own Wi-Fi enabled mobile phones, including Blackberry devices or other similar smartphones, without causing interference to aircraft controls. We believe our distributors small, lightweight cost-effective solutions offer an attractive alternative for airlines and operators, particularly small fleet operators;

Rotary and general aviation applications: We are also a major supplier for rotary aviation applications to end-users including medevac, law enforcement, oil and gas, and corporate work fleets, among others. Companies such as Air Logistics, EagleMed and Air Evac Lifeteam rely on applications from our distributors for traditional voice communications, fleet monitoring and management and real time flight diagnostics; and

Air traffic control communications (safety applications): In November 2007, the International Civil Aviation Organization (ICAO), approved standards and recommended practices allowing us to provide Aeronautical Mobile Satellite (Route) Services to commercial aircraft on long-haul routes, many of which fly over the Polar Regions. The ICAO decision permits member states to approve our equipment for communications on transoceanic flights, pending certification. The first certification trials are currently underway. Upon receiving such certification, aircraft crew and air traffic controllers will be able to use our services for data and voice communication between the flight deck and ground based control facilities. We are the only provider capable of offering such critical flight safety applications around the entire globe, including the Polar Regions. We believe this particular sector of the market will present us with significant growth prospects, as our services and applications will serve as a lower cost alternative to the current aging high frequency radio systems that are more expensive to operate.

Machine-to-Machine

We are one of the leading providers of satellite-based machine-to-machine services. Machine-to-machine services and related devices have exhibited strong growth since their introduction and we believe the significant under-penetration of this market presents considerable opportunities for future growth. As with land-based handsets, our largest machine-to-machine users include mining, construction, oil and gas, utilities, heavy industry, forestry and transport companies as well as public safety and disaster relief agencies. We believe

the increasing demand for automated data collection processes from mobile and remote assets operating outside the coverage of terrestrial wireline and wireless networks as well as the continued push to integrate the operation of such assets into enterprise management and information technology systems will continue increasing demand for our machine-to-machine applications.

Machine-to-machine users utilize our machine-to-machine services for:

Transportation fleet management: Our global coverage permits our products and services to be used to monitor the location of transport fleets, hours of service and engine telemetry data, as well as to conduct two-way communications with drivers around the entire world. Long distance drivers need reliable communication with both dispatchers and their destinations to coordinate changing business needs, and our satellite network provides continuous communications coverage while they are in transit. We expect the push for more efficient, cost-effective and safer fleet operations as well as the imposition of regulatory mandates related to driver safety, such as drive time monitoring, will continue driving demand for our services in this area;

Fixed-asset monitoring: Multinational corporations, such as oil-field service companies like Schlumberger Limited and Conoco Phillips, use our services to run applications that allow remote monitoring and operation of equipment and facilities around the globe, such as oil pipelines and off-shore drilling platforms;

Asset tracking: Leveraging machine-to-machine applications developed by several of our distributors, companies use our services and related devices to track assets, including personnel, for logistics, theft-prevention and safety purposes. Transportation companies, such as Horizon Lines, Inc., for example, employ machine-to-machine applications developed by Impeva Labs, Inc. to track containers while in transit. Premier GPS Inc. similarly develops applications that allow companies to monitor the safety of personnel operating in remote regions of Canada;

Resource management: Our global coverage and data throughput capabilities support natural resource management applications such as fishing management systems. Zunibal S.A., one of our resellers, has developed applications for the fishing industry to assist fishing fleets in pursuing more efficient fishing practices; and

Scientific data monitoring: The global coverage of our network supports many scientific data collection applications such as the Argo float program of the National Oceanographic and Atmospheric Administration (NOAA). This program relies on our machine-to-machine services to collect climate data from buoys located throughout the world s oceans for monitoring and analysis. We believe the increased need for monitoring climate and environmental data associated with global climate change and our impact on the planet will increase demand for such services.

Government

As discussed under government markets, we are one of the leading global providers of mobile satellite communications services to the U.S. government, principally, the DoD. We provide mission critical mobile satellite products and services to all branches of the U.S. armed forces. In addition to voice products used by soldiers for primary and backup communication solutions, our products and related applications are installed on ground vehicles, unmanned aerial vehicles, aircraft and helicopters, embedded in unattended sensors and used for command and control and situational awareness. Global security concerns continue to increase demand for our products and services in this sector. See U.S. Government Services for more information.

Services and Products

At June 30, 2009, we had approximately 347,000 subscribers worldwide (93.4% of which were generating monthly access or usage fees, while the remaining 6.6% were subscribers who maintained a suspended account at the time but were not generating any fees). We expect that, in the future, a higher percentage of our subscribers will generate fees as we intend to begin charging a nominal monthly fee for suspended accounts. Our principal services are mobile satellite services, including mobile voice and data services and machine-to-machine services. Sales of our commercial services collectively accounted for approximately 41.5% and 48.5% of our total revenues for the year ended December 31, 2008 and the six months ended June 30, 2009, respectively. We also sell related voice and data equipment to our customers, which accounted for approximately 37.4% and 28.5% of our total revenues for the year ended December 31, 2008 and the six months ended June 30, 2009, respectively. In addition, we offer services to U.S. government customers, including the DoD. U.S. government services accounted for approximately 21.1% and 23.1% of our total revenue for the year ended December 31, 2008 and the six months ended June 30, 2009, respectively.

Our Commercial Services

Post-paid Mobile Voice and Data Satellite Communications Services

We sell our mobile voice and data services to service providers and resellers who in turn offer such services to end-users, either directly or indirectly through dealers, through various packaged solutions such as monthly plans with differing price levels that vary depending upon expected usage. In exchange for these services, we typically charge service providers and resellers a monthly access fee per subscriber as well as usage fees for airtime minutes used by their respective subscribers. A small number of our post-paid customers purchase monthly blocks of airtime minutes which must be used in a given month or are forfeited.

Prepaid Mobile Voice Satellite Communications Services

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

High-Speed Data Services

We recently introduced our new high-speed data maritime service, Iridium OpenPort, which offers maritime end-users speeds of up to 128 kbps and up to three voice lines which can be used simultaneously without interference. Data rates on this service can easily be adjusted up or down at any time without making hardware or software changes, giving subscribers options that allow them to balance needs for data transmission speeds against cost considerations on a real-time basis. In conjunction with our distributors, we intend to develop additional services that will

permit service provider and resellers to offer complete integrated solutions for ship-to-shore crew calling, email and IP-based data communications. We believe Iridium OpenPort, our first high-speed data service in the maritime market, offers a competitive alternative to other marine satellite services that offer fewer features at higher costs, allowing us to grow our share of this sector. For our Iridium OpenPort service, we typically charge service providers and resellers a monthly access fee per subscriber as well as usage fees for airtime minutes used by the respective subscribers above their monthly quotas. We plan to introduce additional high-speed data products and services in the future.

Machine-to-Machine Services

Introduced in 2003, our machine-to-machine services are designed to address the market need for a small and cost-effective solution for sending and receiving data (such as location) from fixed and mobile assets in remote locations to a central monitoring station. This service operates through a two-way short burst data transmission between our network and a telemetry unit, which may be located, for example, on a container in transit or a buoy monitoring oceanographic conditions. The small size of the units makes them attractive for use in applications such as tracking asset shipments, monitoring unattended remote assets, including oil and gas assets, vehicle tracking and mobile security. We sell our machine-to-machine services to our distributors who in turn offer such services to end-users such as various U.S. and international governmental agencies, including NOAA, as well as commercial and other entities such as Schlumberger Limited, Continental Airlines and Conoco Phillips. As with our mobile voice and data offerings, we typically charge service providers and resellers a monthly access fee per subscriber as well as usage fees for airtime minutes used by their respective subscribers.

Other Services

In addition to access and usage fees, we generate revenue from several ancillary services related to our core service offerings such as inbound connections from the public switched telephone networks (PSTN), short message services (SMS), subscriber identity module (SIM) activation, customer reactivation and other peripheral services. We also provide certain research and development services to assist customers in developing new technologies compatible with our system which we may leverage for use in commercial service and product offerings in the future. We charge our distributors certain fees for these services.

In the future, we expect to provide secondary payload services to customers during the life of our next-generation constellation, Iridium NEXT, which will replace our current satellite constellation. Currently, we are providing research and development services to potential secondary payload customers.

U.S. Government Services

We provide U.S. government customers bulk access to our services, including voice, data, messaging and paging services, as well as maintenance services for the DoD s dedicated gateway in Hawaii. We provide airtime to U.S. government subscribers through (i) fixed monthly fees on a per user basis for airtime services and usage for voice, (ii) fixed monthly fee per user for paging services and (iii) a tiered pricing plan (based on usage) per device for data services. U.S. government customers also rely on our voice and data products, which they purchase from our network of distributors. Resellers and manufacturers typically integrate our products with other products, which they then offer to U.S. government customers as customized product solutions. To conform with U.S. government regulations, we ensure devices sold to our distributors for use in certain U.S. government applications are manufactured by Celestica wholly in the United States. Such customized voice and data solutions include:

- personnel tracking devices, such as personal locator beacons;
- asset tracking devices for equipment, vehicles and aircraft;
- over-the-horizon (beyond line of sight) fighter aircraft communications applications;
- submarine communications applications;
- specialized communications solutions for high-value individuals;
- command and control and data backhaul options for unmanned aerial vehicles; and
- specialized, secure, mobile communications and data devices for the military and intelligence community, such as secure satellite handsets with Type I encryption capability.

We, with funding support from the DoD, continue to invest in research and development to develop new products and applications for use by all branches of the U.S. armed forces. In conjunction with the Marine Corps Warfighting Lab, we are currently expanding the capabilities of our satellite handsets to permit netted (push-to-talk) group calling radio services, providing over-the-horizon user-defined tactical radio nets to DoD users. This development program has been fully funded by the DoD. We expect the development of the Netted Group Calling application to provide us with the potential for future new commercial applications in public safety, fishing and field worker communications. In conjunction with Boeing and with funding from the U.S. government, we are also developing an iGPS service, which will be used as an embedded component in several DoD applications. Our iGPS technology is expected to provide centimeter level accuracy and important anti-jamming capability for GPS signals. We expect the development of iGPS to provide us the potential for new commercial applications in enhanced navigation services such as precision farming, high accuracy navigation for oil and gas exploration and construction services.

Our Products

We offer a broad array of voice and data equipment products for customers that work on all points of the globe. Our devices must be outside, within direct view of satellites, to be able to properly access our network.

Satellite Handsets

Our principal product offering has been our Iridium 9505A satellite handset phone, which is similar in functionality to an ordinary cellular phone but with the solid, durable feel that many satellite phone users demand. This phone weighs 13.2 ounces and is capable of up to three hours of talk time without being recharged. The Iridium 9505A provides voice, SMS and data connectivity. We believe our reputation for industrial strength products is critical for customers, many of whom are located in the most inhospitable spots on the planet and require tough and reliable communications equipment.

In October 2008, we launched our next generation satellite handset, the Iridium 9555. This new model introduces several new features, including a larger, brighter screen, improved SMS and email capabilities, integrated antenna and speakerphone and is smaller, lighter (weighing 9.4 ounces) and more user friendly than the Iridium 9505A model. The Iridium 9555 also offers up to four hours of talk time. The new model maintains the industrial feel of our predecessors, with a rugged housing to protect its sophisticated satellite transceiver. We believe the Iridium 9555

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satellite handset is a significant improvement over our earlier-generation equipment and that our advantages will drive increased adoption from prospective users.

Voice and Data Modems

We also offer a combined voice transceiver and data modem which our distributors integrate into a variety of communications solutions that are deployed in different applications around the world. Our Iridium 9522A L-Band transceiver is effectively the core of our Iridium 9505A satellite handset without a key pad, display, earpiece and microphone. Our principal customers for our Iridium 9522A L-Band transceivers are value-added manufacturers who integrate it into specialized devices that access our network. These specialized products are often the highest generators of traffic on our network. On-board crew calling terminals built around the Iridium 9522A, which are used as payphones on maritime vessels, for example, have 10 to 20 times the average usage of a handheld phone, in part because they are shared across a large group of users. The Iridium 9522A has also been integrated into mobile data applications providing email services on maritime vessels.

In November 2008, we launched our next generation transceiver, our Iridium 9522B L-Band transceiver. This new model is smaller and less expensive than our previous Iridium 9522A model, which allows our customers to integrate it into smaller devices while improving our margins as well as the margins of our distributors. The Iridium 9522B is functionally equivalent to the Iridium 9522A, which will allow our distributors to easily integrate it into existing applications.

High-Speed Data Devices

In October 2008, we began shipping our Iridium OpenPort high-speed data terminal to our customers. This device provides dynamic allocation of three independent telephone lines and a high-speed data port configurable from 9.6 to 128 kbps. All voice and data capabilities can be used at the same time. The terminal relies on a relatively compact omni-directional antenna array about the size of a typical small-boat radar dome and contains no moving parts, which greatly reduces cabling, maintenance and repair costs. Our principal customers for Iridium OpenPort are our value-added resellers who integrate the device with their own hardware and software products to provide a suite of customer-focused voice and IP-based data packages for ship business, crew calling and email. We believe the low cost of our OpenPort terminal, combined with our high bandwidth and flexible configuration options, will allow us to grow our share of the existing maritime market while opening up new market sectors, such as luxury yachts, tug boats and other fishing and cruising vessels for which traditional marine satellite systems have typically been too costly. We expect to launch additional enhanced high-speed data devices in the future.

Machine-to-Machine Data Devices

In 2005, we introduced our Iridium 9601 short burst data modem, which provides our machine-to-machine services. The Iridium 9601 is a small data device with two-way transmission capable of sending packet data to and from any point in the world with low latency. Our principal customers for our Iridium 9601 data modems are value-added resellers and manufacturers, who embed the Iridium 9601 into their tracking, sensor, and data applications and systems, such as asset tracking systems. The Iridium 9601 is often combined with a GPS receiver to provide location information across our system to customer applications. In addition, an increasing number of resellers and manufacturers are including a terrestrial global system for mobile communication (GSM) packet radio service modem in their applications to provide low cost cellular data transmission when available. These applications are used by end-users that require the ability to transfer large volumes of data but operate in areas with inconsistent cellular

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coverage. We provide gap-filler coverage for such applications allowing such users to operate anywhere on the globe in locations where cellular coverage is unavailable or unreliable.

Device Manufacturing

Currently, we contract with Cambridge Consulting Ltd. (Cambridge Consulting) to develop all of our devices, which are manufactured by Celestica in facilities in Malaysia and the United States. We maintain long-term agreements with both Cambridge Consulting and Celestica, which are set to expire on October 1, 2009 and January 1, 2010, respectively. Pursuant to the contract with Celestica, we may be required to purchase excess materials from Celestica at cost plus a contractual markup if the materials are not used in production within the periods specified in the agreement. Celestica will then generally repurchase such materials from us at the same price paid by us, as required for the production of the devices. Our agreement with Celestica is automatically renewable for additional one year terms unless terminated by either party. We provide limited warranties to first end-users for a period of one year from the time of sale on all devices, except for OpenPort devices that have a two year warranty period for first end-users.

In addition to our principal products, we also offer a selection of accessories for our devices, including holsters, earbuds, portable auxiliary antenna, antenna adaptors, USB data cables and charging units, among others. We purchase these products from several third-party suppliers off the shelf at market prices and, as such, do not maintain any long-term agreements with such suppliers.

We currently have sufficient inventory of all our voice and data devices to meet our customers demands.

Our Spectrum

We hold licenses to use 8.725 MHz of continuous spectrum in the L-Band, which operates at 1.6 GHz, and allows for two-way communication between our devices and our satellites. In addition, for feeder and inter-satellite links, we are authorized to use 600 MHz of Ka-Band and K-Band spectrum. Of this spectrum, we use 200 MHz of K-Band spectrum for satellite-to-satellite communications, and 400 MHz of Ka-Band spectrum for two-way communication between our satellites and our gateways. Our spectrum position is globally coordinated and recorded by the International Telecommunication Union (ITU). Our products and services are offered in over 100 countries and we continue to seek authorizations in additional countries. Access to this spectrum enables us to design satellites, network and terrestrial infrastructure enhancements cost effectively because each product and service can be deployed and sold worldwide. This broad spectrum assignment also enhances our ability to capitalize on existing and emerging wireless and broadcast applications.

The FCC initially licensed us to operate on 5.15 MHz of the 10.5 MHz of spectrum which Motorola originally designed our system to operate within and later increased our license spectrum to include an additional 3.1 MHz on a shared basis with Globalstar. In November 2007, an FCC order increased our exclusive spectrum to 7.775 MHz with an additional 0.95 MHz shared with Globalstar. On May 1, 2009, the U.S. Court of Appeals for the D.C. Circuit denied a petition for review filed by Globalstar of the FCC s decision to reallocate L-band spectrum from Globalstar to us. The FCC s reallocation decision became final and non-reviewable on July 30, 2009, because Globalstar did not seek rehearing en banc with the U.S. Court of Appeals for the D.C. Circuit or files a petition for certiorari with the U.S. Supreme Court. Globalstar has also filed a petition before the FCC asking for reconsideration of the global effects of the license modification, contending that the FCC s decision should not have affected Globalstar s operations outside of the United States. We have opposed the reconsideration request as without merit, and no decision has been issued by the FCC. The disposition by the U.S. Court of Appeals for the D.C. Circuit does not directly impact Globalstar s pending petition for reconsideration of the FCC

decision to modify Globalstar s license on a global basis. Notwithstanding these challenges by Globalstar at the FCC, modifications to our and Globalstar s licenses consistent with the November 2007 spectrum change took effect on a global basis on December 14, 2008, in accordance with federal law. After the modifications became effective, Globalstar filed before the FCC a request for waivers and special temporary authority to continue operating on spectrum licensed to us in certain gateways outside of the United States. We filed a petition to deny the waiver and special temporary authority requests on January 21, 2009. Briefing on the petition was completed by February 9, 2009, but the FCC has not yet taken any action.

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

Filings to the ITU for our current constellation have been made on our behalf by the United States. We have coordinated frequencies in the mobile satellite services spectrum at L-band (1.6 GHz) for communication between our satellites and end-user devices, frequencies in the Ka-Band (19.4 GHz to 19.6 GHz and 29.1 to 29.3 GHz) for communications between us and the gateways and our satellites, as well as frequencies in the K-Band (23 GHz) for our inter-satellite links.

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

Domestic and Foreign Revenue

We supply services and products to customers in a number of foreign countries. We allocate revenues geographically based on where we invoice our distributors, whom we bill for mobile satellite services and related equipment sales. These distributors sell services directly or indirectly to end-users, who may be located elsewhere. It is not possible for us to provide the geographical distribution of end-users, as we do not contract directly with them. Nearly all of our revenues are invoiced in U.S. dollars. U.S. revenues accounted for approximately 48.3% of our revenues between 2006 and 2008. The table below sets forth the percentage of our revenues by country for the period indicated:

	% of Revenue by Country(1)			
	Year ended December 31, 2006	Year ended December 31, 2007	Year ended December 31, 2008	Six months ended June 30, 2009
United States	48.1%	48.0%	48.6%	48.2%
Canada	15.8%	16.9%	17.2%	14.0%
Other Countries(2)	36.1%	35.1%	34.2%	37.8%

(1) This table allocates revenues geographically based on where we invoice our distributors and not according to the location of our end-users.

(2) No other country represents more than 10% of our revenue for any of the periods indicated.

For more information about our revenue from sales to foreign and domestic customers, see Note 6 to our consolidated financial statements contained herein.

Traffic Originating Outside the U.S.

A significant portion of our voice and data traffic originates outside the United States. The table below estimates the percentage of our commercial voice and data traffic originating outside the U.S. for the years ended December 31, 2006, 2007 and 2008, and the six months ended June 30, 2009.

	Traffic originating outside the U.S.			
	Year ended December 31, 2006	Year ended December 31, 2007	Year ended December 31, 2008	Six months ended June 30, 2009
Commercial voice traffic (minutes)	93.2%	92.1%	90.1%	90.6%
Commercial data traffic (kilobytes)	44.7%	52.4%	74.7%	69.9%

Our Network

Current Constellation

Our satellite network includes 66 in-orbit LEO satellites, in addition to seven in-orbit spares. We also maintain a non-service in-orbit spare which we use for testing purposes. The satellites operate in six orbital planes of eleven vehicles each in nearly circular polar orbits. Our satellites orbit at an altitude of approximately 483 miles (778 kilometers) above the earth and travel at 16,689 mph resulting in a complete orbit of the earth approximately every 100 minutes. The design of our constellation ensures that generally at least one satellite is visible to subscribers from any point on the earth s surface, covering all of the world s population. While our constellation offers 100% global coverage, satellite services are not available in locations where a satellite signal cannot be transmitted or received or when the device does not have a direct line of sight to a satellite (e.g. inside a building).

Our constellation is unique in its usage of radio frequency crosslinks between its satellites. These crosslinks enable each satellite to communicate with up to four other satellites in space two in the same orbital plane and two in adjacent planes. All of our traffic is routed between satellites, which minimizes the ground infrastructure necessary to support the constellation. This interlinked architecture enables a single ground station gateway to support all commercial traffic globally. This allows the satellite that is then passing over the ground station to transmit all traffic to and from the rest of the satellite constellation to terrestrial-based networks such as the public switch telecommunication network.

We believe our interlinked satellite infrastructure provides several advantages over networks that rely on terrestrial gateways like Globalstar s and Orbcomm s networks. We have the only satellite network with 100% global coverage, and our constellation is less vulnerable to single points of failure, since traffic can be routed around any one satellite problem to complete the communications path. In addition, the lack of ground stations increases the security of our constellation, a factor that makes our network particularly attractive to government institutions and large enterprises that require secure voice and data communications. The low orbit of our constellation also allows our network to operate with low latency due to the proximity of our satellites to the earth.

All of our satellites are virtually identical in design and functionality, which allows satellite diversity for mitigation of service gaps from individual satellite outages. Each satellite has a high degree of on-board subsystem redundancy, an on-board fault detection system and isolation and recovery for safe and quick risk mitigation. Our ability to reconfigure the orbital location of each satellite provides us with operating flexibility and commercially-acceptable level of service. If a satellite should fail or become unusable in most cases, we can also reposition one of our in-orbit spare satellites to take over its functions. If there is an in-orbit spare located in the orbital plane of the failed satellite, such repositioning can be accomplished within days with minimal impact on our services. If there is no in-orbit spare located in the relevant orbital plane, redeploying an in-orbit spare into the affected plane will take at least one year. The design of our space and ground control system facilitates the real time intervention and management of the satellite constellation and service upgrades via software enhancements.

Our commercial gateway is located in Tempe, Arizona. This gateway has multiple antennas that communicate with our satellites and pass calls seamlessly between gateway antennas and satellites as the satellites traverse the gateway, thereby connecting signals from the terminals of end-users to our gateways. Additional gateways can be added to the network to enable dedicated communications links that are not dependant on localized terrestrial telecommunications infrastructure where subscribers are using our services. Such gateways would be able to generate and control all user information pertaining to our registered users, such as user identity, geo-location and call detail records. The DoD owns and operates a dedicated gateway in Hawaii for U.S. government users to take advantage of this unique capability. This gateway provides an interface between voice and data devices and the Defense Information Systems Network, providing DoD users with secure communications capabilities. We are also in discussions with parties in countries that require physical gateways within their jurisdiction to build or reactivate additional gateways to connect the traffic to the constellation coming to and from their territory, including China and Russia.

We operate our satellite constellation from our satellite network operations center in Leesburg, Virginia. This facility manages the performance and status of each of our satellites, developing and distributing routing tables for use by the satellites and gateways, directing traffic routing through the network and controlling the formation of coverage areas by the satellites main mission antennas. We also operate telemetry, tracking, and control stations and satellite earth station facilities in Fairbanks, Alaska and Chandler, Arizona in the United States, and northern Canada and Norway. The Alaskan ground station also provides earth terminal backup capability for the Tempe Gateway.

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

We have experienced six satellite failures since we reintroduced commercial satellite services in 2001 which have resulted in the complete loss of the affected satellites or the loss of the ability of the satellite to carry traffic on the network. We experienced our first satellite failure in July 2003. This failure has been attributed to a non-recoverable anomalous short circuit in the satellite s IBE. Two additional satellites failed as a result of this anomaly in August 2005 and December 2006. In part, as a response to this anomaly, we have implemented several procedures across the constellation to attempt to mitigate the severity of a similar anomaly in the future and/or prevent it from resulting in mission-critical failures of our other satellites. These procedures include reducing the peak operating temperature of the IBE during portions of the solar season, as well as modifying the on-board software of our satellites to immediately carry out certain autonomous actions upon detecting future occurrences of this type of anomaly.

We have experienced three additional satellite failures unrelated to IBE short circuits. In April 2005, one of our satellites failed as a result of a radiation-induced single event upset anomaly, which corrupted the satellite s on-board time reference. Accurate time reference is critical to determine a satellite s ephemeris (its orbital location with respect to the earth), attitude (its pointing direction) and the sun s position. In December 2005, we were unable to remedy a failure in the crosslink digital reference oscillator of another of our satellites, resulting in the satellite s failure. Failure of the digital reference oscillator disables the affected satellite s crosslinks and, thus, its ability to communicate with the rest of the satellite constellation. More recently, in July 2008, another of our satellites experienced an attitude control anomaly as a result of sudden loss of communications between its IBE and its primary space vehicle and routing computer. The nature of this anomaly coupled with the software state of the vehicle at the time (resulting from an on-board software fault response to a prior anomaly) resulted in the inability of the on-board software to correct the computer communications anomaly and control of the satellite was lost.

We have experienced one satellite to satellite collision. On February 10, 2009, we lost an operational satellite (SV33) as a result of a collision with a non-operational Russian satellite (Cosmos 2251). On March 4, 2009, we completed the replacement of SV33 with an in-orbit spare. The unique architecture of our fully-meshed network of 66 satellites enabled the commercially-acceptable level of service to customers with only limited service disruption while the in-orbit spare was prepared and maneuvered into the constellation.

We have categorized three types of anomalies among the satellites in our constellation that, if they materialize throughout the satellite constellation, have the potential for a significant operational impact. These include: (a) a non-recoverable anomalous short circuit in a satellite s IBE, as discussed above; (b) excessive power subsystem degradation resulting from satellite battery wear-out or excessive loss of solar array power output and (c) failures to critical payload electronic parts arising from accumulated radiation total dose.

Based on the failures and anomalies we have experienced to date, and considering the potential for future anomalies related to the three categories discussed above, we believe our in-space constellation will provide commercially-acceptable level of service through 2014. In addition, we believe our constellation can be operationally functional with less than 66 satellites while experiencing some service degradation. We expect to be able to mitigate satellite failures through the use of the remaining seven in-orbit spares, the implementation of software solutions, and by landing communications traffic at our ground station in Alaska and backhauling traffic to the Tempe gateway for processing and termination. However, there can be no assurance that our satellites will not fail faster than expected or that we will be able to mitigate any future failures.

In addition to our seven spare satellites, we own spare parts for certain equipment in our gateway and Telemetry, Tracking and Control Station (TTACs). We selectively replace parts for our gateway and TTACs as necessary and maintain an inventory of spare parts which we continuously monitor. In addition, when we do not have necessary spares in inventory or such spares become obsolete, we rely on third parties to develop necessary parts.

We use the services of third-party Boeing contractors to operate our constellation pursuant to a long-term operations and maintenance agreement with Boeing. Under the terms of this agreement, Boeing provides operations and maintenance services with respect to our satellite network (including engineering, systems analysis and operations and maintenance services) from our technical support center in our Chandler, Arizona control station and our satellite network operations center in Leesburg, Virginia. The life of the agreement runs concurrent with the estimated useful life of our constellation.

Pursuant to our transition services, products and asset agreement with Motorola, the original system architect and prior owner, and a separate agreement with the U.S. government, we are required to maintain an in-orbit liability insurance policy with a de-orbiting endorsement to cover

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the de-orbiting of our satellite constellation in the amount of $500.0 million per occurrence, and $1.0 billion annually. The current policy (together with the de-orbiting endorsement) covers amounts that we and certain other named parties may become liable to pay for bodily injury and/or property damages to third parties related to processing, maintaining and operating our satellite constellation and, in the case of the de-orbiting endorsement, de-orbiting the satellite constellation. The policy covers us, the U.S. government, Boeing, as operator of our system, Motorola and other named beneficiaries. The policy has been renewed annually since the expiration of the original policy s three-year term in 2003. The current policy has a one-year term, which expires December 12, 2009. In addition, Motorola maintains a separate $1.0 billion product liability policy to cover its potential liability as manufacturer of the satellites. We pay the premium for Motorola s policy.

In addition, we do not maintain in-orbit insurance covering losses from satellite failures or other operational problems affecting our constellation.

Constellation De-Orbiting Rights

When Iridium Satellite purchased the assets of Iridium LLC out of bankruptcy, Boeing, Motorola and the US government insisted on having certain de-orbit rights as a way to control potential liability risk arising from future operation of the constellation and provide for the U.S. government s obligation to indemnify Motorola. As a result, an agreement was entered into among Iridium Satellite, Boeing, Motorola and the U.S. government, the U.S. government obtained the right to, in its sole discretion, require us to de-orbit our constellation upon the occurrence of any of the following with respect to Iridium Satellite: (a) its failure to pay certain insurance premiums or maintain insurance; (b) its bankruptcy; (c) its sale or the sale of any major asset in its satellite system; (d) Boeing s replacement as the operator of its satellite system; (e) its failure to provide certain notices as contemplated by the agreement; or (f) at any time after June 5, 2009, unless extended by the U.S. government. The U.S. government also has the right to require us to de-orbit any of our individual functioning satellites (including in-orbit spares) that has been in orbit for more than seven years, unless the U.S. government grants a postponement. As of August 2009, all of our functioning satellites have been in orbit for more than seven years. We are currently in discussions with the U.S. government to extend the 2009 deadline.

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

Pursuant to the operations and maintenance agreement between Iridium Constellation and Boeing, Boeing similarly has the unilateral right to de-orbit our constellation upon the occurrence of any of the following events: (a) Iridium Constellation s or Iridium Satellite s bankruptcy; (b) the existence of reasonable grounds for Boeing to question the financial stability of Iridium Constellation; (c) Iridium Constellation s failure to maintain certain insurance policies; (d) Iridium Constellation s failure to provide Boeing certain quarterly financial statements; (e) Iridium Constellation s breach of the operations and maintenance agreement, including its

payment obligation thereunder; or (f) changes in law or regulation that may increase the risks or costs associated with the operation and/or re-orbit process or the cost of operation and/or re-orbit of the constellation. Pursuant to an orbital debris mitigation plan filed with the FCC and incorporated into our space station license in 2001, we are required to lower each satellite to an orbit with a perigee of approximately 250 kilometers as it reaches the end of its useful life and coordinate these orbit-lowering maneuvers with the United States Space Command. We have applied to modify our license to conform these requirements to the less stringent de-orbit standards adopted by the FCC in 2004 for all new satellite applications. Our modification application remains pending.

Iridium NEXT

Our satellites have so far exceeded their original design lives and we are currently developing our next-generation satellite constellation, Iridium NEXT, which we expect to commence launching in 2014. The current constellation is expected to provide commercially-accepted level of service until 2014. We anticipate that Iridium NEXT will have more than twice the capacity of our existing satellite constellation. The new satellite constellation will be backward compatible with our first generation system and will replace the existing constellation with what we believe will be a more powerful and capable satellite network. We believe Iridium NEXT s increased capabilities will expand our target markets by enabling us to offer a broader range of products and services, including a wider array of broadband data services.

Iridium NEXT will maintain the current system s unique attributes, including LEO architecture, the capability to upload new software, global coverage, low latency and high availability, and will continue to support existing applications and equipment, while providing new and enhanced capabilities, such as:

- higher speeds and greater flexibility for core voice and data services;
- the ability to host lower cost, private network gateways, providing greater control of voice and data traffic; and
- regional broadcast capabilities, enabling global paging and point-to-multi-point broadcasting of data services to select groups.

In addition, Iridium NEXT will be designed to host secondary payloads for U.S. and international government and commercial customers, including remote sensing and climate monitoring applications. We expect these secondary payloads to defray a portion of capital expenditures related to Iridium NEXT and generate recurring revenues.

In 2007, we conducted a request for information with over 60 companies for the development and launch of the new system. We have since narrowed our search for a prime system contractor to two companies, Lockheed Martin Corporation and Thales Alenia Space. These companies are currently working with input from our engineers to design a system that satisfies our technical, timing and cost requirements. We expect to enter into a definitive agreement with a prime contractor for the design, manufacture and deployment of our new constellation by the end of 2009 or in early 2010. We estimate the gross costs associated with Iridium NEXT and related infrastructure upgrades to be approximately $2.7 billion, including the manufacture of satellites, launch costs and gateway infrastructure upgrades. We expect to fund a majority of these costs from internally generated cash flows, including potential revenues from secondary payloads, and proceeds from the Acquisition. We expect to finance the remaining cost by raising additional debt and/or equity financing.

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Competition

The global communications industry is highly competitive. We currently face substantial competition from other service providers that offer a range of mobile and fixed communications options. Our most direct competition comes from other global mobile satellite services providers. Currently, our principal global mobile satellite services competitors are Inmarsat, Globalstar and Orbcomm. We compete primarily on the basis of coverage, quality, mobility and pricing of services and products.

Our main competitor, United Kingdom-based Inmarsat, has been a provider of communications services, including voice and data services, since 1982. Inmarsat owns and operates a fleet of GEO satellites. Unlike LEO satellites, GEO satellites orbit the earth at approximately 22,300 miles above the equator and are able to cover approximately 70% of the earth s surface. GEO operators require substantially larger and more expensive antennas, and typically have higher transmission delays than LEO operators. Due to its GEO system, Inmarsat s coverage area extends and covers most bodies of water except for a majority of the Polar Regions. Accordingly, Inmarsat is the leading provider of satellite communications services to the maritime sector. Inmarsat also offers land-based and aviation communications services. During April 2009, Inmarsat acquired Stratos Global Corporation, one of our main distributors and in July 2009, it completed its long-term distribution and product development agreements with SkyWave Mobile Communications. Inmarsat generally does not sell directly to end-users.

U.S.-based Globalstar owns and operates a fleet of LEO satellites. Globalstar began commercial services in 2000. In addition, Globalstar s service is available only on a multi-regional basis as a result of its bent pipe architecture, which requires that voice and data transmissions be routed from satellites immediately to nearby ground stations. This design requires the use of multiple ground stations, which are impractical in extreme latitudes or over oceans. Unlike Inmarsat and us, Globalstar sells a higher percentage of its products and services directly to end-users. Globalstar has recently indicated that satellite failures and other problems affecting its constellation are affecting and will continue to affect its ability to provide two-way services in the future. Globalstar is also in the process of building its second-generation satellite constellation, which is expected to be launched between 2010 and 2014. In July 2009, Globalstar announced it has completed the financing of approximately $738.0 million for its second generation of satellite constellation, supported by credit insurance from Coface, the export credit agency acting on behalf of the French government.

U.S.-based Orbcomm also provides commercial services using a fleet of LEO satellites. Like Globalstar, Orbcomm s network also has a bent pipe architecture, which limits its coverage area. Orbcomm s principal focus is low-cost data and machine-to-machine services, where it directly competes with our machine-to-machine offerings. Orbcomm s services generally have a certain amount of latency, which may limit their use in certain mission critical applications. It does not offer voice service or high-speed data services. Orbcomm is similarly developing its second-generation satellite constellation. In addition, in July 2009, Orbcomm announced it has reached an agreement with a third party to incorporate Code Division Multiple Access (CDMA)-based terrestrial wireless services to its satellite and GSM services. Orbcomm expects to make CDMA-based wireless services available to its customers beginning in August 2009.

We compete with regional mobile satellite communications services in several geographic markets. In these cases, the majority of our competitors customers require regional, not global, mobile voice and data services, so our competitors present a viable alternative to our services. All of these competitors operate GEO satellites. Our regional mobile satellite services competitors currently include Thuraya, principally in Europe, the Middle East, Africa, Australia and several countries in Asia; and SkyTerra in the Americas. In addition, several regional mobile satellite services companies, including ICO, TerreStar and SkyTerra, are attempting to exploit their

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spectrum positions into a U.S. consumer mobile satellite services business; however such operators currently offer limited or no services. In July 2009, TerreStar launched its satellite TerreStar 1 and had its first end-to-end phone call completed.

We compete indirectly with terrestrial wireline (landline) and wireless communications networks. We provide service in areas that are inadequately covered by these ground systems. To the extent that terrestrial communications companies invest in underdeveloped areas, we will face increased competition in those areas. We believe that local telephone companies currently are reluctant to invest in new switches, landlines and cellular towers to expand their networks in rural and remote areas due to high costs and limited usage. Many of the underdeveloped areas are sparsely populated so it would be difficult to generate the necessary returns on the capital expenditures required to build terrestrial wireless networks in such areas. We believes that our solutions offer a cost-effective and reliable alternative to terrestrial-based wireline and wireless systems and that continued growth and utilization will allow us to further lower costs to consumers.

We will also face competition for our land-based services in the United States from incipient ATC services providers. In February 2003, the FCC adopted rules that permit satellite service providers to establish ATC networks. ATC authorization enables the integration of a satellite-based service with terrestrial wireless services, resulting in a hybrid mobile satellite services/ATC network designed to provide advanced services and broad coverage throughout the United States. The ATC network would extend satellite services to urban areas and inside buildings where satellite services currently are impractical. Outside the United States, other countries are considering implementing regulations to facilitate ATC services.

The mobile satellite services industry has significant barriers to entry, including the cost and difficulty associated with obtaining spectrum licenses and successfully building and launching a satellite network. In addition to cost, there is a significant amount of lead-time associated with obtaining the required licenses, building the satellite constellation and deploying the ground network technology.

Regulatory Matters

U.S. Antitrust. Under the HSR Act and the rules that have been promulgated thereunder by the Federal Trade Commission (the FTC), the Acquisition may not be consummated unless GHQ and we furnish certain information to the Antitrust Division of the United States Department of Justice (the Antitrust Division) and the FTC and specified waiting period requirements have been satisfied. Pursuant to the requirements of the HSR Act, GHQ and we each filed a Notification and Report Forms with respect to the Acquisition with the Antitrust Division and the FTC. GHQ filed its notification on October 3, 2008 and we filed our notification on October 6, 2008. Early termination of the waiting period applicable to the Acquisition was granted by the FTC on October 10, 2008.

The Antitrust Division and the FTC frequently scrutinize the legality under the antitrust laws of transactions such as the Acquisition. At any time before or after consummation of the Acquisition, the Antitrust Division or the FTC could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the completion of the Acquisition or seeking the divestiture of substantial assets of GHQ or us. Private parties (including individual states) may also bring legal actions under the antitrust laws. We do not believe that the consummation of the Acquisition will result in a violation of any applicable antitrust laws. However, there can be no assurance that a challenge to the Acquisition on antitrust grounds will not be made or, if this challenge is made, what the result will be. See the sections in GHQ s Proxy Statement on Schedule 14A filed with the SEC on August 28, 2009 entitled The Transaction Agreement Conditions to the Closing for certain conditions to the Acquisition,

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including conditions with respect to litigation and certain governmental actions and The Transaction Agreement Termination for certain termination rights pursuant to the Transaction Agreement in connection with legal prohibitions to completing the Acquisition.

Foreign Competition Law Filings. We and our subsidiaries own property and conduct business in a number of foreign countries. In connection with the Acquisition, the laws of certain of these foreign countries may require the filing of information with, or the obtaining of the approval of, governmental authorities therein. The parties do not believe that any such filings or approvals are required by these laws, but intend to take such action as they may require.

FCC Licenses. Certain of our subsidiaries and affiliates of hold one or more licenses or authorizations (each an FCC License and collectively the FCC Licenses) issued by the FCC. Under the Communications Act of 1934, as amended, and the rules and regulations of the FCC, prior to completion of the Acquisition, the FCC must approve the transfer of control of these subsidiaries and affiliates and their FCC Licenses to GHQ. Therefore, on October 21, 2008, GHQ and each of our subsidiaries or affiliates that holds one or more FCC Licenses jointly filed an application with the FCC requesting such approval (each an Application and collectively the Applications).

Globalstar License LLC (Globalstar License) filed a petition to deny the Applications. Cornell University (Cornell), International Communications Group, Inc. (ICG) and Rockwell Collins, Inc. (Rockwell) filed comments with respect to the Applications. The commenters did not oppose the proposed transfer of control of us but asked the FCC to adopt certain conditions in connection with its grant of the Applications. The comments and requests for conditions filed by ICG and Rockwell Collins were subsequently withdrawn.

On August 14, 2009, the International Bureau of the FCC, acting on delegated authority, denied Globalstar License s petition to deny and Cornell s request for conditions and granted the Applications (the Order). Grant of the Applications was conditioned on compliance by us, Iridium Carrier Holdings LLC, GHQ, and their respective subsidiaries and affiliates with the commitments and undertakings set forth in the National Security Agreement dated August 17, 2001, previously filed with the FCC, among Iridium Holdings LLC, Iridium Satellite LLC, Iridium Carrier Holdings LLC and Iridium Carrier Services, LLC, on the one hand, and the DOJ and the Federal Bureau of Investigation (FBI), on the other (the National Security Agreement). The Order was effective immediately upon release but is subject to reconsideration by the International Bureau and/or review by the FCC. According to available public records of the FCC, no third party sought reconsideration or review and the International Bureau did not act to reconsider the Order on its own motion by September 14, 2009, and the FCC did not act to review the Order on its own motion by September 23, 2009. Therefore, presuming that no reconsideration or review filings or decisions were timely made, the Order became a final order on September 23, 2009 and is no longer subject to reconsideration or review. The FCC also noted in the Order that the record did not contain sufficient information to determine whether a previous investment by Baralonco Limited in Iridium Carrier Services LLC, at the time it was made, fell within the parameters specified in the FCC s 2002 order authorizing foreign investment in us. Accordingly, the FCC stated that its grant of the Applications is without prejudice to any enforcement action by the FCC for non-compliance with the Communications Act of 1934, as amended, the FCC s rules and regulations, and the 2002 order.

Foreign Licenses and Authorizations. We, either directly or indirectly through certain of our subsidiaries and affiliates, provide communications services to subscribers in foreign countries in all regions of the world. In many of these countries, we, our subsidiaries and/or affiliates have received government licenses or other authorizations to provide such services. In certain of these countries, completion of the Acquisition may require either government approval or notification

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of the change in control over the pertinent licenses or authorizations. No assurance can be given that, if any such approvals are required, they will be obtained.

General. It is possible that governmental authorities having jurisdiction over GHQ and us may seek regulatory concessions as conditions for granting approval of the Acquisition. A regulatory body s approval may contain terms or impose conditions or restrictions relating or applying to, or requiring changes in or limitations on, the operation or ownership of any asset or business of GHQ, us or any of their subsidiaries, or GHQ s ownership of us, or requiring asset divestitures, which conditional approval could reasonably be expected to result in a substantial detriment to GHQ, us and their subsidiaries, taken as a whole, after the closing of the Acquisition. If this kind of approval occurs, in certain circumstances, GHQ can decline to close under the Transaction Agreement. We can give no assurance that the required regulatory approvals will be obtained on terms that satisfy the conditions to closing of the Acquisition or are within the time frame contemplated by GHQ and us. See the section entitled The Transaction Agreement Conditions to the Closing of the Acquisition in GHQ s Proxy Statement on Schedule 14A filed with the SEC on August 28, 2009.

Employees

As of June 30, 2009, we had 168 full-time employees, none of whom is subject to any collective bargaining agreement. We consider our employee relations to be good.

Properties

Our principal headquarters are located in Bethesda, Maryland, where we currently lease 13,417 square feet of office space. On August 17, 2009, we signed a lease for 21,573 square feet of office space in McLean, Virginia, which will serve as our new principal headquarters. We do not expect to occupy the new headquarters before the first quarter of 2010. We also own or lease the facilities described in the following table: