
— PARTICIPANTS

Corporate Participants

Steve E. Kunszabo – Head-Investor Relations
Matthew J. Desch – Chief Executive Officer & Director
Thomas J. Fitzpatrick – Chief Financial Officer

Other Participants

Jonathan Atkin – Analyst, RBC Capital Markets Equity Research
James D. Breen – Analyst, William Blair & Co. LLC
Brian W. Rutenbur – Analyst, Morgan Keegan & Co., Inc.
Chris D. Quilty – Analyst, Raymond James & Associates
Amy Yong – Analyst, Macquarie Capital (USA), Inc.
Christopher C. King – Analyst, Stifel, Nicolaus & Co., Inc.
Jeff L. Matthews – Analyst, RAM Partners LP

— MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to the Iridium Fourth Quarter 2011 Earnings Conference Call. At this time, all participants are in a listen-only mode. Later, we'll conduct a question-and-answer session and instructions will follow at that time. [Operator Instructions] As a reminder, this conference call is being recorded.

I would now like to turn your call over to your host for today Mr. Steve Kunszabo, Head of Investor Relations. Sir, you may begin.

Steve E. Kunszabo, Head-Investor Relations

Good morning, and thanks for joining us. I'd like to welcome you to our fourth quarter 2011 earnings call. Joining me on the call this morning are CEO, Matt Desch and our CFO, Tom Fitzpatrick. Today's call will begin with a discussion of the 2011 fourth quarter and full year results followed by Q&A. I trust you've had an opportunity to review this morning's earnings release, which is available on the Investor Relations section of Iridium's website.

Before I turn things over to Matt, I'd like to caution all participants that our call this morning may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical fact and include statements about our future expectations, plans and prospects. Such forward-looking statements are based upon our current beliefs and expectations and are subject to risks which could cause actual results to differ from the forward-looking statements.

Such risks are more fully discussed in our filings with the Securities and Exchange Commission. Our remarks today should be considered in light of such risks. Any forward-looking statements represent our views only as of today and while we may elect to update forward-looking statements at some point in the future, we specifically disclaim any obligation to do so even if our expectations or views change.

During the call, we'll also be referring to certain non-GAAP financial measures. These non-GAAP financial measures are not prepared in accordance with generally accepted accounting principles.

Please refer to today's earnings release and the Investor Relations section of our website for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures.

With that, let me turn things over to Matt.

Matthew J. Desch, Chief Executive Officer & Director

Thanks, Steve and good morning, everyone. Thanks for joining us. This morning, we recorded fourth quarter and full year result that delivered on the operating and strategic targets we set for ourselves in 2011, again demonstrating the consistency and leverage of our business model. We'll grow again nicely in 2012 and beyond and Tom will have more on our financial profile and trajectory a little later on.

Our industry is still evolving rapidly and the competitive landscape continues to take interesting turns mostly in a positive direction for Iridium. Frankly, we continue to perform so well because as we say, we do some very important things in different ways than the rest of our industry.

We spent a fair amount of time with you in 2011 discussing our business strategy and reviewing the sustainable competitive advantages that set us apart. I hope everyone understands them by now, attractive and growing markets and a superior network, a great partner ecosystem and a recurring service revenue business with strong operating leverage and predictable cash flow growth. These pillars are the foundation of our success, but they don't fully capture what pushes us to deliver cutting edge communications devices and services. Obsessive innovation is a common threat. The creativity and diversity of our partner channel is a common threat. Revolutionizing the way people and organizations connect is a common threat. So I'd like to spend our time today highlighting how we do important things differently and what that means for 2012 and beyond.

Perhaps the clearest way I can say this, we're not just about satellite phones or data modems. We're not just about leading on a single product category or legacy market or about adjusting pricing on the same product when nothing else has changed. What excites us building this business has been a catalyst for technology innovation. What inspires us along with our partners is innovating to meet the critical communication needs of our customers.

For example, we're integrating Iridium technology into small and low cost commercial chipsets for M2M applications and personal communication devices and recently launched a first of its kind solution with our partner, Global. We're also developing our own software based air interface or wave form for tactical military radios, expanding them from land based threshold devices to global the online and site communication tools.

We're working with something like 26 partners now who are developing unique devices around our new Iridium Core 9523 platform, which is just entering commercial availability. By providing developers with the essential core of our new Extreme phone, we've opened up our technology to support the creation of exciting new devices and handsets. This is of course on top of the good early traction we've had with our own recently launched personal communication products and location-based data portals. In the end, we want our technology to be embedded all over the place in global communications infrastructure and we've already begun to make this happen.

In our commercial business, the profile of our markets and competitive footing is only growing stronger mostly because of things we're doing and in part due to the actions of our competitors. We grew voice subscribers 13% over the year ago quarter and posted our 5th consecutive quarter of at least 50% year-over-year M2M subscriber growth. But our consistent execution is just part of the story.

We've already filled several thousand new orders for our Iridium Extreme handsets and our Wi-Fi hotspot accessory is contributing healthy double-digit ARPUs right out of the gate. We are also seeing a nice balance in the uptake of the higher priced Iridium Extreme handset against our lower priced workhorse 9555 phone, which is supportive of our already strong operating margins in our voice business. While it's still early, we can't help but be excited by the positive impact these new products may have on ARPU and service revenue in the months and years to come. And when you consider the many location-based data portals being introduced by nearly three dozen developers and distribution partners that work with Iridium Extreme, our technology is reaching even further into the communications ecosystem.

In the maritime business, we are emboldened by the very positive reception we are getting to our second generation maritime broadband platform, Iridium Pilot. It's small, durable and has enhanced capabilities to optimize telecommunications across fleets. Most importantly, it provides fully global voice and broadband data connectivity to our maritime customers at an affordable cost.

We've also combined truly global coverage and even faster data speeds through our partnerships with KVH and [ph] DeSoto (6:53) and their VSAT platforms. This integrated package provides a complete communication solution for this market and is a great example of how a motivated partner channel magnifies our impact and reach. This is really part of a broader strategy to be the leader with a value-oriented broadband offering in this space. Stay tuned for more news from us on that front.

This same heritage of inventiveness holds true in our M2M business, whose subscribers now represent a meaningful 35% of our commercial customer base. Our 9602 M2M device continues to set the standard for us with more than 40,000 units sold during the fourth quarter, which was 101% year-over-year increase and there is more we can do here.

In the next few months, we'll launch our next generation 9603 transceiver. It will be 70% smaller, lighter and equally cost competitive for our customers. Some of our value-added resellers have [ph] it specs (7:52) and are already developing applications using this new platform. While it will not replace our hugely successful 9602 M2M device, we expect it to be one more great product for our partners to innovate around.

As for gaining traction in the consumer space, it's early going here too as two-way personal communicator devices from partners such as BriarTek and DeLorme are just being rolled out. BriarTek specializes in man down systems for the maritime market and has a strong history working with both commercial and government customers on personnel tracking solutions. DeLorme, as many of you know, is focused on the consumer segment and recently shared with us that they are pleased with the early uptake of their inReach device.

As our innovation and progress in each of these segments suggest, it's important for me to reinforce how critical a diverse and economically incentivized partner channel is to our success. I am just back from our 2012 Partners Conference and it's clear listening to them that they are more energized than ever to grow their business with us. We had over 360 attendees and more than 40 trade show booths. The vibe was incredibly open and positive with many senior executives and tenants and partners came away excited about our product roadmap and mutually supportive relationship. We appreciate their independence as it drives creativity and innovation on a scale that we couldn't do alone. We incentivize our partners with clear and simple economics and don't compete against them for the same customers. This strategy makes sense to our partners because they can sell more of our services and make higher margins. It benefits Iridium because we expand our presence in a low cost way and amplify our operating leverage.

So turning now to our government operation, with the diversity of our service revenue profile is expected to sustain our long-term growth despite a few near term challenges for this area. While our basic voice subscriber and service revenue growth have slowed down these last two quarters,

our M2M business continues to grow and Netted continues to be a very important new area of growth.

More importantly, we continue to be regarded as a key partner in the government's communications network. We believe reliance on Iridium products and services will only grow as U.S. recalibrates its armed forces to be more contingency-oriented. Soldiers will need always ready, always available communication devices on short notice and we're part of that tool kit. As we said before, there is certainly headwinds in this business from reduced government spending in troop levels and we'll continue to monitor how these changes may impact our business going forward.

Overall, we expect to continue to see lower net activations in our traditional handset business. We're also going to see slower Netted Iridium orders in 2012 as the U.S. government customer continues to make a \$13.4 million adjustment to further develop and expand the service. Department of Defense customers are waiting until the next phase is launched later this year, which is why we expect to see a return to more robust subscriber growth in government Netted in 2013.

While the voice market may be growing a little more slowly, the M2M side of the government business continues to ramp nicely, posting 57% year-over-year subscriber growth in the fourth quarter. With our next generation M2M device, which is really tailor-made for government applications and specialized tracking services on the horizon, we expect continued momentum in this segment.

I think it's also encouraging to note that the U.S. government continues to spend millions of dollars with us to upgrade a proprietary gateway to be Iridium NEXT ready, further validating the lasting and long-term nature of our relationship with this important customer.

So, moving finally to our Iridium NEXT and hosted payloads progress, we've completed the preliminary design review for a new satellite system, the first major milestone in a five-year development schedule and Thales continues to make good progress on our build. My very experienced team works closely with Thales to ensure our design requirements are met and we're still on track to begin deploying Iridium NEXT in early 2015, just three years away. This is all in context of our current network which is healthy and continues to perform very well and for which thanks to our in-orbit spares and flexible design, we fully expect to remain that way through the launch of NEXT.

As for our hosted payloads opportunity, we're close to announcing the details of our primary mission, which you should expect in the second quarter. We're spending the majority of our effort and time on forming a global aviation monitoring business with strategic partners, which would deploy a payload that monitors aircraft all over the world and then supplies that information in near real-time to air navigation service providers such as the FAA and NAV CANADA.

Let me quickly remind everyone of the value proposition here. It would be a relatively small and cost effective payload that extends already planned next-generation terrestrial coverage over ocean routes, remote areas and developing nations. Today, we fly in large parts of the world where there is no radar coverage and where airplanes are still kept for apart due to their lack of visibility and control. We think our hosted payloads system on Iridium NEXT could change all that and create excellent returns for our shareholders.

We're doing the system engineering in evaluating technical partners to develop the payload. We're working with business partners including air traffic management system integrators, aircraft manufacturers, airlines and avionics suppliers not just in developing the business model, but its potential strategic sponsors alongside us. We're deeply engaged with the FAA and other air navigation service providers around the globe, whose support plays a critical role in the success of this project. To that end, we're working with these regulators to adopt satellite based global aviation

monitoring. We're also working to put together the best consortium of commercial partners to successfully exploit this opportunity before we announce the full details of our plan. Again, we expect this to be quite soon in the second quarter.

We remain excited about the possible benefits. Airlines would save billions in fuel and improve operational efficiency. Airlines could take advantage of optimal climb gradients, preferred routes and more capacity as the spacing of the aircraft would be significantly improved. Flight safety would also improve in remote and uncovered regions where there is no air traffic management surveillance infrastructure. The business case appears very attractive to provide this service.

So in closing, while the foundation of our business strategy and sustainable competitive advantages haven't changed, the common threats of innovation and delivering cutting edge communication would guide us forward. We're revolutionizing the ways that people and organizations connect in ways they never thought possible.

I want to thank my colleagues at Iridium and our many partners and customers for their loyalty, dedication and hard work in making 2011 a year of robust growth. I look forward to strong execution and continue momentum in 2012.

With that, I'll turn over to Tom for a more detailed financial review.

Thomas J. Fitzpatrick, Chief Financial Officer

Thanks Matt and good morning everyone.

As Matt discussed, we announced fourth quarter and full year 2011 results that achieved our upwardly revised financial targets. We continue to grow for the same reasons we always have, a strong ground in attractive markets, a superior network, a robust partner channel and a recurring service revenue business. We'll continue to win because we're doing things in our industry that no one else can.

Let me put it as plainly as possible. We're innovating and introducing products that no one else has considered or even can consider from a technology standpoint. We've developed a multiple device handset strategy, a Wi-Fi Hotspot accessory and push-to-talk capabilities. We're engaged in business and technical development for new chipset solutions and software-based waveforms. We're investing to introduce a variant of our Iridium Extreme handset, which will be qualified for sale to U.S. government customers in mid-2012. We're pushing the form factor limits with our soon to be announced next-generation M2M device. It's invigorating to work for a truly global growth company where we and our partners are catalysts for technology innovation.

On to our results, before I take you through our newly issued 2012 outlook and affirm long range financial guidance. Iridium reported fourth quarter total revenue of \$95 million and operational EBITDA of \$44.3 million, [ph] earning (16:36) growth of 8% and 5% respectively from last year's comparable period. As we shared with you in our last call, we expected a substantial increase in our R&D expense during the fourth quarter as we boosted spending on several projects with high expected returns. As a result, our operational EBITDA margin was 47% for the fourth quarter, a modest contraction from 48% in the year ago period.

Fourth quarter net income was \$8.4 million. This compares to net income of \$10.1 million for the year ago quarter. Net income in the prior year period was favorably impacted by a one-time tax benefit.

From an operating viewpoint, we recorded commercial service revenue of \$50.6 million in the fourth quarter, representing 14% growth year-over-year. We added 16,000 net commercial customers

during the quarter for a total of \$475,000 billable subscribers with approximately 14,000 of these net additions coming from the M2M business and 2,000 from the voice market. Commercial M2M data subscribers now represent 35% of billable commercial subscribers, an increase from 29% during the year ago period.

In the voice segment, it should be clear by now that we not only have the ability to defend but grow our leadership position. Global coverage, mobility and devices with advanced features play to our core strength and we're now waging a multi-pronged attack to capture new service revenue streams. Our customers want to send e-mail messages, share data and stay connected no matter where they are in the world. We're the only ones that can able that all over the globe with a portfolio of devices. Our customers can simply connect their iPhone or laptop to the Iridium Network and work the way they want to work.

It's a similar story in the M2M sector. Global coverage and low latency matter, size, weight and form factor and thus innovation matter. Customized solution for the requirement of different vertical markets [ph] distinguished will be (18:33) and our partners bring to the table.

I also came away from our recent Partner's Conference feeling great about the prospects for our business. Partners want to do more with us, particularly in the maritime segment, because we're not introducing our own direct channel that takes sales out of their hands. The medians were standing room only and our Partners came away with a clear understanding why it makes financial sense to align with the industry's best innovator.

Turning now to our government service business, during the fourth quarter we reported government service revenue of \$16 million, up 3% from last year's comparable period. We lost 1000 government voice customers during the quarter, but grew M2M data subscribers 57% over last year. We ended the period with a total of 48,000 billable subscribers with M2M data subscribers now accounting for 23% of the installed base.

As Matt noted, we expect our government voice business to experience slower growth in 2012 as our traditional handset business has been more volatile these last few months, while Netted Iridium subscribers wait for additional features to be introduced. These additional enhancements will support theater-wide deployments, command and control reporting modules and higher capacity for the military personnel that have come to rely on us.

We've already begun to test and validate these global push-to-talk capabilities on our network and have received a great reception from our customers. We offer our government subscribers customized voice and data solutions that other network operators simply can't support and the strategic nature of our relationship has not changed. In fact, the Department of Defense continues to invest with us on its entire product portfolio and proprietary gateway which is a positive sign as we approach the renewal of our long-term contract in 2013.

With these service enhancements already underway for existing products and with the pipeline that includes a software-based Netted waveform that has the potential to be built into the many tens if not hundreds of thousands of tactical radios that are already deployed across the military's communication network, we're confident that we'll see a return to more robust growth in 2013 and beyond.

Focusing next on equipment, which produced revenue of \$22.5 million, a 7% year-over-year gain, resulting from strong handset and M2M unit sales. Our equipment revenue growth has continued to surprise the upside after the clearly very conservative guidance we began with in 2011 further validating how formidable our competitive position really is in the voice market and how successful we've been in growing unit sales in our M2M business. And while we're not providing an equipment revenue target for 2012 today, we continue to expect that healthy unit sales will make a positive

contribution to our growth as in past years. In short, we don't expect a material change from the \$41 million operational EBITDA contribution we derived from equipment revenue in 2011.

Moving now to our financial and operating outlook for 2012 which we issued for the first time this morning, we expect operational EBITDA between \$210 million and \$220 million for the full year 2012, which at the mid-point of a guidance range would be 13% growth when compared to the \$190 million we achieved in 2011.

On the same basis for the full year 2012, we now project the following. Total billable subscriber growth between 20% and 25% in line with our five-year compound annual growth rate for subscribers at 23%. Total service revenue growth between 8% and 11%. As for our long-range guidance, we're affirming these targets; we first shared with you at our December 2010 Analyst Day across the board, more specifically, average service growth between 9% and 13% per year between 2011 and 2015.

It's worth nothing that we think this range still makes sense in light of our 2012 guidance when you consider the boost we expect from the next phase of Netted Iridium product, commercial push-to-talk capabilities, a software waveform, global data broadcast including GPS services and then many other innovations that have been recently introduced or are in our pipeline.

We also expect that operational EBITDA margin of approximately 60% in 2015 which continues to represent the natural operating leverage in our business. We expect negligible cash taxes from 2011 to approximately 20-20 which we updated you on last quarter. We expect net leverage of approximately three times at the end of this year and between four and five times at the end of 2015. We expect the rate of de-leveraging that equates to a half to full multiple operational EBITDA beginning in 2016.

And finally, an update on our capital structure and liquidity position. As of the end of the fourth quarter, we had drawn \$417.1 million from the Coface facility, relating to payments we've made to Thales for their successful completion of contractual milestones for Iridium NEXT and we've now invested nearly \$600 million in the last two years for this approximately \$3 billion project. We had a cash and cash equivalents balance of approximately \$136.4 million.

I'm also proud of the many accomplishments we've made together with our colleagues, customers and partners in 2011 as they were important markers on our path to growing cash flow and building Iridium NEXT.

With that, I'll turn things back to the operator for the Q&A portion of this morning's call.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] And our first question today comes from the line of Jonathan Atkin of RBC Capital Markets. Your line is open. Please go ahead.

<Q – Jonathan Atkin – RBC Capital Markets Equity Research>: Yes, good morning. On the topic of the long range guidance, I know you've kind of reaffirmed the targets, but I wondered if there's any qualitative change in terms of where you feel you might fall within the revenues that you put out for 2015. And then, secondly, on the operating and kind of partner's side, is there any update on KVH and just for clarification, does that include Iridium Pilot or is that strictly OpenPort's in terms of that partnership? Thanks.

<A – Matthew Desch – Iridium Communications, Inc.>: [indiscernible] (24:58) first one.

<A – Thomas Fitzpatrick – Iridium Communications, Inc.>: Yeah, I mean, we're not going to give any additional clarity around the guidance, Jon. I mean, that's our estimate and we reaffirmed it and we feel confident with it for the reasons that we said. We have a lot of products in the pipeline that we think accelerate growth in 2013 and forward and that's as much as we're going to say about that.

<A – Matthew Desch – Iridium Communications, Inc.>: In terms of KVH, you're probably referring to the announcement yesterday when they pick up a big order from V.Ships. They are a new partner of ours that we are excited about that potential partnership. I think it's sort of indicative of a strategy change which has occurred over the last 6 to 12 months and that we're now expanding our broadband OpenPort business from being sort of a value play for value low-cost offering for sort of a broad set of ships out there to be in a complementary product to the VSAT industry which enables us to kind of go on a new direction and KVH is part of that. That announcement, I think that they made really doesn't – has nothing to do right now with our relationship. They haven't announced nor do we necessarily know how many of those require complementary backup. But we certainly would expect given our good relationship in growing possibility to be part of that, so I think that's really good news for us.

<Q – Jonathan Atkin – RBC Capital Markets Equity Research>: But apart from that specific announcement anything since you put out the release in January in terms of just the tone of discussions and possibility of converting that into new business?

<A – Matthew Desch – Iridium Communications, Inc.>: You mean from KVH specifically?

<Q – Jonathan Atkin – RBC Capital Markets Equity Research>: Exactly.

<A – Matthew Desch – Iridium Communications, Inc.>: Well, yeah, I mean, I think you'll see – you'll hear more about that going forward, especially as opportunities are one. But I think again the broader news here is sort of a, I think there is a real huge change going on right now in the maritime industry right now. It's coming down to sort of a battle between the guys who want to do it all themselves and you know who I am talking about who are spending a lot of money to go after the FSS industry with the product and trying to sort of force fit it into the industry versus a newly growing partnership between ourselves and the FSS industry to supply what we think to be best-in-class solutions. Our best-in-class global, I mean we're more global, more lower latency, more able to operate anywhere with a value-based cost-effective solution for voice and data with probably what's going to ultimately be best-in-class cost per bit high-speed broadband data in the VSAT players and Aviation and [ph] DeSoto (27:37) which is sort of been announced by [ph] DeSoto (27:45) in the past are examples of that. I think you're going to see more of those which is why I said stay tuned. And I think it also demonstrates just how that whole broadband maritime industry is really getting frustrated right now with where they stand and the system and they are coming our way right at the time when we're introducing a great new product in Iridium Pilot that's even more

capable than ever before. So I think it's – we see a lot of potential in the maritime market going forward.

<Q – Jonathan Atkin – RBC Capital Markets Equity Research>: Thank you.

<A – Matthew Desch – Iridium Communications, Inc.>: Thanks, Jon.

Operator: Thank you. Our next question comes from the line of James Breen from William Blair. Your line is open. Please go ahead.

<Q – Jim Breen – William Blair & Co. LLC>: Thanks. Just a couple of questions. One, a little bit on the back of Jonathan's question just about the longer-term guidance, I understand you don't want to give a lot more detail. But as generally, as you're thinking about your longer-term growth rates more of that back-end loaded as some of these new developments sort of move further along the path and so more likely to see higher range of growth in the out years than over the next couple of years? And then, secondly with respect to where you guys are now just on the balance sheet side, can you just talk about where you are in terms of the debt levels and then how, you can think about drawing that down over the course of next couple of years ahead of launch? Thanks.

<A – Thomas Fitzpatrick – Iridium Communications, Inc.>: Hey, Jim. Yeah, so we're clearly predicting an acceleration in our service revenue growth in 2013 through 2015. On the back of the product that I described, the waveform as I said in my prepared remarks, literally there is tens if not hundreds of thousands of tactical radios that we could build waveform into. In 2012, we're – our Netted product which we think is going to be a big grower for us is kind of on the sidelines as we're developing the next generation of that product. So we think we're going to see that growth come roaring back in 2013, as it gets deployed first in military application. And then we're very bullish about our prospects in commercial push-to-talk. Similarly, we feel the same way about global data broadcast. So, there is – there are a lot of products that we see that are not ideas that we have, actually have working model, we have a working global push-to-talk handset that is being tested right now. And so these are not kind of, like I said ideas, these are real products that we think are going to resonate in the military – in military applications as well as commercially. So, that's what's behind our – what our guidance clearly implies an acceleration of growth in 2013 through 2015.

And I think we've guided it in terms of the debt. I mean we will – our expectation is that we will draw the whole \$1.8 million Coface Facility as of 2016 and kind of the variable be what our cash balance is to arrive at net debt, which we've guided at 3% at the end of this year, three – excuse me, three times leverage at the end of this year and between 4 and 5 times in 2016. Does that answer your question, Jim?

<Q – Jim Breen – William Blair & Co. LLC>: It does, great. Thank you very much.

Operator: Thank you. Our next question comes from the line of Brian Rutenbur from Morgan Keegan. Your line is open. Go ahead.

<Q – Brian Rutenbur – Morgan Keegan & Co., Inc.>: Thank you very much, a great quarter. On – in terms of sequestration, specifically on the government voice side, where do you see this will impact you, if sequestration does happen, I know it's a big 'what if' and it's difficult to see, but I just want to know, how you're planning for it and if you are on in fact planning for it?

<A – Matthew Desch – Iridium Communications, Inc.>: Well, I mean sequestration specifically doesn't really play into. It's really more of the just lower budgets in the Defense department which creates pressure across the board. As I've said before, we're not really changing our perspective on this. We're not lumped in with the big capital plans and other things that really get affected in those situations. We're part of the core, if you will, telecom infrastructure now of our customer therein. So, it's really more around the edges that sort of tighter budgets affect us. We're seeing a

little bit right now in terms of kind of as you can tell in the quarter, in last quarter of some clean-up activity I'd say, clean-up and tightening of units which is still a fairly small percentage and we still think going forward that while that we're keeping an eye on that.

We really don't think that our voice subscribers while they may decline slightly as opposed to grow as they have in the last 10 years. In the long run we'll be more than offset by machine-to-machine growth and Netted growth. So, we're a diversification play, we're a core operating asset, if you will, or operating goal. So, we still are positive about our relationship, even though there is going to be significant budget cuts, they're not going affect us like they would say a brand new program or something specific.

I think in some ways it's creating some opportunities for us because again you don't really necessarily want to build your own systems when you have a great commercial supplier who can provide you support. So, in many ways we only see our relationship growing stronger, we see R&D programs continuing to happen, et cetera. So, we're still on a same strategy I think. It's – it might slow us down slightly, but I think it's almost more in 2012 because this Netted there's so much excitement about what's called Phase III of Netted which goes to global nets and more customers and moves us into the waveform tactical radio business. And so, I think that's probably a reason than anything else really for 2012.

<Q – Brian Ruttenbur – Morgan Keegan & Co., Inc.>: Okay. Just a couple other – thank you, couple other follow-ups, of course hosted payload, do you still expect to have something announced this year, is that correct, 2012?

<A – Matthew Desch – Iridium Communications, Inc.>: We're certainly very specific there, we're saying second quarter that we'll be announcing something and for all the reasons we've said in the past both we – we'll be ready to I believe and we want to because it's the time to finalize our plans and get onto building and building that business and I think, as I said I'm more optimistic than ever about the potential of the payloads that we have, the kinds of people we're working with and the value of the payload will do. So, I try to be as specific as I could about that and leave a little bit for announcement in the second quarter, but for the most part, I think you heard pretty clearly where we're going in that direction.

<Q – Brian Ruttenbur – Morgan Keegan & Co., Inc.>: That's perfect. And it's going to be one announcement and then, will there be others, I guess that's what I should have asked as I heard the second quarter part and that's more than likely along the potential aviation market, is that?

<A – Matthew Desch – Iridium Communications, Inc.>: Yeah, I was mentioning that very clearly that's the primary payload that we're working on right now and has the most potential really, long-term business potential as well as just the business case really plays out very well for us. So, that is clearly our primary mission. There are still several other, what I would call supporting missions that sort of fill around the edges that are being worked, that still fit within the overall payload, power and other aspects of sort of the payload budget. I don't think those will probably be announced at the same time in the second quarter. They may be announced later. There is some flexibility which we kind of designed in to sort of fit in around the edges if you will overtime, but we clearly got it nailed down and announced our primary payload mission. And more specifically, not just what it is, but how we're doing it, with whom and what we think the real benefits and potential for that will be going forward which we think are quite positive.

<Q – Brian Ruttenbur – Morgan Keegan & Co., Inc.>: Okay. So the way it would work is second quarter the big announcement and then third or fourth quarters are hopefully this calendar year you get other smaller ones along the way and you start seeing a trend, is that how you see momentum kind of building in this area?

<A – Matthew Desch – Iridium Communications, Inc.>: Yeah, I mean I think, I think the second quarter announcement is a primary announcement. I don't know that I would say that I know exactly when the other announcements are. They will happen when they happen. We have a lot of flexibility to do that really on to next year, but really the real economic value is in the primary payload mission anyway, so the rest just sort of adds to that, puts a little icing on the cake.

<Q – Brian Ruttenbur – Morgan Keegan & Co., Inc.>: Okay. And then just a real simple housekeeping, SG&A was about \$15.5 million, is that a number that we should be using going forward or is there any aberration in there?

<A – Thomas Fitzpatrick – Iridium Communications, Inc.>: It was a little low, we had some true-ups, it's – probably \$1 million low something like that in the quarter.

<Q – Brian Ruttenbur – Morgan Keegan & Co., Inc.>: Okay.

<A – Thomas Fitzpatrick – Iridium Communications, Inc.>: Hello.

Operator: I apologize. Our next questioner is from the line of Chris Quilty from Raymond James.

<Q – Chris Quilty – Raymond James & Associates>: Gentlemen, just a question or a clarification on the service revenue growth for 2012, which is a nudge below the long-term rate, is that primarily reflecting the government business or are there other factors in there?

<A – Thomas Fitzpatrick – Iridium Communications, Inc.>: Yeah, It's just government, so we did 11% at the midpoint of our guidance, it's sort of 9.5%, so it's moved in a 150 bps and you can think about that as being government for the reasons we talked about. Netted is not going to grow, we don't expect in 2012 because as we talked about the development of Phase 3 is essentially postponing orders there. We think that, as I said, will be a grower clearly in 2013 and similarly we're seeing some trimming on the edges of our traditional handset business and so the government is the reason for the slight contraction between 2011 and 2012.

<Q – Chris Quilty – Raymond James & Associates>: Okay. And it seems like the primarily issue with the government was not the fact that there is any kind of budget pressure per se, but simply that they are awaiting the availability of a Type-1 secure Extreme handset and the Netted phones and have basically stopped buying?

<A – Matthew Desch – Iridium Communications, Inc.>: Stopped buying, I think there is still activations. There is just little higher deactivations right now going on at different units probably as they come home, our putting stuff on the shelf. Again it's a small percentage so far. Remember our strategy around the government has always been sort of a diversification strategy. We had one product for the first eight years and now we have three or four and sort of expanding. Of those three or four, the one really grew, well M2M continues to grow and I think we'll continue to expand and I really don't think is all that affected so much by any budget pressures.

Netted, we really had a great last two years which really kind of accelerated our growth in the last two years and frankly I think we'd still be doing this year if there was an even better product on the horizon. I think it surprises a little bit we've now realized shouldn't have surprised us that they want to wait for that new product, so it's sort of a wait for a year now in 2012. And then, as I said, I think there'll be some, I would have to call it through drawdowns and budget pressures that relate to the core voice business, but again I still think that's – as it's been described more around the edges. So we still see expansions just a little slow down in 2012.

<Q – Chris Quilty – Raymond James & Associates>: And that new 9603 modem is supposed to be launched when?

<A – Matthew Desch – Iridium Communications, Inc.>: There are some customers who will be using it over the next coming months, but the official version of it comes in the fall that really is the product for all customers. With M2M, as you know, people mean to design this into their solutions and so there is typically a 6 to 12 month kind of design cycle. So what's been important is that we give the specs to that product to people and then most of our customers now have that spec, so they are designing into their next generation, the ones that want to use it because they – some still are very happy with the 9602 and I think they'll continue to use that. But the ones who really need the 9603 because it will even create a more competitive consumer product for example or even a tinier sensor or whatever it might be, they are the ones that we will be looking forward to it in the fall. But that's not so much a wait for, that's more of a new product that we think that that will create out of that.

<Q – Chris Quilty – Raymond James & Associates>: Okay. And on the M2M side of business on commercial, can you give us an update on what's happening with the consumer products? I think you've got at least two partners now that are shipping, have you seen an increase in the number of OEMs that are looking at the product and what's sort of volume are you expecting out of the consumer side?

<A – Matthew Desch – Iridium Communications, Inc.>: Yeah. I mean we're still expecting some pretty big numbers based upon what they're telling us they think will happen. I know there is sort of a expectations since that announced, it would immediately start coming in but it takes time I think for consumer businesses to grow their points of presence and where they're going in the market and get market notice. There is probably in the two-way personal communicator devices now there is probably – I don't know there is probably at least 10 companies that are selling solutions. But most of them have been focused on the government or industrial spaces. It's been more DeLorme and BriarTek now and a couple others. And there are others still looking at what I would call the consumer space where you're talking just a few hundred dollars say may be \$250 a year in the case of inReach versus the \$500 or \$600 that other more industrial solutions have created. But like I said DeLorme has told us they're very happy with how it's – they are off the base, BriarTek is quite excited. The others who are coming in still see a lot of opportunity here. And so we're – we still think this is over time something that could be hundreds of thousands of subscribers as oppose to the typical partner that might be tens of thousands of subscribers for us.

<Q – Chris Quilty – Raymond James & Associates>: Great. And on the consumer netted product, which I think you said we shouldn't expect until next year. Would that be a distinct product or would that be a software patch that you could load onto existing Extreme handsets to enable that capability on the installed base?

<A – Matthew Desch – Iridium Communications, Inc.>: Well, the Extreme handset was used – was built with commercial netted in mind. So, with a firmware upgrade which could be done, it could probably supply, it could be a commercial netted handset. But I look at commercial netted a lot more broadly. We're seeing interest not just in the personal handsets which you typically think of almost like the old Nextel kind of handset, that's certainly an application we think will provide the best-in-class satellite solution for that. But we're seeing interest in netting all kinds of things, netting aircrafts, netting maritime devices at sea and maybe even built-in kind of maritime systems that can be both VHF, UHF and netted kind of devices. We're even seeing the concept of netting M2M and OpenPort type devices. So, it's almost more of a core technology that we think we can develop that we can exploit in many different ways and you're going to see lots of our partners take it to market in a number of different unique way. So, we're very bullish about the potential for that technology.

Operator: Thank you. Our next question comes from the line of Amy Yong from Macquarie Capital. Your line is open. Please go ahead.

<Q – Amy Yong – Macquarie Capital (USA), Inc.>: Hi, thanks. Is there any way you can quantify your FAA agreements either just long-term how we should think about the contribution to the top line growth? And also can you talk about margins for 2012 a little bit? Thanks.

<A – Matthew Desch – Iridium Communications, Inc.>: With the first one, I have to leave something for excitement in the second quarter when we announced. You are right, I described a lot about what we're trying to do here. But I really think that's really more of a – that's really what our announcement will be about when and if we announce that. That one is our primary payload is to describe what we think the value of it will be specifically over time and where that will go.

Again, I'll just remind you the benefits are really exciting, it's airlines and the others around the world. The FAA is just one of many customers around the world since there will be a global operation that can be sold to not just the data fleet to the FAA per se, Oceanic coverage or remote filling coverage to the FAA but can also be sold to Nav Canada, to UK NATS, Airservices Australia, to remote users in Africa and other places to provide frankly air traffic control visibility where it's never been seen before. So, the excitement about that is its data that can be sold many times in many ways and therefore it creates a great business case.

<A – Thomas Fitzpatrick – Iridium Communications, Inc.>: I would just amplify that Matt to say, we've said that we see multiple billions of savings in terms of fuel to the airlines. And I would characterize that it's highly confident in that. That's something we spent a lot of time with; we and other people both our consultants who are looking at it and other people who are evaluating this opportunity. So, that's how you should think about it. This is multiple billions of fuel savings alone and that's not the only benefit of this functionality, it's also about safety and passenger value of time et cetera. So, we're very excited about and the folks that we're talking to are as well Amy.

<Q – Amy Yong – Macquarie Capital (USA), Inc.>: Okay, thanks.

<A – Thomas Fitzpatrick – Iridium Communications, Inc.>: And then on margins, so the flat points are we finished this year just inside of 50%, I guess we are 49% in the full year and we've guided that we'll be at 60% in 2015. So, you're going to get – you were going to get the leverage that falls out of service revenue growing between 8% and 11%, I'm not going to quote a number, but we'd see it up logically like you think between – going from 49% to 60% where we'll be in 2015.

<Q – Amy Yong – Macquarie Capital (USA), Inc.>: Got it. Thanks.

<A – Matthew Desch – Iridium Communications, Inc.>: Thanks, Amy.

Operator: Our next question comes from the line of Chris King from Stifel, Nicolaus. Your line is open. Please go ahead.

<Q – Christopher King – Stifel, Nicolaus & Co., Inc.>: Thanks. Just wanted to touch a little bit and I know you guys hit on it briefly already, but just wanted to follow-up I guess with respect to Inmarsat's pending price increases in the maritime side of things. And just wondering I guess, want a couple of things. First of all, do you guys have any near-term plans to aggressively go after Inmarsat's customers on the maritime side, in other words any exchanges that you see in your pricing structure as a result of their pending price increases? And then two, do you view this as Inmarsat looking to get out of the maritime business in some way? I mean how do you view this longer term with respect to your market share positioning in the maritime sector? Thanks.

<A – Matthew Desch – Iridium Communications, Inc.>: Yeah. Look, it's obviously a lot of opportunity for us here. And, yes, we are certainly going to go after that with our partners. The big change here is that Inmarsat has – is not growing right now as you know. And I think the issue is for them, is the pressure they felt at the high-end by VSAT players who are offering a very valuable all-you-can-eat kind of service that's getting more and more cost competitive in their space. That's not

a space we plan or want to and in fact, if anything you've seen our strategy here is that we believe that's an opportunity for us just to work with that side of the industry even as we move to higher speeds, because we can be the most value a customer can get for those who really want to get say pay a \$1000 and less for it for a service per month and for the customers who are comfortable paying thousands of dollars and up for all they can use, they'll get the most value from a VSAT solution. We also can complement it very well by filling in all the holes that there is currently is in VSAT coverage and providing lower latency and all kinds of other things that work very well. There have been price increases. That's not going down well with their channels. I think they described it as – I heard that they said they're not getting much squeals except from the largest. I can tell you very certainly that there's squeals from every one of their partners and many of them are coming to work with us on how they can possibly even replace Inmarsat on some of their vessels and with their customers who are going to be feeling this additional pressure. But I think Inmarsat is getting forced into that by their lack of growth and they're trying to manufacture growth by price increases.

By the way, it's not just in the maritime space, but they're raising prices in other places. I found it interesting that they're raising handset prices as you've probably seen, which I always expected at some point or another, because they're not making any money of that business and for which in fact as you've seen we've gone up market because we see that the market really wants a high performing solution and is willing to pay for that in remote location. So, frankly, the competition is even sort of lessening on that front as well. It doesn't change our view of maritime. We still see a lot of growth and potential on the maritime market. I know that they're not seeing that right now. They're seeing growth, they think coming back long term when they come up with the new products in the out years, I think they're going to have a lot of challenges because they're going to be up against the VSAT industry and ourselves that are even stronger in that time than we are today. But be that as it may, we're still very positive. They're certainly not going to get out of the maritime business, that's why Inmarsat got created really and it's still a major part of their business. It's an important part of our business goal, not as big as theirs and ours is growing.

<Q – Christopher King – Stifel, Nicolaus & Co., Inc.>: Thank you.

<A – Matthew Desch – Iridium Communications, Inc.>: Thanks, Chris.

Operator: Thank you. Our next question comes from the line of Jeffrey Matthews from RAM Partners. Your line is open. Please go ahead.

<Q – Jeff Matthews – RAM Partners LP>: Hi, thanks. Can you hear me?

<A – Matthew Desch – Iridium Communications, Inc.>: Yeah, Jeffrey.

<Q – Jeff Matthews – RAM Partners LP>: Great. Hi, thanks. Two questions. One is what are the M2M applications on the government side that you're seeing an increase in subscriber growth? And number two – just give me an example of a couple? And then number two, on the hosted payload announcement that's coming, is this – does this mean it's a done deal, does this mean it's a concrete plan going forward? What inning would that put the hosted payload opportunity in as far as towards being actual revenue producing item for you down the road? Thanks.

<A – Matthew Desch – Iridium Communications, Inc.>: Yeah. So the first the one, the machine-to-machine, in the government there is just a whole lot and in fact, expanding group of applications and everything from tracking assets, so putting it onto all kinds of big pieces of equipment to make sure they know where it is to what would be called unattended sensors often. It's sort of a broad category of very small things that can be put around to sense things around them and installed and be operating without notice to tell them if something is happening to tracking aircraft to what would be called blue force tracking, that's tracking the good guys where you put on, you put in a device and as soldiers want to know where each other are and what they're doing, they can message each other and see the locations of where they happen to be. There is a lot of applications frankly we

don't know about. That's part of the value of our ecosystem of partners with, I mean, we have a couple of hundred partners overall, but probably, I don't know how many, 20, 30 at least in the government space who kind of focus on developing to all kinds of applications, contracts that they have and they embed us in the communication channel into a much broader solution that does all kinds of interesting unique things. And sometimes the scalability for us is that we don't have to know about what those are or have to put a lot of attention, they just come on board and start generating service revenues. So that's the M2M. I hope that gives you some examples...

<Q – Jeff Matthews – RAM Partners LP>: Yeah, absolutely.

<A – Matthew Desch – Iridium Communications, Inc.>: In terms of the hosted payload, no, I mean obviously we're still saying we're going to announce something in the second quarter and we're still confident we will announce and there's more to announce. I would say, certainly we're in the ninth inning, maybe even bottom of the ninth here since I am saying that's really very, very soon and obviously I think you can see from my comments we certainly are focused on one payload plan and our energies are primarily around that. There have been some other things that are still being worked on and frankly continue to – it's possible that some other things could change our view. But, frankly all our energies around the one that we think has the most value fits our system to best and creates really long, the most long-term value for our shareholders and that's what we really want to describe in more detail soon.

<Q – Jeff Matthews – RAM Partners LP>: Got it. Thanks a lot. Appreciate it.

<A – Matthew Desch – Iridium Communications, Inc.>: Thanks, Jeffrey.

Operator: Thank you. [Operator Instructions] And we have a follow-up question from the line of Chris Quilty from Raymond James.

<Q – Chris Quilty – Raymond James & Associates>: Tom, can you give us a ballpark of what you're expecting for R&D this year and are there any quarterly patterns we should be aware of?

<A – Thomas Fitzpatrick – Iridium Communications, Inc.>: Chris, we don't – it's not our experience to guide line-by-line. I think we are out there with a lot of guidance and I don't want to give individual line item guidance.

<Q – Chris Quilty – Raymond James & Associates>: Okay. Secondly, you mentioned for driving incremental revenue growth in the long-term global data broadcast. Is that a euphemism for the iGPS capability that you guys were demonstrating?

<A – Matthew Desch – Iridium Communications, Inc.>: That's a good question and iGPS are a different capability, which is actually on the commercial side that Boeing's developed called Boeing Time & Location (sic) Boeing Timing & Location (54:47), which I know you've – some have passed on the video, I think YouTube video of it that's out there of them describing that service, which is very different from iGPS. But it is, I guess, an example of using our higher power signals in our system to deliver important data applications to do very important unique things. And so, in those cases it's delivering timing information to protect against jamming or to locate a cell phone indoors perhaps whereas global data broadcast is a much broader capability, which we think has even bigger value, goes beyond that to really delivering data very cost effectively to unlimited numbers of devices, if you will, broadcasting important information through our powerful paging sort of channels that can get inside buildings and delivering that to very low cost devices that could be embedded in any number of industrial applications. Think of it as maybe a car that can be listening for itself to download software to it or to upgrade a problem or to upgrade the streets database or to add advertising, but do it on a global basis.

I mean, that can be done today through cell phone networks, but you'd to come up with lots and lots of agreements with many, many different operators and you have to pay each time something as a \$0.01 as opposed to in our case possibly just pay for the use of that channel for a short period of time to deliver your data through us, which is much more cost effective and powerful and can work anywhere on the planet as opposed to only in the less than 10% of places in the world where there happens to be cell phone coverage. So, we think there is a lot of potential for it. We're still in sort of the early stages. We have a customer too of that capability that are starting, but we're sort of more in the business development phase with some interested partners thinking about how to use that. Again, that's more of a 2013 and 2014 thing, but it's a much broader capability than BTL or iGPS.

<Q – Chris Quilty – Raymond James & Associates>: Okay. And on the host – the air traffic control hosted payload, you mentioned working with a consortium of commercial partners. Is that for the ADS-B hardware and avionics end of things or is that working on the finance end, and I guess the corollary is this an effort that you're willing to self finance in terms of developing and building the payloads?

<A – Matthew Desch – Iridium Communications, Inc.>: And the answer to that, first of all, we're working on the complete solution. So when we describe this in the second quarter, that's what we're going to talk about here, we're going to talk about payload, the ground infrastructure, the whole system, how it will be delivered and what we think the overall business model for that will be. And, yeah, I think there is, obviously we're signaling a bit of a transition here getting someone to write a single check to us which was maybe the original vision years ago is always been a challenge if anything and it's still a possibility. But, we think that there is possibly even more benefit by developing a business with a number of our interested technology partners and sponsors here that would own the data and actually exploit that data in many different unique ways that would be even possibly more valuable than the model we've described in the past. So, that's what we'll be talking about. We owe you more information here in the second quarter about that and we'll talk about that as soon as we're ready.

<Q – Chris Quilty – Raymond James & Associates>: And final one, aviation OpenPort or aviation Pilot, I guess, is that a product still in the pipeline?

<A – Matthew Desch – Iridium Communications, Inc.>: Yes, it's called OpenPort Aero. It's not just in the pipeline, it's actually – we're starting to see take up of it. I know you haven't seen announcements, but I think you'll see those pretty soon. We're seeing strong interest in Asia and South America and a couple places right now. It's kind of building on top of that certification last year of aviation safety services on our core platform, so we're starting to see ourselves getting put in the cockpits of more aircraft, and OpenPort Aero allows us to expand that data pipe if you will to support even more interesting applications in the cockpit like electronic flight bags and updates and other important applications in the cockpit. But, I think, you're going to start seeing 2012 and 2013 as the year where take up of OpenPort Aero happens and a lot of discussion around that at our Partners Conference. I think you're starting to see that from our aero partners, more of that starts getting taken up, so, yes.

<Q – Chris Quilty – Raymond James & Associates>: And from a segment reporting basis, has it gotten to the size where you're going to call it out as a separate line item in some point in the future or could you give us a general idea of the installed base and the ARPU trends on that product line?

<A – Matthew Desch – Iridium Communications, Inc.>: We'll consider that, but I don't think that's going to happen soon. We don't call that an aero business or a maritime business per se because it's frankly very difficult for us to do that. Our partners, many of our partners that sell our solution, sell multiple solutions and it's kind of hard to track exactly how it's been used to the point that we could prove for sure that what we call that was there.

Aero has been an important part of our business by the way. It's might be, I'm not sure, but maybe less than 10% of our overall business perhaps, but it still continues to grow. We thought we saw a lot of growth in 2011 of that business. We're probably the volume leader there because we're on more aircraft than anyone else's just because of the cost effectiveness of our solution. OpenPort is going to add to that. I think you're going to see the revenues more show up in what I'd call where OpenPort revenue show up right now. It will be part of that. It's still a small part compared to maritime, but I think it will start adding something to that business over time. But I don't know that we'll either call it out separately. We still haven't called out OpenPort separately or have we tried to track. Frankly, it's very challenging to break up our business by market segment because it's hard to track that blip going across the ocean as a ship or an airplane right now. So, anyway, that's something to the future.

<Q – Chris Quilty – Raymond James & Associates>: Great. Thank you.

<A – Matthew Desch – Iridium Communications, Inc.>: Thanks, Chris.

Operator: Thank you. And this does conclude our question-and-answer session for today. I'd like to turn the conference back over to management for any closing remarks.

Matthew J. Desch, Chief Executive Officer & Director

Well, thanks again for joining us for this call. I think we had another good year. We're looking forward to another good one in 2012. I know we're going to see you very soon on the first quarter call in just a couple of months. So, we look forward to seeing you then. Thanks for joining us.

Operator: Ladies and gentlemen, thank you for your participation in today's conference. This does conclude the program and you may all disconnect. Have a great rest of the day.

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