Risk Factors Comparison 2024-02-15 to 2023-02-16 Form: 10-K

Legend: New Text ~~Removed Text~~ Unchanged Text Moved Text Section

Risks related to our satellites and network Our satellites may experience operational problems, which could affect our ability to provide an acceptable level of service to our customers. From time to time, we experience 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~~ **increases** and we are no longer able to provide a commercially acceptable level of service, our business and financial results and our reputation would be hurt **,** and our ability to pursue our business plan would be compromised. We may be required in the future to make changes to our constellation to maintain or improve its performance. Any such changes may require prior FCC approval, and the FCC may subject the approval to other conditions that could be unfavorable to our business. In addition, from time to time we may reposition our satellites within the constellation in order to optimize our service, which could result in degraded service during the repositioning period. Although we have some ability to remedy some types of problems affecting the performance of our satellites remotely from the ground, the physical repair of our satellites in space is not feasible. Our products could fail to perform or could perform at reduced levels of service because of technological malfunctions or deficiencies, regulatory compliance issues, or events outside of our control, which would seriously harm our business and reputation. Our products and services are subject to the risks inherent in a large- scale, complex telecommunications system employing advanced technology and heavily regulated by, among others, the FCC and similar authorities internationally. Any disruption to our satellites, services, information systems or telecommunications infrastructure, or regulatory compliance issues, could result in the inability or reduced ability of our customers to receive our services for an indeterminate period of time. These customers include government agencies conducting mission- critical work throughout the world, as well as consumers and businesses located in remote areas of the world and operating under harsh environmental conditions where traditional telecommunications services may not be readily available. Any disruption to our services or extended periods of reduced levels of service could cause us to lose customers or revenue, result in delays or cancellations of future implementations of our products and services, result in failure to attract customers, or result in litigation, customer service or repair work that would involve substantial costs and distract management from operating our business. The failure of any of the diverse elements of our system, including our satellites, our commercial gateway, our satellite teleport network facilities or our satellite network operations center, to function as required could render our system unable to perform at the quality and capacity levels required for success. Any system failures, repeated product failures or shortened product life, or extended reduced levels of service could reduce our sales, increase costs, or result in warranty or liability claims or litigation, cause us to extend our warranty period, and seriously harm our business. ~~condition.~~ Our satellites have a limited life and may fail prematurely,which could cause our network to be compromised and materially and adversely affect our business,prospects and profitability,or cause us to incur additional expense to launch replacement satellites.We have in the past and may in the future experience in- orbit malfunctions of our satellites,which could adversely affect the reliability of their service or result in total failure of the satellite.In- orbit failure of a satellite may result from various causes,including component failure,loss of power or fuel,inability to control positioning of the satellite,solar or other astronomical events,including solar radiation and flares,and space debris.Other factors that could affect the useful lives of our satellites include the quality of construction,gradual degradation of solar panels and the durability of **components.** We do not **have** ~~maintain in- orbit satellite insurance for our satellites,~~ and ~~do not plan to insure the launch of our remaining spare satellites, as a result of which we may be subject to increased costs. We obtained insurance for our satellites covering launch and in- orbit failures of our satellites for a period of twelve months from the date of launch. All of our satellites were launched more than twelve months ago, and we~~ have no plans to **obtain** ~~purchase further~~ in- orbit insurance. ~~We also do not plan to purchase launch insurance for the planned launch of our remaining spare satellites.~~ As a result, a failure of one or more of our satellites, the occurrence of equipment failures and other related problems ~~, or a failure of the planned launch of our spare satellites~~ would constitute an uninsured loss and could harm our financial condition....... solar panels and the durability of components . Although we do not incur any direct cash costs related to the failure of a single satellite, if a satellite fails, we record an impairment charge in our statement of operations to reduce the remaining net book value of that satellite to zero, and any such impairment charges could depress our net income for the period in which the failure occurs. Further, a large number of such failures could shorten the expected life of our constellation, which would increase our depreciation expense, or require us to ~~launch our ground spare satellites or even~~ replace our constellation sooner than currently planned, either of which would increase our projected capital expenditures. If operations at our commercial gateways or operations center were to be disrupted, we may experience interruptions in our ability to provide service to our customers. Our commercial satellite network traffic is supported by a gateway in Tempe, Arizona, as well as a gateway in Izhevsk, Russia **,** for traffic within Russian boundaries, and we operate our satellite constellation from our satellite network operations center in Leesburg, Virginia. If we are unable to use our primary commercial gateway in Tempe, it could take us from one to eight hours to switch operations to our backup facility for most services, and potentially longer for some services. During this time, our customers would be unable to use those services, and we could suffer a loss of revenue and harm to our reputation. When operating on our backup facility, any further failure could leave us unable to offer services for an extended period. Our gateways and operations center may also experience service shutdowns or periods of reduced service in the future as a result of equipment failures, delays in deliveries, or regulatory issues. Any such failure would impede our ability to provide service to our customers. Our customized hardware and software may be difficult and expensive to service, upgrade or replace. Some of the hardware and software we use in operating our gateways is significantly customized and tailored to meet our requirements and specifications and could be difficult and expensive to service, upgrade or replace. Although we maintain inventories of some spare parts, it nonetheless may be difficult, expensive or impossible to obtain replacement parts for the hardware due to a limited number of those parts being manufactured to our requirements and specifications. In addition, our business plan contemplates updating or replacing some of the hardware and software in our network as technology advances, but the complexity of our requirements and specifications may present us with technical and operational challenges that complicate or otherwise make it expensive or infeasible to carry out such upgrades and replacements. If we are not able to suitably service, upgrade or replace our equipment, our ability to provide our services and therefore to generate revenue could be harmed. Rapid and significant technological changes in the satellite communications industry may impair our competitive position and require us to make significant additional capital expenditures. The satellite communications industry is subject to rapid advances and innovations in technology. We may face competition in the future from companies using new technologies and new satellite systems, including a significant number of new entrants who are developing or have announced a wide array of technologies, some of which would compete directly with one or more of our existing or planned products and services. New technology could render our system obsolete or less competitive by satisfying customer demand in more attractive ways or through the introduction of incompatible standards. Particular technological developments that could adversely affect us include the deployment by our competitors of new satellites with greater power, flexibility, efficiency or capabilities than ours, as well as continuing improvements in terrestrial wireless technologies. For us to keep up with technological changes and remain competitive, we may need to make significant capital expenditures, including capital to design and launch new products and services over the short to medium term, and, over the longer term, the acquisition of additional spectrum, satellites, launch vehicles and other network resources to support continued growth. Customer acceptance of the products and services that we offer will continually be affected by technology- based differences in our product and service offerings compared to those of our competitors. New technologies may also be protected by patents or other intellectual property laws and therefore may not be available to us. Any failure on our part to implement new technology within our system may compromise our ability to compete. Our networks and those of our third- party service providers may be vulnerable to ~~security~~ **cybersecurity** risks. We expect the secure transmission of confidential information over public networks to continue to be a critical element of our ability to compete for business, manage our risks, and protect our customers and our reputation. Our network and those of our third- party service providers and our customers may be vulnerable to unauthorized access, computer attacks, viruses and other security problems. Persons who circumvent security measures could wrongfully access and obtain or use information on our network or cause service interruptions, delays or malfunctions in our devices, services or operations, any of which could harm our reputation, cause demand for our products and services to fall, and compromise our ability to pursue our business plans. Recently, there have been reported **several** ~~a number of~~ significant, widespread security attacks and breaches that have compromised network integrity for many companies and governmental agencies, in some cases reportedly originating from outside the United States. In addition, there are reportedly private products available in the market today that may attempt to unlawfully intercept communications made using our network. We may be required to expend significant resources to respond to, contain, remediate, and protect against these attacks and threats, including compliance with applicable data breach and security laws and regulations, and to alleviate problems, including reputational harm and litigation, caused by these security incidents. In addition, in the event of such a security incident, our customer contracts may not adequately protect us against liability to third parties with whom our customers conduct business. Although we have implemented and intend to continue to implement security measures, these measures may prove to be inadequate. These security incidents could have a significant effect on our systems, devices and services, including system failures and delays that could limit network availability, which could harm our business and our reputation and result in substantial liability. Our satellites may collide with space debris or another spacecraft, which could adversely affect the performance of our constellation. In February 2009, we lost an operational satellite as a result of a collision with a non- operational Russian satellite. Although we have some ability to actively maneuver our satellites to avoid potential collisions with space debris or other spacecraft, this ability is limited by, among other factors, uncertainties and inaccuracies in the projected orbit location of and predicted conjunctions with debris objects tracked and cataloged by the U. S. government. Additionally, some space debris is too small to be tracked, and therefore its orbital location is completely unknown; nevertheless, this debris is still large enough to potentially cause severe damage or a failure of our satellites should a collision occur. If our constellation experiences additional satellite collisions with space debris or other spacecraft, our service could be impaired. The space debris created by the February 2009 satellite collision may cause damage to other spacecraft positioned in a similar orbital altitude. The 2009 collision of one of our satellites with a non- operational Russian satellite created a space debris field concentrated in the orbital altitude where the collision occurred, and thus increased the risk of space debris damaging or interfering with the operation of our satellites, which travel in this orbital altitude, as well as satellites owned by third parties, such as U. S. or foreign governments or agencies and other satellite operators. Although there are tools used by us and providers of tracking services, such as the U. S. Combined Space Operations Center, to detect, track and identify space debris, we or third parties may not be able to maneuver the satellites away from such debris in a timely manner. Any such collision could potentially expose us to significant losses and liability if we were found to be at fault. Risks related to our business operations Our business plan depends on increased demand for mobile satellite services, among other factors. Our business plan is predicated on growth in demand for mobile satellite services. Demand for mobile satellite services may not grow, or may even contract, either generally or in particular geographic markets, for particular types of services or during particular time periods. A lack of demand could impair our ability to sell products and services, develop and successfully market new products and services and could exert downward pressure on prices. Any decline in prices would decrease our revenue and profitability and negatively affect our ability to generate cash to pay down our debt or for capital expenditures, investments and other working capital needs. Our ability to successfully implement our business plan will also depend on a number of other factors, including: • our ability to maintain the health, capacity and control of our satellite constellation; • the level of market acceptance and demand for our products and services; • our ability to introduce innovative new products and services that satisfy market demand; • our ability to expand our business using our existing spectrum resources both in the United States and internationally; • our ability to sell our products and services in additional countries; • our ability to comply with applicable regulatory requirements, both in the United States and internationally; • our ability to maintain our relationship with U. S. government customers, particularly the DoD; • the ability of our distributors to market and distribute our products, services and applications effectively and their continued development of innovative and improved solutions and applications for our products and services; • the effectiveness of our competitors in developing and offering similar services and products; and • our ability to maintain competitive prices for our products and services and to control our costs. Our agreements with U. S. government customers, particularly the DoD, which represent a significant portion of our revenue, are subject to termination and renewal. The U. S. government, through a dedicated gateway owned and operated by the DoD, has been and continues to be, directly and indirectly, our largest customer, representing **25 % and** 21 % of our revenue for ~~each of~~ the years ended December 31, **2023 and** 2022 ~~and 2021~~ **, respectively** . We provide the majority of our services to the U. S. government pursuant to our GMSS, EMSS, and SDA contracts. We entered into these contracts in April 2019, September 2019, and June 2022, respectively. The GMSS contract ~~continues~~ **had an initial term** through September 2023 **and has been extended through March 31** , **2024, as we negotiate renewal of** the **agreement. The** EMSS contract continues through September 2026, and the SDA contract **has** ~~provides for~~ a ~~two and a half year~~ base term **until January 2025** and up to five one- year options exercisable at the election of the U. S. government. The U. S. government may terminate these agreements, in whole or in part, at any time for its convenience. Our relationship with the U. S. government is also subject to the overall U. S. government budget and appropriation decisions and processes. U. S. government budget decisions, including with respect to defense spending, are based on changing government priorities and objectives, which are driven by numerous factors, including geopolitical events and macroeconomic conditions, and are beyond our control. If the U. S. government terminates any or all of these agreements, we would lose a significant portion of our revenue. Further, operational control of our contracts has been moved from the Defense Information Systems Agency to the U. S. Space Force. In connection with this operational shift, changes in internal pricing and cost recovery have resulted in reduced subscribers under the EMSS contract. Lower subscriber use may negatively affect our ability to negotiate a renewal of the EMSS contract on favorable terms in 2026. **If we fail to comply with the terms of our U. S. government contracts, including applicable federal acquisition regulations, we may be subject to contract price adjustments, civil or criminal penalties, or debarment from future U. S. government contracts. As a U. S. government contractor or subcontractor, we are subject to federal acquisition regulations, which govern, among other things, the allowability of costs incurred by us in the performance of U. S. government contracts. The pricing of some contracts, including the SDA contract, is based on estimated direct and indirect costs. The U. S. government is entitled to examine our cost records with respect to such contracts and to seek a downward adjustment to the price of the contract if it determines that we failed to furnish complete, accurate and current cost or pricing data in connection with the negotiation of the price of the contract. We may also be subject to government audits and to review and approval of our policies, procedures and internal controls for compliance with procurement regulations and other applicable laws. If we do not comply with the terms of a contract or with regulations or statutes, we could be subject to downward contract price adjustments or refund obligations or could be assessed civil and criminal penalties or be debarred or suspended from obtaining future contracts for a specified period. Any such suspension or debarment or other sanction could have an adverse effect on our business. In addition, if we are unable to comply with security clearance requirements, we may be unable to perform these contracts or compete for other projects of this nature, which could adversely affect our revenue.** Aireon, our primary hosted payload customer, may not successfully grow its business, which could reduce or eliminate the value of our agreements with, and ownership interest in, Aireon. Aireon is our primary hosted payload customer, and we expect annual revenue to us from Aireon hosting, data services and power fees to be approximately $ ~~39~~ **32** . ~~5~~ **6** million. In addition **, we currently hold a substantial ownership interest in Aireon’ s parent company, Aireon Holdings, and** , if and when funds are available following a planned refinancing of its credit facility, Aireon’ s parent company, Aireon Holdings ~~,~~ is required to redeem a portion of our ownership interest for a payment of $ 120. 0 million ~~, and we would then retain a common ownership interest of approximately 27 % in Aireon Holdings~~ . Based on Aireon’ s business plan and restrictions under Aireon’ s debt facility, we do not expect this redemption of our ownership interest to occur for several years. Aireon’ s business model requires expansion of its customer base to achieve its projected financial results, which may not occur when projected or at all. While our fee arrangements with Aireon are fixed, if Aireon does not achieve its projected results, they may not be able to pay us the contractually required hosting, data services and power fees in a timely manner or at all. Further, Aireon may need to seek additional financing. Any sale of equity securities by Aireon would dilute our ownership if and to the extent that we do not invest additional funds to maintain our proportional ownership interest. If additional funding is not available, Aireon may default on its credit facility, which could result in the loss or reduction in value of our investment in Aireon, or be forced out of business, in which case we would not receive any further hosting, data or power fees, or the expected $ 120. 0 million redemption payment, and we would lose the fair value of our retained investment in Aireon Holdings. We depend on intellectual property licensed from third parties to operate our constellation and sell our devices and for the enhancement of our existing devices and services. We license critical intellectual property and technology to operate and maintain our network and related ground infrastructure and services as well as to design, manufacture, and sell our devices. This intellectual property and technology is essential to our ability to continue to operate our constellation and sell our services and devices. In addition, we depend on third parties to develop enhancements to our current products and services even in circumstances where we own the intellectual property. If any third- party owner of such intellectual property or technology were to terminate any license agreement with us or cease to support and service such intellectual property or technology or perform development on our behalf, or if we are unable to renew such licenses on commercially reasonable terms or at all, it may be difficult, more expensive or impossible to obtain such intellectual property, technology, or services from alternative vendors. Any substitute intellectual property or technology may also be costly to develop and integrate, or could have lower quality or performance standards, which would adversely affect the quality of our devices and services. In connection with the development of new devices and services, we may be required to obtain additional intellectual property rights from third parties. We can offer no assurance that we will be able to obtain such intellectual property rights on commercially reasonable terms or at all. If we are unable to obtain such intellectual property rights on commercially reasonable terms, we may not be able to develop some new devices and services. Our failure to effectively manage the expansion of our portfolio of products and services could impede our ability to execute our business plan, and we may experience increased costs or disruption in our operations. In order to achieve the substantial future revenue growth we have projected, we must develop and market new products and services. We currently face a variety of challenges, including maintaining the infrastructure and systems necessary for us to manage the growth of our business. As our product and service portfolio continues to expand, the responsibilities of our management team and demands on other company resources also increase. Consequently, we may further strain our management and other company resources with the increased complexities and administrative burdens associated with a larger, more complex portfolio of products and services. For example, we have in the past experienced quality issues and incorrect market assessments in connection with the introduction of new products and services, and we may experience such issues in the future. Our failure to meet these challenges as a result of insufficient management or other resources could significantly impede our ability to execute our business plan, which relies in part on our ability to leverage our largely fixed- cost infrastructure. To properly manage our growth, we may need to hire and retain additional personnel, upgrade our existing operational management and financial and reporting systems, and improve our business processes and controls. Failure to effectively manage the expansion of our portfolio of products and services in a cost- effective manner could result in declines in product and service quality and customer satisfaction, disruption of our operations, or increased costs, any of which would reduce our ability to increase our profitability. We could lose market share and revenue as a result of increasing competition from companies in the wireless communications industry, including cellular and other satellite operators, and from the extension of land- based communications services. We face intense competition in all of our markets, which could result in a loss of customers and lower revenue and make it more difficult for us to enter new markets. We compete primarily on the basis of coverage, quality, portability, and pricing of services and products. The provision of satellite- based services and products is subject to downward price pressure when capacity exceeds demand or as a result of aggressive discounting by some operators under financial pressure to expand their respective market share. In addition, we may face competition from new competitors, new technologies or new equipment, including **new and** proposed ~~new~~ LEO constellations. For example, we may face competition for our services in the United States from service providers with ancillary terrestrial component, or ATC, authorities who are designing a satellite operating business and a terrestrial component around their spectrum holdings, or from service providers developing satellite direct to terrestrial phone capabilities. In addition, some of our competitors have announced plans for the launch of additional satellites. As a result of competition, we may not be able to successfully retain our existing customers and attract new customers. In addition to our satellite- based competitors, terrestrial voice and data service providers, both wireline and wireless, could further expand into rural and remote areas and provide the same general types of services and products that we provide through our satellite- based system. Although satellite communications services and terrestrial communications services are not perfect substitutes, the two compete in some markets and for some services. Consumers generally perceive terrestrial wireless voice communication products and services as cheaper and more convenient than those that are satellite- based. Many of our terrestrial competitors have greater resources, wider name recognition and newer technologies than we do. In addition, industry consolidation could hurt us by increasing the scale or scope of our competitors, thereby making it more difficult for us to compete. We depend on third parties to market and sell our products and services, and their inability to do so effectively could impair our revenue and our reputation. We select third- party distributors, in some cases on an exclusive basis, and rely on them to market and sell our products and services to end users and to determine the prices end users pay. We also depend on our distributors to develop innovative and improved solutions and applications integrating our product and service offerings. As a result of these arrangements, we are dependent on the performance of our distributors to generate most of our revenue. Our distributors operate independently of us, and we have limited control over their operations, which exposes us to significant risks. Distributors may not commit the same level of resources to market and sell our products and services that we would, and these distributors may also market and sell competitive products and services. In addition, our distributors may not comply with the laws and regulatory requirements in their local jurisdictions, which could limit their ability to market or sell our products and services. If our distributors develop faulty or poorly performing products using our technology or services, we may be subject to claims, and our reputation could be harmed. If current or future distributors do not perform adequately, or if we are unable to locate competent distributors in particular countries and secure their services on favorable terms, we may be unable to increase or maintain our revenue in these markets or enter new markets, we may not realize our expected growth, and our brand image and reputation could be hurt. **For example, in 2023, we announced an arrangement with Qualcomm Technologies, Inc., or Qualcomm, to include our services on a processor for use in smartphones and act as our VAM and service provider with smartphone manufacturers. Although Qualcomm successfully developed and demonstrated the service, they were unable to market the processor successfully to smartphone manufacturers. As a result, Qualcomm elected to terminate our arrangement with them. This arrangement included large penalties had we marketed a similar technology with another partner; as a result, we expect a substantial delay in our ability to develop a similar service with a different third party.** In addition, we may lose distributors due to competition, industry consolidation, regulatory developments, business developments affecting our distributors or their customers, or for other reasons. In 2009, one of our largest competitors, Inmarsat **(now Viasat)** , acquired our then largest distributor, Stratos Global Wireless, Inc., and in 2014, Inmarsat acquired Globe Wireless, one of our service providers. Following each acquisition, Inmarsat essentially stopped promoting sales of our products and services, and they ~~may~~

and other competitors could further reduce their **distribution** efforts **with respect to our products and services** in the future. Any future consolidation of our distributors would further increase our reliance on a few key distributors of our services and the amount of volume discounts that we may have to give those distributors. Our two largest distributors, Marlink Group and Garmin, together represented approximately ~~12~~ **10** % of our revenue for the year ended December 31, ~~2022~~ **2023** , and our ten largest distributors represented, in the aggregate, ~~34~~ **27** % of our revenue for the year ended December 31, ~~2022~~ **2023** . The loss or consolidation of any of these distributors, or a decrease in the level of effort expended by any of them to promote our products and services, could reduce the distribution of our products and services as well as the development of new products and applications, which would negatively affect our revenue. Our business was negatively affected by the COVID- 19 pandemic, actions taken to mitigate the pandemic, and the economic disruptions that resulted, and a resurgence or similar pandemic in the future could harm our business. The COVID- 19 pandemic, the steps taken to respond **,** and the resulting substantial domestic and global economic disruption led to reduced sales and limited our distributors' ability to install or service our products. The aviation industry was particularly hard hit, which had an adverse effect on our primary hosted payload customer, Aireon, in which we have also made substantial investments. The pandemic also negatively affected the payment of accounts receivable and collections. For example, one of our distributors sought protection in bankruptcy, reducing the amount we received from them for past services. Finally, factors related to the pandemic, including changing work environments, concerns over safety, reluctance to obtain vaccines, and changing economic conditions, caused an increase in employee resignations across many industries and companies, including ours. Any resurgence of the COVID- 19 pandemic, or another future pandemic, that causes similar disruption could further adversely affect our business, results of operations and financial condition. We rely on a limited number of key vendors for supply of equipment, components and services; the loss of any such supplier, or shortages experienced by such suppliers, could cause us to incur additional costs and delays in the production and delivery of our products, which could reduce the sales of those products and use of the related services. We currently rely on ~~two~~ **a limited number of** manufacturers of our devices, including our mobile handsets, L- band transceivers and SBD devices. We also utilize sole source suppliers for some of the component parts of our devices. If any of our suppliers were to terminate its relationship with us, we may not be able to find a replacement supplier in a timely manner, at an acceptable price or at all. Further, our manufacturers and suppliers may cease production of our components or products or become capacity- constrained, or could face financial difficulties as a result of a surge in demand, a natural disaster or other event ~~, including the impacts of the COVID- 19 pandemic~~ . For example, several of our suppliers ~~have~~ experienced production delays as a result of the **recent** global silicon chip shortage. As a result, we ~~have~~ experienced ~~and expect to continue to experience~~ delays in fulfilling some product orders and are evaluating replacement components and product changes. These delays ~~have~~ increased our costs and reduced our sales of those products and use of the related services ~~, and we expect these effects to continue into 2023~~ . Any future delay in production or delivery of our products or components by our suppliers could similarly adversely affect our business. Even if we are able to replace or supplement sole source or other component suppliers, there could be a substantial period of time in which our products would not be available; any new relationship may involve higher costs and delays in development and delivery, and we may encounter technical challenges in successfully replicating the manufacturing processes. If our manufacturers or suppliers terminate their relationships with us, fail to provide equipment or services to us on a timely basis, or fail to meet our performance expectations, we may be unable to provide products or services to our customers in a competitive manner, which could in turn negatively affect our financial results and our reputation. Our Russian operations have been and may continue to be affected by Russia' s invasion of Ukraine and related sanctions imposed in response, and we may in the future choose or be required to further limit or shut down those operations entirely. We provide satellite communications services in Russia through two local subsidiaries employing ~~35~~ **36** people and authorized Russian service providers, using a dedicated gateway in Russia. In ~~2022~~ **2023** , revenue from our operations in Russia represented approximately ~~2.~~ 1 **. 8** % of our total revenue, all of which was service revenue. As a result of Russia' s invasion of Ukraine in February 2022, we ~~have~~ ceased shipments of equipment to Russia and made other adjustments to our operations in light of U. S. and international sanctions. Further, our sales in Russia are conducted in rubles and then translated to U. S. dollars in our financial results. The value of the ruble has fluctuated substantially since the invasion, which may affect our reported revenues. As a result of these factors, we expect revenue from our operations in Russia to be variable and difficult to predict. In addition, we may in the future choose or be required to further limit or cease operations in Russia entirely, in which case we will no longer receive any revenue from those operations. We could also incur significant expenses as a result of the process of shutting down operations in Russia. Conducting and expanding our operations outside the United States creates numerous risks, which may harm our operations and compromise our ability to expand our international operations. We have significant operations outside the United States. We estimate that commercial data traffic originating outside the United States accounted for ~~78~~ **96** % and ~~74~~ **95** % of total commercial data traffic for the years ended December 31, **2023 and** 2022 ~~and 2021~~ , respectively, while commercial voice traffic originating outside the United States accounted for 91 % and 90 % of total commercial voice traffic for the years ended December 31, **2023 and** 2022 ~~and 2021~~ . We cannot provide the precise geographical distribution of revenue from end users because we do not contract directly with them. Instead, we determine the country in which we earn our revenue based on where we invoice our distributors. These distributors sell services directly or indirectly to end users, who may be located or use our products and services elsewhere. We and our distributors are also seeking authorization to sell our services in additional countries. Conducting operations outside the United States involves numerous risks and, while expanding our international operations would advance our growth, it would also increase our exposure to these risks. Risks associated with the ~~proposed~~ **potential** expansion of our international operations include: • difficulties in penetrating new markets due to established and entrenched competitors; • difficulties in developing products and services that are tailored to the needs of local customers; • lack of local acceptance or knowledge of our products and services; • lack of recognition of our products and services; • unavailability of, or difficulties in establishing, relationships with distributors; • significant investments, including the development and deployment of dedicated gateways, as some countries require physical gateways within their jurisdiction to connect the traffic coming to and from their territory; • instability of international economies and governments; • effects of ~~the ongoing~~ **a global pandemic, such as** COVID- 19 ~~pandemic~~ , including on international economies, supply chains and travel; • changes in laws and policies affecting trade and investment in other jurisdictions; • exposure to varying legal standards, including data privacy, security and intellectual property protection in other jurisdictions; • difficulties in obtaining required regulatory authorizations; • difficulties in enforcing legal rights in other jurisdictions; • local domestic ownership requirements; • requirements that operational activities be performed in- country; • changing and conflicting national and local regulatory requirements; • foreign currency exchange rates and exchange controls; and • ongoing compliance with the U. S. Foreign Corrupt Practices Act, U. S. export controls, anti- money laundering and trade sanction laws, and similar international anti- corruption and trade laws in other countries. If any of these risks were to materialize, it could affect our ability to successfully compete and expand internationally. Government organizations, foreign military and intelligence agencies, natural disaster aid associations, and event- driven response agencies use our commercial voice and data satellite communications services. Accordingly, we may experience reductions in usage due to changing global circumstances. The prices for our products and services are typically denominated in U. S. dollars. Any appreciation of the U. S. dollar against other currencies will increase the cost of our products and services to our international customers and, as a result, may reduce the competitiveness of our international offerings and make it more difficult for us to grow internationally. Pursuing strategic transactions may cause us to incur additional risks. We may pursue acquisitions, joint ventures or other strategic transactions from time to time. We may face costs and risks arising from any such transactions, including integrating a new business into our business or managing a joint venture. These risks may include adverse legal, organizational and financial consequences, loss of key customers and distributors, and diversion of management' s time. In addition, any major business combination or similar strategic transaction may require significant additional financing, and our ability to obtain such financing may be restricted by the credit agreement governing our currently outstanding **term loan with various lenders administered by Deutsche Bank AG, or the** Term Loan. Further, depending on market conditions, investor perceptions of our company and other factors, we might not be able to obtain financing on acceptable terms, in acceptable amounts, or at appropriate times to implement any such transaction. Any such financing, if obtained, may dilute existing stockholders. Spectrum values historically have been volatile, which could cause the value of our business to fluctuate. Our business plan is evolving, and it may in the future include forming strategic partnerships to maximize value for our spectrum, network assets and combined service offerings in the United States and internationally. Values that we may be able to realize from such partnerships will depend in part on the value placed on our spectrum authorizations. Valuations of spectrum in other frequency bands historically have been volatile, and we cannot predict at what amount a future partner may be willing to value our spectrum and other assets. In addition, to the extent that the FCC takes action that makes additional spectrum available or promotes the more flexible use or greater availability of existing satellite or terrestrial spectrum allocations, for example by means of spectrum leasing or new spectrum sales, the availability of such additional spectrum could reduce the value of our spectrum authorizations and, as a result, the value of our business. We may be negatively affected by global economic conditions. Our operations and performance depend significantly on worldwide economic conditions. Uncertainty about global economic conditions poses a risk as individual consumers, businesses and governments may postpone spending in response to tighter credit, negative financial news, declines in income or asset values, or budgetary constraints. Reduced demand would cause a decline in our revenue and make it more difficult for us to operate profitably, potentially compromising our ability to pursue our business plan. We expect our future growth rate will be affected by the condition of the global economy, increased competition, maturation of the satellite communications industry, and the difficulty in sustaining high growth rates as we increase in size. Any substantial appreciation of the U. S. dollar may also negatively affect our growth by increasing the cost of our products and services in foreign countries. Our ability to operate our company effectively could be impaired if we lose members of our senior management team or key technical personnel. We depend on the continued service of key managerial and technical personnel and personnel with security clearances, as well as our ability to continue to attract and retain highly qualified personnel. We compete for such personnel with other companies, government entities, academic institutions and other organizations. The unexpected loss or interruption of the services of such personnel could compromise our ability to effectively manage our operations, execute our business plan and meet our strategic objectives. Risks related to our capital structure We have a considerable amount of debt, which may limit our ability to fulfill our obligations and / or to obtain additional financing. As of December 31, ~~2022~~ **2023** , we had $ 1, ~~504~~ **500** . ~~6~~ **0** million of consolidated gross indebtedness. Our capital structure and reliance on indebtedness can have several important consequences, including, but not limited to, the following: • If future cash flows are insufficient, we may not be able to make principal or interest payments on our debt obligations, which could result in the occurrence of an event of default under one or more of those debt instruments. • Our leverage level could increase our vulnerability to adverse economic and industry conditions. • Our indebtedness requires us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow for operations and other purposes. • Our leverage level could make it more difficult for us to satisfy our obligations to our lenders, resulting in possible defaults on and acceleration of such indebtedness. • Our leverage level could place us at a competitive disadvantage compared to any competitors that have less debt or comparable debt at more favorable interest rates and that, as a result, may be better positioned to withstand economic downturns. • Our consolidated indebtedness has the general effect of reducing our flexibility to react to changing business and economic conditions insofar as they affect our financial condition. The interest rates at which we might secure additional financings may be higher than our currently outstanding debt instruments or higher than forecasted at any point in time, which could adversely affect our business, financial condition, results of operations and cash flows. • Market conditions could affect our access to capital markets, restrict our ability to secure financing to make planned capital expenditures and investments and pay other expenses, which could adversely affect our business, financial condition, cash flows and results of operations. Further, despite our substantial levels of indebtedness, we and our subsidiaries have the ability to incur substantially more indebtedness, which could further intensify the risks described above. If we do not generate sufficient cash flows, we may be unable to repay our Term Loan when it matures. We will need to repay our Term Loan in full at maturity in ~~November 2026~~ **September 2030** . If our cash flows and capital resources are insufficient to repay the Term Loan when it matures, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets or operations, reducing or delaying capital investments, or seeking to raise additional capital. We may not be able to refinance our debt, or any refinancing of our debt could be at higher interest rates and may require us to comply with more restrictive covenants that could further restrict our business operations. Our ability to implement successfully any such alternative financing plans will depend on a range of factors, including our financial condition, general economic conditions and the level of activity in capital markets generally. Failure to repay or refinance the Term Loan at or prior to maturity would result in an event of default under the Term Loan. The credit agreement governing our Term Loan contains cross- default or cross- acceleration provisions that may cause all of the debt issued under that instrument to become immediately due and payable because of a default under an unrelated debt instrument. Our failure to comply with the obligations contained in the credit agreement governing our Term Loan or other future instruments of indebtedness could result in an event of default under the applicable instrument, which could result in the related debt and the debt issued under other instruments (together with accrued and unpaid interest and other fees) becoming immediately due and payable. In such event, we would need to raise funds from alternative sources, which funds may not be available to us on favorable terms, on a timely basis, or at all. Alternatively, such a default could require us to sell our assets and otherwise curtail our operations in order to pay our creditors. These alternative measures could have a material adverse effect on our business, financial position, results of operations and / or cash flows, which could cause us to become bankrupt or insolvent or otherwise impair our ability to make payments in respect of our indebtedness. If we default under the Term Loan, the lenders may require immediate repayment in full of amounts borrowed or foreclose on our assets. The credit agreement governing our Term Loan contains events of default, including cross- default with other indebtedness, bankruptcy, and a change in control (as defined in the credit agreement). If we experience an event of default, the lenders may require repayment in full of all principal and interest outstanding under the Term Loan. If we fail to repay such amounts, the lenders may foreclose on the assets we have pledged under the Term Loan, which includes substantially all of the assets of our domestic subsidiaries, including our principal operating subsidiary, Iridium Satellite **LLC** . Certain provisions in the credit agreement governing our Term Loan limit our financial and operating flexibility. The credit agreement governing our Term Loan contains covenants that place restrictions on, among other things, our ability to: • incur liens, • engage in mergers or asset sales, • pay dividends, • repay subordinated indebtedness, • incur indebtedness, • make investments and loans, and • engage in other specified transactions. These restrictions are typically structured with dollar limits based on a percentage of our trailing twelve month earnings before interest, taxes, depreciation and amortization and vary depending on our leverage level (in each case as calculated under the credit agreement). Complying with these restrictions may make it more difficult for us to successfully execute our business plan and compete against companies who are not subject to such restrictions. Our Board of Directors may reduce, suspend or terminate our planned dividends. In December 2022, our Board of Directors initiated a quarterly dividend and declared a cash dividend on our common stock. Decisions regarding future dividends are within the discretion of the Board of Directors and may be influenced by a number of factors, including the price of our common stock, general business and economic conditions, our financial condition and operating results, the emergence of alternative investment or acquisition opportunities, changes in our business strategy and other factors. These or other factors could cause our Board of Directors to reduce, suspend or terminate our planned quarterly dividends, which could reduce the value of our common stock. For more information on our dividends, see " Management' s Discussion and Analysis of Financial Conditions and Results of Operations. " Adverse changes in our credit ratings or withdrawal of the ratings assigned to our debt securities by rating agencies may negatively affect us. Our ability to access capital markets is important to our ability to operate our business. Increased scrutiny of the satellite industry and the impact of regulation, as well as changes in our financial performance and unfavorable conditions in the capital markets could result in credit agencies reexamining our credit ratings. A downgrade in our credit ratings could restrict or discontinue our ability to access capital markets at attractive rates and increase our borrowing costs. Furthermore, any rating assigned could be lowered or withdrawn entirely by a rating agency if, in that rating agency' s judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. Any future lowering of our ratings likely would make it more difficult or more expensive for us to obtain additional debt financing. 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 satellites; • actual or anticipated variations in our operating results, including termination or expiration of one or more of our key contracts, or a change in sales levels under one or more of our key contracts; • failure of Aireon to successfully carry out its business plan or obtain expected financing; • failure to comply with the terms of the credit agreement governing our Term Loan; • sales of a large number of shares of our common stock or the perception that such sales may occur; • the dilutive effect of outstanding stock options and other equity awards; • changes in financial estimates by industry analysts, or our failure to meet or exceed any such estimates, or changes in the recommendations of any industry analysts that elect to follow our common stock or the common stock of our competitors; • impairment of intangible assets; • actual or anticipated changes in economic, political or market conditions, such as recessions or international currency fluctuations; • actual or anticipated changes in the regulatory environment affecting our industry; • changes in the market valuations of our competitors; • low trading volume; and • announcements by our competitors regarding significant new products or services or significant acquisitions, strategic partnerships, divestitures, joint ventures or other strategic initiatives. The trading price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. If our stock, the market for other stocks in our industry, or the stock market in general experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition or results of operations. Risks related to legal and regulatory matters Our business is subject to extensive government regulation, which mandates how we may operate our business and may increase our cost of providing services and slow our expansion into new markets. Our ownership and operation of a satellite communications system and the sale of products that operate on that system are subject to significant regulation in the United States, including by the FCC, the U. S. Department of Commerce and others, and in foreign jurisdictions by similar local authorities. The rules and regulations of these U. S. and foreign authorities may change, and such authorities may adopt regulations that limit or restrict our operations as presently conducted or currently contemplated, including our de- orbit obligations. Such authorities may also make changes in the licenses of our competitors that affect our spectrum. Such changes may significantly affect our business. Further, because regulations in each country are different, we may not be aware if some of our distribution partners or persons with whom we or they do business do not hold the requisite licenses and approvals. Our failure to provide services in accordance with the terms of our licenses or our failure to operate our satellites or ground stations as required by our licenses and applicable laws and government regulations could result in the imposition of government sanctions on us, including the suspension or cancellation of our licenses. Our failure or delay in obtaining the approvals required to operate in other countries would limit or delay our ability to expand our operations into those countries. Our failure to obtain industry- standard or government- required certifications for our products could compromise our ability to generate revenue and conduct our business in other countries. Any imposition of sanctions, loss of license or failure to obtain the authorizations necessary to use our assigned radio frequency spectrum and to distribute our products in the United States or foreign jurisdictions could cause us to lose sales, hurt our reputation and impair our ability to pursue our business plan. In addition, one of our subsidiaries, Iridium Carrier Services LLC, holds a common carrier radio license and is thus subject to regulation as a common carrier, including limitations and prior approval requirements with respect to direct or indirect foreign ownership. A change in the manner in which we provide service, or a failure to comply with any common carrier regulations that apply to us or to pay required fees, could result in sanctions including fines, loss of authorizations, or the denial of applications for new authorizations or the renewal of existing authorizations. Repurposing of satellite spectrum by adjacent operators of L- band spectrum for terrestrial services could interfere with our services. In February 2003, the FCC adopted ATC rules that permit satellite service providers to establish terrestrial wireless networks in previously satellite- only bands, subject to certain requirements intended to ensure that terrestrial services remain ancillary to primary satellite operations and do not interfere with existing operators. In 2011, the FCC granted Ligado Networks (then known as Lightsquared), or Ligado, a waiver to convert its L- band satellite spectrum to terrestrial use, including a 10 MHz band close to the spectrum that we use for all of our services. That waiver was subsequently suspended in 2012 due to concerns about potential interference to GPS operations. Ligado sought another waiver in 2015 to modify the ATC of its L- band mobile satellite service network with a terrestrial- only proposal designed to address GPS industry concerns. In April 2020, the FCC announced that it had approved Ligado' s waiver request. We **, along with a variety of other private parties and the National Telecommunications and Information Administration on behalf of federal government users,** filed ~~a petition~~ **petitions** for reconsideration opposing this waiver out of concern for the interference that we believe Ligado' s proposed operations would cause ~~to~~ **. These petitions remain pending. In October 2023, Ligado brought suit against the U. S. government in the Federal** ~~our~~ **Court** ~~operations~~ **of Claims alleging that the Department of Defense, the Department of Commerce, and Congress unlawfully prevented Ligado from using its exclusively licensed services and seeking damages based on their inability to deploy ATC services** in **the** ~~adjacent L-~~ band ~~spectrum. Our petition remains pending~~ . Ligado' s implementation of these services would result in terrestrial use of L- band spectrum in the 1. 6 GHz band, which we use to provide our services, and such implementation may affect the performance of our system for customers of our existing and future services. While the FCC' s decision to approve these services included conditions designed to protect other satellite services that use L- band spectrum from harmful interference, these conditions may prove insufficient, or the level of services provided may exceed those estimated by the FCC, in which case these or future terrestrial services permitted by the FCC could substantially interfere with our satellites and devices, which would adversely affect our services. If other countries permit similar terrestrial use of L- band spectrum in the 1. 6 GHz band, the performance of our system may be subject to interference there as well. If the FCC revokes, modifies or fails to renew our licenses, or fails to grant a new license or modification, our ability to operate will be harmed or eliminated. We hold FCC licenses, specifically a license for our satellite constellation, licenses for our U. S. gateway and other ground facilities, and blanket earth station licenses for U. S. government customers and commercial subscribers, that are subject to revocation if we fail to satisfy specified conditions. The FCC licenses are also subject to modification by the FCC. Our satellite constellation license expires on February 23, 2032. Our U. S. gateway earth station and the U. S. government customer and commercial subscriber earth station licenses expire between February 2036 and March 2037. There can be no assurance that the FCC will renew the FCC licenses we hold or grant new ones or modifications. If the FCC revokes, modifies or fails to renew the FCC licenses we hold, or fails to grant a new license or modification, or if we fail to satisfy any of the conditions of our respective FCC licenses, we may not be able to continue to provide mobile satellite communications services. As we and our distributors expand our offerings to include more consumer- oriented devices, we are more likely to be subject to product liability claims, recalls or litigation, which could adversely affect our business and financial performance. Through our distributors, we offer several services and devices aimed at individual consumers, and we and our distributors continue to introduce additional services and devices for use with our services. For example, we **are working** ~~recently entered into an agreement with Qualcomm~~ to enable satellite messaging and emergency services **directly** in smartphones **and other devices** using our services, which may dramatically increase the number of devices that use our services. These services and devices aimed at individual consumers, such as location- based services, emergency services, satellite handsets, smartphones, and personal locator devices, may contain design and manufacturing defects. Defects may also occur in components and devices that we purchase from third parties or that our distributors offer. There can be no assurance we or our distributors will be able to detect and fix all defects in the services, hardware and software that we or our distributors sell. These services and devices ~~may~~ **could** be used in isolated and dangerous locations, including emergency response situations, and users who suffer property damage, personal injury or death while using such services or devices may seek to assert claims or bring lawsuits against us. Further, it is possible that our distributors' devices could become the subject of consumer protection investigations, enforcement actions or litigation, including class actions. We seek to limit our exposure to all of these claims by maintaining a consumer protection compliance program, and through appropriate notices, disclosures, indemnification provisions and disclaimers, but these steps may not be effective or available in all cases. We also maintain product liability insurance, but this insurance may not cover any particular claim or litigation, or the amount of insurance may be inadequate to cover the claims brought against us. Product liability insurance could become more expensive and difficult to maintain and might not be available on acceptable terms or at all. In addition, it is possible that our **or our** distributors' devices could become the subject of a product recall as a result of a device defect. We do not maintain recall insurance, nor do we have control over our distributors' devices, and any recall could have a significant effect on our financial results. In addition to the direct expenses of and potential liability for product liability claims, investigations, recalls and litigation, a claim, investigation, recall or litigation might cause us adverse publicity, which could harm our reputation and compromise our ability to sell our services or devices in the future. The collection, storage, transmission, use and disclosure of user data and personal information could give rise to liabilities or additional costs as a result of laws, governmental regulations, and evolving views of personal privacy rights and information security standards. We transmit, process, and in some cases store in the normal course of our business, personal information. Many jurisdictions around the world have adopted laws and regulations regarding the collection, storage, transmission, use and disclosure of personal information. The legal standards for processing, storing and using this personal information continue to evolve, impose additional obligations and risk on our business, and have the potential to make some of our business processes more costly or less feasible. For example, ~~the California~~ **numerous U. S. states have adopted** ~~Consumer~~ **consumer** ~~Privacy~~ **privacy laws that** ~~Act, or the CCPA, went into effect on January 1, 2020, and~~ gives ~~California~~ residents expanded rights to access and delete their personal information, opt out of certain personal information sharing and receive detailed information about how their personal information is used by requiring companies to provide new disclosures to ~~California~~ consumers ~~(as that term is broadly defined)~~ and provide such consumers new ways to opt out of certain sales of personal information. In Europe, the European Commission enacted the General Data Protection Regulation, or GDPR, which **since** ~~became effective in May~~ 2018 **has** ~~. The GDPR superseded prior EU data protection legislation, imposes~~ **imposed** more stringent EU data protection requirements ~~,~~ and ~~provides~~ **provided** for greater penalties for noncompliance. In addition, the interpretation of privacy and data protection laws and regulations regarding the collection, storage, transmission, use and disclosure of such information in some jurisdictions remains unclear. These laws may be interpreted, applied and enforced in conflicting ways from **state to state and** country to country and in a manner that is not consistent with our current business practices. Complying with these varying privacy and data security legal requirements could cause us to incur additional costs and change our business practices. Further, our services are accessible in many foreign jurisdictions, and some of these jurisdictions may claim that we are required to comply with their laws, even where we have no operating entity, employees or infrastructure located in that jurisdiction. We could face direct expenses related to a variety of enforcement actions, government investigations, or litigation, and an interruption to our business and adverse publicity because of such enforcement actions, government investigations, or litigation. Such enforcement actions, government investigations, or litigation could also cause us to incur significant expenses if we were required to modify our products, our services, our infrastructure, or our existing security and privacy procedures in order to comply with new or expanded privacy and security regulations. In addition, if end users allege that their personal information is not collected, stored, transmitted, used or disclosed by us or our business partners appropriately or in accordance with our policies or applicable laws, or that our failure to adequately secure their personal information compromised its security, we could have liability to them or to consumer protection agencies, including claims, investigations and litigation related to such allegations. Any failure on our part to protect end users' personal information could result in a loss of user confidence, harm our reputation, result in the loss of users, and cause us to incur significant expenses. We have been and may in the future become subject to claims that our devices or services violate the patent or intellectual property rights of others, which could be costly and disruptive to us. We operate in an industry that is susceptible to significant intellectual property litigation. As a result, we or our devices or services from time to time have been and may in the future be subject to intellectual property infringement claims or litigation. The defense of intellectual property suits is both costly and time- consuming, even if ultimately successful, and may divert management' s attention from other business concerns. An adverse determination in litigation to which we may become a party could, among other things: • subject us to significant liabilities to third parties, including treble damages; • require disputed rights to be licensed from a third party for royalties that may be substantial; • require us to cease using technology that is important to our business; or • prohibit us from selling some or all of our devices or offering some or all of our services. We may be unable to offer one or more services in important regions of the world due to regulatory requirements, which could limit our growth. While our constellation is capable of providing service globally, our ability to sell one or more types of service in some regions may be limited by local regulations. Some countries have specific regulatory requirements such as local domestic ownership requirements or requirements for physical gateways within their jurisdiction to connect traffic coming to and from their territory. In some countries, we may not be able to find an acceptable local partner or reach an agreement to develop additional gateways, or the cost of developing and deploying such gateways may be prohibitive, which could impair our ability to expand our product and service offerings in such areas and undermine our value for potential users who require service in these areas. Also, other countries where we already provide service may impose similar requirements in the future, which could restrict our ability to continue to sell service in those countries. The inability to offer to sell our products and services in all major international markets could impair our international growth. In addition, the construction of such gateways in foreign countries may trigger and require us to comply with various U. S. regulatory requirements that could conflict with or contravene the laws or regulations of the local jurisdiction. Any of these developments could limit, delay or otherwise interfere with our ability to construct gateways or other infrastructure or network solutions around the world. Security and emergency services regulations in the **United States** ~~U. S.~~ and other countries may affect our ability to operate our system and to expand into new markets. Our operations are subject to regulations of the U. S. Department of Commerce' s Bureau of Industry and Security relating to the export of satellites and related technical data as well as our subscriber equipment, the U. S. Treasury Department' s Office of Foreign Assets Control relating to transactions involving entities sanctioned by the United States, and the U. S. State Department' s Office of Defense Trade Controls relating to satellite launch. We are also required to provide U. S. and some foreign government law enforcement and security agencies with call interception services and related government assistance, in respect of which we face legal obligations and restrictions in various jurisdictions. Given our global operations and unique network architecture, these requirements and restrictions are not always easy to comply with or harmonize. In addition, some countries require providers of telecommunications services to connect specified emergency numbers to local emergency services. We have discussed and continue to discuss with authorities in various countries the procedures used to satisfy our obligations, and have had to, and may in the future need to, obtain amendments or waivers to licenses or obligations in various countries. Countries are not obligated to grant requested amendments or waivers, and there can be no assurance that relevant authorities will not suspend or revoke our licenses or take other legal actions to attempt to enforce the requirements of their respective jurisdictions. These U. S. and foreign obligations and regulations may limit or delay our ability to offer products and services in a particular country. As new laws and regulations are issued, we may be required to modify our business plans or operations. In addition, changing and conflicting national and local regulatory requirements may cause us to be in compliance with local requirements in one country, while not being in compliance with the laws and regulations of another. If we fail to comply with regulations in the United States or any other country, we could be subject to substantial fines or sanctions that could make it difficult or impossible for us to operate in the United States or such other country, or we may need to make substantial additional expenditures to bring our systems, products and services into compliance with the requirements. We may be unable to obtain and maintain contractually required liability insurance, and the insurance we obtain may not cover all liabilities to which we may become subject. Under our agreements with Motorola Solutions and the U. S. government, we are required to maintain an in- orbit liability insurance policy with a de-orbiting endorsement. The current policy, together with the de- orbiting endorsement, covers amounts that we and other specified parties may become liable to pay for bodily injury and property damages to third parties related to processing, maintaining, and de- orbiting our first- generation satellites. Our current policy has a one- year term, which expires on December 8, ~~2023~~ **2024** , and excludes coverage for all third- party damages relating to the 2009 collision of our satellite with a non-operational Russian satellite. The price, terms and availability of insurance have fluctuated significantly since we began offering commercial satellite services. The cost of obtaining insurance can vary as a result of either satellite failures or general conditions in the insurance industry. Higher premiums on insurance policies would increase our cost. In- orbit liability insurance policies on satellites may not continue to be available on commercially reasonable terms or at all. In addition to higher premiums, insurance policies may provide for higher deductibles, shorter coverage periods and additional policy exclusions. For example, our current de- orbit insurance covers only twelve months from attachment and therefore would not cover losses arising outside that timeframe. In addition, even if we continue to maintain an in- orbit liability insurance policy, the coverage may not protect us against all third- party losses, which could be material. Our current in- orbit liability insurance policy contains, and we expect any future policies would likewise contain, specified exclusions and material change limitations customary in the industry. These exclusions may relate to, among other things, losses resulting from in- orbit collisions such as the one we experienced in 2009, acts of war, insurrection, terrorism or military action, government confiscation, strikes, riots, civil commotions, labor disturbances, sabotage, unauthorized use of the satellites, and nuclear or radioactive contamination, as well as claims directly or indirectly occasioned as a result of noise, pollution, electrical and electromagnetic interference, and interference with the use of property. In addition to our in- orbit liability insurance policy, we are required to maintain insurance to cover the potential liability of Motorola Solutions, the successor to the manufacturer of our first- generation satellites. We may not in the future be able to renew this coverage on reasonable terms and conditions, or at all. Our failure to maintain this insurance could increase our exposure to liability arising in relation to our first- generation satellites. Wireless devices' radio frequency emissions are the subject of regulation and litigation concerning their environmental effects, which includes alleged health and safety risks. As a result, we may be subject to new regulations, demand for our services may decrease, and we could face liability based on alleged health risks. There has been adverse publicity concerning alleged health risks associated with radio frequency transmissions from portable hand- held telephones that have transmitting antennas. Lawsuits have been filed against participants in the wireless industry alleging a number of adverse health consequences, including cancer, as a result of wireless phone usage. Other claims allege consumer harm from failures to disclose information about radio frequency emissions or aspects of the regulatory regimes governing those emissions. Although we have not been party to any such lawsuits, we may be exposed to such litigation in the future. While we believe we comply with applicable standards for radio frequency emissions and power and do not believe that there is valid scientific evidence that use of our devices poses a health risk, courts or governmental agencies could determine otherwise. Any such finding could reduce our revenue and profitability and expose us and other communications service providers or device sellers to litigation, which, even if frivolous or unsuccessful, could be costly to defend. If consumers' health concerns over radio frequency emissions increase, they may be discouraged from using wireless handsets or other wireless consumer devices. Further, government authorities might increase regulation of wireless handsets and other wireless consumer devices as a result of these health concerns. Any actual or perceived risk from radio frequency emissions could reduce the number of our subscribers and demand for our products and services. Our ability to use our net operating loss carryforwards to offset future taxable income may be subject to certain limitations. Our ability to utilize U. S. net operating loss carryforwards and other tax attributes may be limited if we experience an " ownership change " under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, which generally occurs if one or more stockholders or groups of stockholders who own at least 5 % of our common stock increase their ownership in the aggregate by more than 50 %

over their lowest ownership percentage within a rolling period that begins on the later of three years prior to the testing date and the date of the last ownership change. Similar rules may apply under state tax laws. If **such** an "ownership change" were to occur, Section 382 of the Code would impose an annual limit on the amount of pre- ownership change net operating loss carryforwards and other tax attributes we could use to reduce our taxable income. It is possible that such an ownership change could materially reduce our ability to use our net operating loss carryforwards or other tax attributes to offset taxable income, which could impact our profitability. We could be subject to adverse determinations by taxing authorities. We are subject to regular review and audit by both domestic and foreign tax authorities. As a result, we have received, and may in the future receive, assessments in multiple jurisdictions on various tax- related assertions, including transfer pricing adjustments or permanent establishment. Any adverse outcome of such a review or audit could have a negative effect on our operating results and financial condition. In addition, the determination of our provision for income taxes and other tax liabilities requires significant judgment, including transactions and calculations where the ultimate tax determination is uncertain. Although we believe our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in our consolidated financial statements and may materially affect our financial results in the period or periods for which such determination is made. Changes in tax laws could increase our worldwide tax rate and materially affect our financial position and results of operations. Tax policies, laws or rates in various jurisdictions may be subject to significant change, which could materially and adversely affect our financial position and results of operations. Further, organizations such as the Organization for Economic Cooperation and Development have published action plans that, if adopted by countries where we do business, could increase our tax obligations in these countries. Due to our U. S. and international business activities, certain of these enacted and proposed changes to the taxation of our activities could increase our worldwide effective tax rate, which in turn could harm our financial position and results of operations. If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired. We are subject to the reporting requirements of the Securities Exchange Act of 1934, the Sarbanes- Oxley Act of 2002, the Dodd- Frank Wall Street Reform and Consumer Protection Act of 2010, and the rules and regulations of the SEC and The Nasdaq Global Select Market. The Sarbanes- Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal controls over financial reporting. We perform system and process evaluation and testing of our internal controls over financial reporting to allow management to report on the effectiveness of our internal controls over financial reporting in our Annual Reports on Form 10- K, as required by Section 404 of the Sarbanes- Oxley Act. If we are not able to comply with the requirements of Section 404 of the Sarbanes- Oxley Act in a timely manner, or if we are unable to maintain proper and effective internal controls, we may not be able to produce timely and accurate financial statements, and we may conclude that our internal controls over financial reporting are not effective. If that were to happen, the market price of our stock could decline, and we could be subject to sanctions or investigations by the Nasdaq Global Select Market, the SEC or other regulatory authorities. Maintaining effective internal controls over financial reporting is necessary for us to produce reliable financial statements. If we fail to maintain such controls, it could result in a material misstatement of our financial statements that would not be prevented or detected on a timely basis, which could cause investors and other users to lose confidence in our financial statements.