

ORBCOMM Inc.
Form 10-K
March 10, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Form 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015

or

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

For the transition period from _____ to _____

Commission file number 001-33118

ORBCOMM INC.

(Exact name of registrant in its charter)

Delaware 41-2118289
(State or other jurisdiction of (I.R.S. Employer

incorporation of organization) Identification Number)

395 W. Passaic Street

Rochelle Park, New Jersey 07662

(Address of principal executive offices)

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Registrant's telephone number, including area code:

(703) 433-6300

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class:

Name of Each Exchange on Which Registered:

Common stock, par value \$0.001 per share The Nasdaq Stock Market, LLC

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant (based on the closing price reported on the Nasdaq Global Market on June 30, 2015) was \$421,939,442.

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Shares held by all executive officers and directors of the registrant have been excluded from the foregoing calculation because such persons may be deemed to be affiliates of the registrant.

The number of shares of the registrant's common stock outstanding as of March 2, 2016 was 70,794,308.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2016 Annual Meeting of Stockholders to be held on April 20, 2016, are incorporated by reference in Part III of this Form 10-K.

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Forward- Looking Statements

Certain statements discussed in Part I, Item 1. “Business”, Part I, Item 3. “Legal Proceedings”, Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally relate to our plans, estimates, objectives and expectations for future events and other statements that are not historical facts. Such forward-looking statements, including those concerning the Company’s expectations and estimates, are subject to known and unknown risks and uncertainties, which could cause actual results to differ materially from the results, projected, expected or implied by the forward-looking statements, some of which are beyond the Company’s control, that may cause the Company’s actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include but are not limited to: dependence of SkyWave’s business on its commercial relationship with Inmarsat plc and the services provided by Inmarsat plc, including the continued availability of Inmarsat plc’s satellites; substantial losses we have incurred and may continue to incur; demand for and market acceptance of our products and services and the applications developed by us and our resellers; market acceptance and success of our Automatic Identification System business; dependence on a few significant customers, including a concentration in Brazil, loss or decline or slowdown in the growth in business from key customers, such as Caterpillar Inc., Hitachi Construction Machinery Co., Ltd., Komatsu Ltd., Onixsat, Satlink S.L., Sascar and Maersk Lines, other value-added resellers, or VARs, and international value-added resellers, or IVARs, and other value-added Solution Providers, or SPs; dependence on a few significant vendors or suppliers, loss or disruption or slowdown in the supply of products and services from key vendors, such as Inmarsat plc and Sanmina Corporation; loss or decline or slowdown in growth in business of any of the specific industry sectors we serve, such as transportation, heavy equipment, fixed assets and maritime; our potential future need for additional capital to execute on our growth strategy; additional debt service acquired with or incurred in connection with existing or future business operations; our acquisitions may expose us to additional risks, such as unexpected costs, contingent or other liabilities, or weaknesses in internal controls, and expose us to issues related to non-compliance with domestic and foreign laws, particularly regarding our acquisitions of businesses domiciled in foreign countries; the terms of our credit agreement, under which we currently have borrowed \$150 million and may borrow up to an additional \$10 million, could restrict our business activities or our ability to execute our strategic objectives or adversely affect our financial performance; the inability to effect suitable investments, alliances and acquisitions or the failure to integrate and effectively operate the acquired businesses; fluctuations in foreign currency exchange rates; the inability of our subsidiaries, international resellers and licensees to develop markets outside the United States; the inability to obtain or maintain the necessary regulatory authorizations, approvals or licenses, including those that must be obtained and maintained by third parties, for particular countries or to operate our satellites; technological changes, pricing pressures and other competitive factors; in-orbit satellite failures or reduced performance of our existing satellites; the failure of our system or reductions in levels of service due to technological malfunctions or deficiencies or other events; significant liabilities created by products we sell; litigation proceedings; inability to operate due to changes or restrictions in the political, legal, regulatory, government, administrative and economic conditions and developments in the United States and other countries and territories in which we provide our services; ongoing global economic instability and uncertainty; and changes in our business strategy. In addition, specific consideration should be given to various factors described in Part I, Item 1A. “Risk Factors” and Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, and elsewhere in this Annual Report on Form 10-K. The Company undertakes no obligation to publicly revise any forward-looking statements or cautionary factors, except as required by law.

PART I

Item 1. Business

We are a global provider of machine-to-machine (“M2M”) and Internet of Things (“IoT”) solutions, including network connectivity, devices, device management and web reporting applications. These solutions enable optimal business efficiencies, increased asset utilization and reduced asset write-offs, helping customers realize benefits on a worldwide basis. Our M2M and IoT products and services are designed to track, monitor, control and enhance security for a variety of assets, such as trailers, trucks, rail cars, sea containers, generators, fluid tanks, marine vessels, diesel or electric powered generators (“gensets”), oil and gas wells, pipeline monitoring equipment, irrigation control systems, and utility meters, in industries for transportation & distribution, heavy equipment, oil & gas, maritime and government. Additionally, we provide satellite Automatic Identification Service (“AIS”) data services to assist in vessel navigation and to improve maritime safety for government and commercial customers worldwide. We provide these services using multiple network platforms, including our own constellation of 41 low-Earth orbit (“LEO”) satellites and our accompanying ground infrastructure as well as terrestrial-based cellular communication services obtained through reseller agreements with major cellular (Tier One) wireless providers. We also offer customer solutions utilizing additional satellite network service options that we obtain through service agreements we have entered into with multiple mobile satellite providers. Our satellite-based customer solution offerings use small, low power, mobile satellite subscriber communicators for remote asset connectivity, and our terrestrial-based solutions utilize cellular data modems with subscriber identity modules (“SIMS”). We also resell service using the two-way Inmarsat satellite network to provide higher bandwidth, low-latency satellite products and services, leveraging our IsatDataPro (“IDP”) technology. Our customer solutions provide access to data gathered over these systems through connections to other public or private networks, including the Internet. We are dedicated to providing what we believe the most versatile, leading-edge M2M and IoT solutions that enable our customers to run their business operations more efficiently and achieve significant return on investment.

Customers benefiting from our network, products and solutions include original equipment manufacturers, or OEMs, such as Caterpillar Inc., Doosan Infracore America, Hitachi Construction Machinery Co., Ltd., John Deere, Komatsu Ltd., and Volvo Construction Equipment; vertical market technology integrators known as value-added resellers (“VARs”) and international value-added resellers (“IVARs”), such as I.D. Systems, Inc. and inthinc Technology Solutions Inc.; Value-added Solutions Providers (“SPs”) such as Onixsat, Satlink and Sascar; and end-to-end solutions customers such as Carrier Transicold, Thermo King, C&S Wholesale, Canadian National Railways, CR England, Hub Group, Inc., KLLM Transport Services, Marten Transport, Prime Inc., Swift Transportation, Target, Tropicana, Tyson Foods, Walmart and Werner Enterprises.

Unless otherwise noted or the context otherwise requires, references in this Form 10-K to “ORBCOMM,” “the Company,” “our company,” “we,” “us” or “our” refer to ORBCOMM Inc. and its direct and indirect subsidiaries.

Acquisitions

Acquisition of WAM Technologies, LLC

On October 6, 2015, we completed the acquisition of substantially all of the assets of WAM Technologies, LLC (“WAM Technologies”), an affiliate of Mark-It Services, Inc., for a total consideration of \$8.5 million, subject to net working capital adjustments (the “WAM Acquisition”). The WAM Acquisition allows us to expand and strengthen our cold chain monitoring solutions, which include trailers, rail cars, gensets and sea containers.

Acquisition of InSync Software, Inc.

On January 16, 2015, we purchased all the issued and outstanding stock of InSync Software, Inc. (“InSync”) from IDENTEC Group AG (“IDENTEC”) for a cash consideration of \$11.1 million, subject to net working capital adjustments, and additional contingent consideration of up to \$5.0 million, subject to certain operational milestones (the “InSync Acquisition”). InSync is a premier provider of IoT enterprise solutions across a broad spectrum of vertical markets, applications and customers. InSync’s software powers global sensor-driven asset tracking and remote monitoring applications that allow end users, managed service providers and independent software vendors to increase asset visibility, improve operational efficiencies and reduce risk.

Acquisition of SkyWave Mobile Communications, Inc.

On January 1, 2015, we acquired all of the outstanding shares of SkyWave Mobile Communications, Inc. (“SkyWave”) by way of a Plan of Arrangement (the “Arrangement”) under the Business Corporations Act (Ontario) (the “SkyWave Acquisition”) pursuant to an Arrangement Agreement dated as of November 1, 2014 among us, our acquisition subsidiary, SkyWave and the representative of certain SkyWave shareholders (the “Shareholder Representative”). The aggregate purchase price paid by the Company under the Arrangement for 100% of SkyWave’s outstanding shares was \$130.2 million, inclusive of a working capital settlement of \$0.3 million and subject to certain additional adjustments (the “Purchase Price”). We acquired SkyWave on a cash-free debt-free basis. From the Purchase Price, \$7.5 million was paid to Inmarsat Canada Holdings Inc., a subsidiary of Inmarsat, in the form of a promissory note in exchange for a portion of its interest in SkyWave. The promissory note provided an off-set for the \$7.5 million paid by Inmarsat under an agreement with Inmarsat. In connection with the Arrangement, our acquisition subsidiary and the Shareholder Representative entered into an Escrow Agreement with an escrow agent, pursuant to which \$10.6 million was held in escrow to cover certain SkyWave indemnity obligations.

In connection with the SkyWave Acquisition and the entry into the Arrangement Agreement, the Company and Inmarsat have entered into an Asset Purchase and Cooperation Agreement with respect to Inmarsat’s services to SkyWave post-acquisition, as well as the purchase, upon consummation of the SkyWave Acquisition, of certain assets of SkyWave by affiliates of Inmarsat (the “Inmarsat Agreement”), and which replaced or amended certain of our and SkyWave’s existing arrangements with Inmarsat, including SkyWave becoming a party to the Inmarsat Agreement.

Acquisition of Euroscan Group

On March 11, 2014, we completed the acquisition of 100% of the outstanding equity of Euroscan Holding B.V., including, indirectly, its wholly-owned subsidiaries Euroscan B.V., Euroscan GmbH Vertrieb Technischer Geräte, Euroscan Technology Ltd. and Ameriscan, Inc. (collectively, the “Euroscan Group” or “Euroscan”) for an aggregate consideration of (i) \$29.2 million (€21.0 million), subject to net working capital adjustments and net cash (on a debt free, cash free basis); (ii) issuance of 291,230 shares of the Company’s common stock, valued at \$7.70 per share, which reflected the Company’s closing price on the acquisition date; and (iii) additional contingent considerations of up to \$6.5 million (€4.7 million) (the “Euroscan Acquisition”). The Euroscan Acquisition allows us to complement our North American Operations in M2M and IoT by adding a significant distribution channel in Europe and other key geographies where Euroscan has market share.

Acquisition of SENS Asset Tracking Operation

On October 1, 2013, we completed the acquisition of Comtech Mobile Datacom Corporation’s Sensor Enabled Notification System (“SENS”) operations for a total cash consideration of \$2.0 million (the “SENS Acquisition”). The SENS Acquisition provides us access to a customer base that included military, international, government and commercial customers, as well as expanded reach in growing regions, such as Middle East, Asia and South America.

Acquisition of GlobalTrak

On April 3, 2013, we completed the acquisition of substantially all of the assets of GlobalTrak, a division of System Planning Corporation (“SPC”), for total consideration of \$2.9 million (the “GlobalTrak Acquisition”), net of a working capital adjustment of \$0.1 million. The GlobalTrak Acquisition provides us access to a customer base that includes military, international, government and commercial customers, as well as expanded reach in growing regions, such as the Middle East, Asia and South America.

Acquisition of MobileNet, Inc.

On April 1, 2013, we acquired substantially all of the assets of MobileNet, Inc. (“MobileNet”) for a total consideration \$6.4 million consisting of cash, shares of common stock and contingent consideration (the “MobileNet Acquisition”). The MobileNet Acquisition enables us to offer MobileNet’s complete fleet management solution directly to OEM’s, dealers and fleet owners.

Other Business Development Activities

Share Offerings

On January 17, 2014, we completed a public offering of 6,325,000 shares of common stock including 825,000 shares sold upon full exercise of the underwriters’ over-allotment option at price of \$6.15 per share (the “January 2014 Public Offering”). We received net proceeds of approximately \$36.6 million after deducting underwriters’ discounts and commissions and offering costs.

On November 10, 2014, we completed a public offering of 14,785,714 shares of common stock, including 1,928,571 shares sold upon full exercise of the underwriters' over-allotment option, at a price of \$5.60 per share, under our effective shelf registration filed on April 4, 2014 (the "November 2014 Public Offering"). We received net proceeds of approximately \$78.1 million after deducting underwriters' discounts and commissions and offering costs.

Macquarie Credit Agreement

On September 30, 2014, we entered into a credit agreement (the "Credit Agreement") with Macquarie CAF LLC ("Macquarie" or the "Lender") in order to refinance our \$45 million 9.5% per annum Senior Notes ("Senior Notes"). Pursuant to the Credit Agreement, the Lender provided secured credit facilities (the "Secured Credit Facilities") in an aggregate amount of \$160 million comprised of (i) a term loan facility in an aggregate principal amount of up to \$70 million (the "Initial Term Loan Facility"); (ii) a \$10 million revolving credit facility (the "Revolving Credit Facility"); (iii) a term loan facility in an aggregate principal amount of up to \$10 million (the "Term B2"), the proceeds of which were drawn and used on January 16, 2015 to partially finance the InSync Acquisition; and (iv) a term loan facility in an aggregate principal amount of up to \$70 million (the "Term B3"), the proceeds of which were drawn on December 30, 2014 and used to partially finance the SkyWave Acquisition. The Secured Credit Facilities mature five years after the initial fund date of the Initial Term Loan Facility (the "Maturity Date"), but are subject to mandatory prepayments in certain circumstances. The Secured Credit Facilities will bear interest, at the Company's election, of a per annum rate equal to either (a) a base rate plus 3.75% or (b) LIBOR plus 4.75%, with a LIBOR floor of 1.00%. Proceeds of the Initial Term Loan Facility and Revolving Credit Facility were used to repay in full our Senior Notes and pay certain related fees, expenses and accrued interest, as well as for general corporate purposes.

On October 10, 2014 we borrowed \$70 million under the Initial Term Loan Facility, a portion of which was used to redeem in full the aggregate \$45 million principal amount outstanding of the Senior Notes, and \$10 million under the Revolving Credit Facility. The redemption of the Senior Notes resulted in an early termination penalty of \$1.8 million and an additional expense associated with the remaining unamortized debt issuance cost.

On March 31, 2015, we repaid in full the \$10 million outstanding under the Revolving Credit Facility. At December 31, 2015 no amounts were outstanding under the Revolving Credit Facility.

OG2 Satellites

On July 14, 2014, we launched six of our ORBCOMM Generation 2 ("OG2") satellites aboard a Space Exploration Corporation ("SpaceX") Falcon 9 launch vehicle. On September 15, 2014, following an in-orbit testing period, we initiated commercial service for the six OG2 satellites, which provide both M2M and IoT messaging and AIS service for our global customers. In June 2015, we lost communication with one of our OG2 satellites. See "Note 6 – Satellite Network and Other Equipment, Net" in the accompanying "Notes to Consolidated Financial Statements" in this Annual Report for additional information.

On December 21, 2015, we launched the remaining 11 OG2 satellites aboard a SpaceX Falcon 9 launch vehicle. On March 1, 2016, following an in-orbit testing period, we initiated commercial service for the 11 OG2 satellites, which provide both M2M and IoT messaging and AIS service for our global customers.

Shelf Registrations

In April 2015, we filed a Form S-3 shelf registration statement registering our securities for a proposed maximum aggregate offering price of \$200 million (including approximately \$17.2 million remaining available under a previous shelf registration statement). We may use this shelf registration statement at any time or from time to time to offer, in one or more offerings, our debt securities, shares of our common stock, shares of our preferred stock, warrants to

purchase our debt securities, common stock or preferred stock or units consisting of any combination of the foregoing securities. The shelf registration statement, which was declared effective on April 14, 2015, also registered the resale of up to 3,910,433 shares of common stock by a selling shareholder, all of which were sold on August 19, 2015.

Strategic Alliance with Inmarsat

On November 4, 2013, we announced a strategic alliance with Inmarsat, a leading provider of global mobile satellite communications services, to collaborate on joint product development and distribution to address the needs of the rapidly growing satellite M2M and IoT market. We will work together with Inmarsat to create a standard satellite platform and develop cost-effective hardware and flexible service pricing models for the global M2M and IoT industry. We have expanded our alliance with Inmarsat through the SkyWave Acquisition, as described above.

In early 2016, we introduced the first of a series of interchangeable modems that work with our OG2 VHF network or Inmarsat's L-band network. These modems have the same footprint, connectors, power input, and programming environment to allow for easy exchange of modems for the different networks. Manufacturers and partners are able to drop in the appropriate modem that corresponds with either our or Inmarsat's network based on geography, message size and delivery speed for ease of use and flexibility. In addition, users will be able to take advantage of our relationships with Tier One cellular providers for dual-mode cellular and satellite service with either satellite network. We also offer our unique ORBCOMMConnect Platform, which seamlessly translates and integrates the communications from its diverse network service partners into a uniform set of commands and information. This will facilitate a uniform platform for provisioning, billing and multi-mode access for M2M and IoT applications, supported by Inmarsat's M2M Access Platform, enabling access to network and terminal management tools for wholesale integration with us.

These versatile offerings are available in our end-to-end solutions businesses in the heavy equipment, fixed asset and transportation industries, as well as through our VAR and OEM channels. We leverage our relationship with Inmarsat to access their worldwide fleet of L-band geostationary ("GEO") satellites to provide IDP, a satellite packet data service offering the highest throughput and lowest latency in the market, as well as a 3G satellite service offering real-time IP data speeds up to 512 kbps on a single global SIM—the only service of its kind in the satellite M2M and IoT space.

We will also work with Inmarsat to identify potential synergies in multiple areas, which could include leveraging technologies, capital expenditures, product development, satellite operations, and ground infrastructure support for future satellite deployments.

Our Business Strengths and Competitive Advantage

We believe that our approach to M2M and IoT solutions is unique in our industry and will enable us to achieve significant growth. Our combination of global network services along with our state-of-the-art devices, device management and robust web-based Software-as-a-Service applications provides what we believe is the M2M and IoT industry's most comprehensive service offering and positions us as a leader and innovator in the global M2M and IoT market.

Within the rapidly evolving M2M and IoT market, customers have widely divergent requirements for hardware, connectivity, middleware, and software that depend, in part, on industry segment, geography, and price requirements. Leveraging our expertise in the M2M and IoT sector and through our broad portfolio of devices, network services and applications, we can offer M2M and IoT components to address these needs, and in many cases we can provide customers with a single source, end-to-end solution that minimizes development time and reduces costs. We believe that our flexibility in responding to unique customer requirements, as well as our ability to provide all of these products and services in-house enhances our competitive positioning and maximizes the size of our addressable market.

With the addition of InSync, we have the capability to offer a cloud-based IoT service platform, iApp, which supports high-end IoT performance applications. The platform operates with a broad range of enterprise solutions partners with an ecosystem of integrators and enables the rapid development, deployment and management of sensor-based applications. The platform is designed to reduce the time, cost and complexity associated with developing, deploying and supporting enterprise IoT solutions and enables users to rapidly build, prototype, test, deploy, replicate and sell applications across market segments served by the IoT, RFID and sensor communities.

Our key competitive advantages include a unique range of M2M and IoT network connectivity solutions, provided through both cellular network connectivity and global, two-way satellite data communication connectivity. Through our own network of 41 LEO satellites, including 16 advanced, OG2 satellites, and accompanying ground

infrastructure, we provide worldwide coverage, including in the open ocean, allowing end-users to access our communications system in areas outside the coverage of terrestrial networks. Our unique, proven technology offers full two-way data communication with minimal line-of-sight limitations and reliable performance. Our broad portfolio of low-cost devices, such as our GT 1100 trailer tracking solution and our GT 2300 intermodal container monitoring solution, and end-to-end M2M and IoT solutions for targeted industry verticals, we enable our customers to reduce time-to-market and development costs for deploying their M2M and IoT solutions.

Our strategic relationships with key distributors and OEMs have enabled us to streamline our sales and distribution channels and, in some cases, shift much of the risk and cost of developing and marketing end-user applications to the OEMs, VARs and IVARs. We have established strategic relationships with major OEMs, such as Caterpillar Inc., Hitachi Construction Machinery Co., Ltd., Komatsu Ltd., Volvo Construction Equipment, Doosan Infracore America and China International Marine Container Company, as well as key VARs and IVARs, such as inthinc Technology Solutions Inc. and XRS Corporation in North America along with Onixsat, Satlink S.L. and Sascar in key international markets. Using our satellite-based AIS system, which is equipped on each of our 16 OG2 satellites, our customers have access to AIS data well beyond coastal regions in a cost effective and timely fashion. We provide what we believe is the most comprehensive global AIS data service, enabling government and commercial customers to track more than 150,000 AIS-equipped vessels worldwide, facilitating maritime surveillance and intelligence.

Our Strategy

Our key strategies to achieve growth for our business, include entering into additional M2M and IoT vertical markets and expanding our capabilities in existing markets by introducing leading-edge M2M and IoT applications, offering our customers a broad range of satellite and cellular connectivity options, expanding our global presence and further reducing subscriber communicator costs and improving functionality of communicators. By leveraging the enhanced capabilities of our OG2 satellite network, we have reduced the time interval in delivering messages and data, or network latency, in most regions of the world. The new OG2 services will also increase our data rate and message size capabilities. As a result of the deployment of our OG2 constellation we have significantly enhanced our AIS capabilities. We intend to continue working with system integrators and maritime information service providers to develop AIS-based value added services and to facilitate the sales and distribution of AIS data.

Industry Overview

Businesses and governments increasingly face the need to track, control, monitor and communicate with fixed and mobile assets that are located throughout the world. At the same time, these assets increasingly incorporate microprocessors, sensors and other devices that can provide a variety of information about the asset's location, condition, operation and environment and are capable of responding to external commands and queries. As these intelligent devices proliferate, we believe that the need to establish two-way communications with these devices is greater than ever. The owners and operators of these intelligent devices are seeking low-cost and efficient communications systems that will enable them to communicate with these devices.

We operate in the M2M and IoT industries, which include various types of communications systems that enable intelligent machines, devices and fixed or mobile assets to communicate information from the machine, device or fixed or mobile asset to and from back-office information systems of the businesses and government agencies that track, monitor, control and communicate with them. These M2M and IoT data communications systems integrate a number of technologies and cross several different industries, including computer hardware and software systems, positioning systems, terrestrial and satellite communications networks and information technologies (such as data hosting and report generation).

There are four main components in any M2M and IoT data communications system:

1. Fixed or mobile assets. Intelligent or trackable assets include devices and sensors that collect, measure, record or otherwise gather data about themselves or their environment to be used, analyzed or otherwise disseminated to other machines, applications or human operators and come in many forms, including devices and sensors that:
 - Report the location, speed and fuel economy data from trucks and locomotives;
 - Monitor the location, condition and environmental factors of dry van transport trailers, railcars and marine shipping containers;
 - Monitor the location, condition and temperature of refrigerated trailers, railcars and marine shipping containers that transport temperature-sensitive cargo;
 - Monitor driver behavior in-cab;
 - Report operating data and usage for heavy equipment;
 - Monitor fishing vessels to enforce government regulations regarding geographic and seasonal restrictions;
 - Report the location and condition of ocean buoys;
 - Report energy consumption from a utility meter;
 - Monitor corrosion in a pipeline;
 - Monitor levels in liquid, gas and materials storage tanks;
 - Measure water delivery in agricultural pipelines; and
 - Monitor environmental conditions in agricultural facilities.

2. Communications network. The communications network enables a connection to take place between the fixed or mobile asset and the back-office systems and users of that asset's data. The proliferation of terrestrial and satellite-based wireless networks has enabled the creation of a variety of M2M and IoT data communications applications. Networks that are being used to deliver asset data include terrestrial communications networks, such as cellular, radio paging and WiFi networks, and satellite communications networks, utilizing LEO or GEO satellites.

3. Back-office application or user. Data collected from a remote asset is used in a variety of ways with applications that allow the end-user to track, monitor, control and communicate with these assets with a greater degree of control and with much less time and expense than would be required to do so manually.

4. Service management platform. Multiple devices over various networks are better managed with a Device Management Platform, utilizing cloud-based portal technology to provide visibility and management to all devices.

Market Opportunity

We believe the following opportunities within the M2M and IoT market will continue to position us as a leader and innovator in the global M2M and IoT market:

Commercial transportation and supply chain management

Large trucking and trailer leasing companies require applications that report location, engine diagnostic data, driver performance, fuel consumption, compliance, rapid decelerations, fuel taxes, driver logs and zone adherence in order to manage their truck fleets more safely and efficiently and to improve truck and trailer utilization.

Truck and trailer fleet owners and operators, as well as truck and trailer OEMs, are increasingly integrating M2M and IoT data communications systems into their trucks and trailers. Trailer tracking represents a significantly larger potential market as we estimate that there are approximately three trailers to every truck. The trailer market also requires additional applications, such as cargo sensor reporting, load monitoring, control of refrigeration systems and door alarms. Future regulations may require position tracking of specific types of cargo, such as hazardous materials, and could also increase trailer tracking market opportunities.

Refrigerated or cold chain transportation shippers and transportation companies have an increasing need to track and monitor environmental and control conditions of cargo over rail, trucking and sea transport and represent an important market opportunity. The WAM Acquisition expands and strengthens our cold chain monitoring solutions, which include trailers, railcars, gensets and sea containers. In addition, the Food and Drug Administration's Food Safety Modernization Act ("FSMA") will also impact the growth of our market opportunity in this sector. The FSMA legislation aims to ensure the safety of food, including pharmaceuticals, across the supply chain through the introduction of new requirements for food manufacturers, processors, transporters and distributors. FSMA is expected to require every food distribution company at every step, from farm to table, to implement these capabilities in order to be compliant, which we expect will further increase the demand for our cold chain monitoring systems.

Heavy equipment

Heavy equipment fleet owners and leasing companies seeking to improve fleet productivity and profitability require applications that report diagnostic information, location (including for purposes of geo-fencing), time-of-use information, emergency notification, driver usage and maintenance alerts for their heavy equipment, which may be geographically dispersed, often in remote, difficult to reach locations. Using M2M and IoT data communications systems, heavy equipment fleet operators can remotely manage the productivity and mechanical condition of their equipment fleets, potentially lowering operating costs through preventive maintenance. OEMs can also use M2M and IoT applications to better anticipate the maintenance and spare parts needs of their customers, expanding the market for more higher-margin spare parts orders for the OEMs. Heavy equipment OEMs are increasingly integrating M2M and IoT data communications systems as standardized into their equipment at the factory or offering them as add-on options through certified after-market dealers.

Fixed asset monitoring

Companies with widely dispersed fixed assets require a means of collecting data from remote assets to monitor productivity, manage inventory, increase security, minimize downtime and realize other operational benefits, as well as managing and controlling the functions of such assets, for example, the remote operation of valves and electrical switches. M2M and IoT data communications systems can provide industrial companies with applications for automated meter reading, oil and gas storage tank monitoring, pipeline monitoring and environmental monitoring, which can reduce operating costs for these companies, including labor costs, fuel costs, and the expense of on-site monitoring and maintenance.

Marine vessels

Marine vessels have a need for satellite-based communications due to the absence of reliable terrestrial-based coverage more than a few miles offshore. M2M and IoT data communications systems may offer features and functions to luxury recreational marine vessels and commercial fishing vessels, such as onboard diagnostics and other marine telematics, alarms, requests for assistance,

security, location reporting and tracking, two-way messaging, catch data and weather reports. In addition, owners and operators of commercial fishing and other marine vessels are increasingly subject to regulations governing, among other things, commercial fishing seasons and geographic limitations, vessel tracking, safety systems, and resource management and protection using various communications systems. Our investments in AIS also provide significant opportunity in the marine market.

Government and homeland security

Governments worldwide are seeking to address the global terror threat by monitoring land borders and hazardous materials, as well as marine vessels and containers. In addition, modern military and public safety forces use a variety of applications, particularly in supply chain management, logistics and support, which could incorporate our products and services. M2M and IoT communications systems can be used in applications to address infiltration across land borders, for example, monitoring seismic sensors placed along the border to detect incursions. Increasingly, there is a need to monitor maritime vessels and M2M and IoT data communications systems could be used in applications to address homeland security requirements, such as tracking and monitoring these vessels and containers.

We expect to leverage our investment in AIS technology to resell AIS data collected by our network to other maritime services and governmental agencies. Further expansion of the AIS business had been driven by our AIS distribution agreements for commercial purposes with resellers. The successful deployment of our 16 OG2 satellites, all of which are equipped with AIS capability, will allow us to enhance our services for AIS.

Customers

We market and sell our products and services directly to OEM and government customers and end-users and indirectly through VARs, IVARs, international licensees, country representatives and SPs.

Revenues in Foreign Geographic Areas

Revenues in 2015 in foreign geographic areas, mostly South America, Europe and Japan, represented approximately 36% of our consolidated revenues. Revenues in 2014 and 2013 in foreign geographic areas, mostly Europe and Japan, represented approximately 24% and 16% of our consolidated revenues, respectively. No other foreign geographic area accounted for more than 10% of our consolidated revenues.

Sales, Marketing and Distribution

We generally market our services and products through the following channels:

Resellers: VARs, IVARs, SPs and Distribution Partners (“DPs”). We are currently working with a number of resellers and seek to continue to increase the number of our resellers as we expand our business. The role of the reseller is to develop tailored applications that utilize our system and then market these applications, through non-exclusive licenses, to specific, targeted vertical markets. Resellers are responsible for establishing retail pricing, collecting revenues from end-users and for providing customer service and support to end-users. Our resellers have made significant investments in developing ORBCOMM-based applications. Resellers pay fees for access to our system based on either a fixed monthly recurring charge or on the amount of data transmitted.

Generally, subject to certain regulatory restrictions, the IVAR arrangement allows us to enter into a single agreement with any given IVAR and allows the IVARs to pay directly to us a single price on a single monthly invoice in a single currency for worldwide service, regardless of the territories they are selling into, thereby avoiding the need to negotiate prices in each territory. We pay our international licensees and country representatives a commission on

revenues received from IVARs from each subscriber communicator activated in a specific territory.

International licensees and country representatives. We generally market and distribute our services outside the United States primarily through international licensees and country representatives. We rely on these third parties to establish business in their respective territories, including obtaining and maintaining necessary regulatory and other approvals, as well as managing local resellers. In addition, we believe that our international licensees and country representatives, through their local expertise, are able to operate in these territories in a more efficient and cost-effective manner. We currently have agreements covering over 130 countries and territories through our multiple international licensees and country representatives. As we seek to expand internationally, we expect to continue to enter into agreements with additional international licensees and country representatives, particularly in Asia and Africa. International licensees and country representatives are generally required to make the system available in their designated regions to resellers.

Direct to End-Users. Similar to our VARs, we also market directly to end-users and we are responsible for providing services and products, such as applications and products tailored to particular verticals, establishing retail pricing, collecting revenues from end-users and for providing customer service and support to end-users.

Competition

Currently, we are the only commercial provider of below 1 GHz band, or little LEO, two-way data satellite services optimized for narrowband. However, we are not the only provider of data communication services, and we face competition from a variety of existing and proposed products and services. Competing service providers can be divided into three main categories: terrestrial tower-based, LEO mobile satellite and geostationary satellite service providers.

Terrestrial tower-based cellular networks

While terrestrial tower-based cellular networks are capable of providing services at costs comparable to ours, they lack seamless global coverage. Terrestrial coverage is dependent on the location of tower transmitters, which are generally located in densely populated areas or heavily traveled routes. Several data and messaging markets, such as long-haul trucking, railroads, oil and gas, agriculture, utility distribution and heavy construction, have significant activity in sparsely populated areas with limited or no terrestrial coverage. In some geographic areas, terrestrial tower-based networks have gaps in their coverage and may require a back-up system to fill in such coverage gaps. We have entered into re-seller agreements with several major Tier One cellular wireless providers in the U.S. and the rest of the world to provide our customers options for incorporating terrestrial communications connectivity for M2M network solutions, in either single mode or dual mode configurations, using both terrestrial and satellite network platforms.

Low-Earth orbit mobile satellite service providers

LEO mobile satellite service providers operating above the 1 GHz band, or big LEO systems, can provide data connectivity with global coverage that can compete with our communications services. To date, the primary focus of big LEO satellite service providers has been primarily on circuit-switched communications tailored for voice traffic that require a dedicated circuit that is time and bandwidth intensive, which, by its nature, is less efficient for the transfer of short data messages when compared to the amount of information transmitted. However, big LEO satellite service providers have shifted their focus more on M2M and IoT data communications. These systems entail significantly higher costs for the satellite fleet operator and the end-users. Our principal big LEO mobile satellite service competitors are Iridium Communications Inc. and, to a lesser extent, Globalstar, Inc., with whom we have an agreement to resell their satellite airtime services.

Geostationary satellite service providers

Geostationary satellite system operators can offer services that compete with ours. Certain pan-regional or global systems (operating in the L or S bands), such as Inmarsat, are designed and licensed for mobile high-speed data and voice services. However, the equipment cost and service fees for narrowband, or small packet, data communications with these systems is significantly more expensive than for our system. Some companies, such as OmniTracs, which uses SES's satellites (operating in C and Ku bands), have developed technologies to use their bandwidth for mobile applications. We believe that the equipment cost and service fees for narrowband data communications using these systems are also significantly higher than ours, and that these geostationary providers cannot offer global service with competitive communications devices and costs. In addition, these geostationary systems have other limitations, such as requiring a clear line of sight between the communicator equipment and the satellite, are affected by adverse weather or atmospheric conditions, and are vulnerable to catastrophic single point failures of their satellites with

limited backup options. We had an agreement to resell satellite airtime service provided by Inmarsat, which has been superseded by the Inmarsat Agreement, under which we will now resell Inmarsat services through our SkyWave subsidiary.

Product Development

We develop products and service enhancements that we sell directly to our end-user customers, as well as design new products and services that enhance features and capabilities, while at the same time trying to reduce costs of our products and services. During the years ended December 31, 2015, 2014 and 2013, we have incurred product development costs of \$6.5 million, \$2.9 million and \$2.8 million, respectively.

ORBCOMM Communications System

Overview

Our M2M and IoT data communications services are provided by offering a unique combination of both satellite and terrestrial networks including our proprietary 41 LEO satellite constellation, consisting of our ORBCOMM Generation 1 (“OG1”) and AIS equipped OG2 satellites operating in the VHF band, third party LEO constellations, such as our partnership with Inmarsat, through which we provide L-band GEO satellite service via both IDP, a satellite packet data service offering the highest payload and lowest latency in the market, and a 3G-based service and the Globalstar satellite network. In addition, we provide data communication services utilizing Tier One wireless carriers through partnerships with AT&T, Verizon, T-Mobile, Telefonica, Orange, Rogers and Vodafone, whose APN networks are tightly integrated into our own production network to provide a common interface for mix of carrier and service options for our customers.

We utilize our ORBCOMMConnect Platform to seamlessly translate and integrate the communications from our diverse network service partners into a uniform and easily manageable set of commands and responses and information transport. This creates a common user platform for provisioning, billing and multi-mode access for M2M and IoT applications and enables access to network and terminal management tools for rapid wholesale integration with our network. We provide our customers a subscriber component, which consists of satellite subscriber communicators and cellular terrestrial units, or wireless modems incorporating SIMS, used by end-users to transmit and receive messages to and from their assets and our system. In addition, our web applications provide specialized data feeds that are established through our application gateway interface to third party dispatch systems and proprietary customer software applications to provide customers data and analytics from telematics products and specialized sensors.

The data generated by our customer base typically comes from application-tailored, end-user developed software. The data may be transferred to either a subscriber communicator, or a terrestrial based wireless device using a SIM on the partner cellular provider’s network. If the data is transferred to a satellite subscriber communicator, data is transmitted to the next satellite that comes into view in near real-time. The data is then routed by the satellite to the next gateway earth station (“GES”) that it successfully connects to, which in turn forwards it to the ORBCOMM gateway control center (“GCC”). Within the GCC, the data is processed, safe-stored, and forwarded to its ultimate destination and, if requested, an acknowledgment that the message content has been received is transmitted back to the subscriber communicators. If the data is transferred to a cellular device, data is routed through the partner carrier’s network via VPN to the ORBCOMM GCC and forwarded to its ultimate destination in real time. The destination for transferred data may be another subscriber communicator, a SIM, a corporate resource management system, any personal or business Internet e-mail address, a pager or a text message-capable cellular phone, or any combination of the above. In addition, data can be sent in the reverse direction (a feature which is utilized by many applications to remotely control assets) using similar methods.

System Status

OG1 Satellite Health

Our OG1 satellite fleet was generally put into service in the late 1990s and through certain operational and software updates have exceeded the estimated operating life of approximately nine to twelve years. As part of this on-going effort to improve the longevity and performance of the OG1 satellites, we periodically make changes to the operating parameters and software on-board the satellites. The primary method to extend the satellite lifetime is to reduce the stress on the power subsystem by reducing the subscriber transmit power or using the Gateway transmitter for messaging.

OG2 Satellite Health

On July 14, 2014, we launched the first six of our OG2 satellites aboard a SpaceX Falcon 9 launch vehicle. On September 15, 2014, following an in-orbit testing period, we initiated commercial service for the six OG2 satellites. On December 21, 2015, we launched the remaining 11 OG2 satellites aboard a SpaceX Falcon 9 launch vehicle. On March 1, 2016, following an in-orbit testing period, we initiated commercial service. The satellites are providing both M2M and IoT messaging and AIS service for our global customers. In June 2015, we lost communication with one of our in-orbit OG2 satellites, launched on July 14, 2014. We recorded a non-cash impairment charge of \$12.7 million to write off the value of the satellite.

Gateway Health

The gateway earth stations in the United States and internationally are performing well. In addition to routine maintenance, we continue to perform hardware and software upgrades which have improved the availability of the gateway earth stations. Specifically, new gateway modems have been installed in all the gateway earth stations in conjunction with the aforementioned upgrades.

Network Capacity

For the current OG1 satellite system, we continue to conduct analyses to investigate the utilization of our communication channels. With the addition of our OG2 satellites, the network capacity has been greatly increased. In the backwards compatible OG1 mode, each OG2 satellite has more than six times the capacity of the OG1 satellites. Our ground segment was originally designed with scalability in mind. As technologies in storage and networking solutions evolve, we are continuously upgrading the key components that are impacted most by an increasing subscriber base.

Regulation of Our Business in the United States

FCC authorizations

Any entity seeking to construct, launch, or operate a commercial satellite system in the United States must first be licensed by the U.S. Federal Communications Commission (“FCC”). ORBCOMM License Corp., a wholly owned subsidiary of ours, holds the FCC license for our satellite constellation (which we refer to as the Space Segment License). ORBCOMM License Corp. also holds additional FCC licenses relating to our United States gateway earth stations, and ORBCOMM and SkyWave subscriber communicator deployments in the United States. We believe that our business as currently conducted is in full compliance with all applicable FCC rules, policies, and license conditions.

FCC License renewals

The current fifteen-year term of our Space Segment License expires in April 2025, and the renewal application must be filed between 30 and 90 days prior to end of the twelfth year of the current license term (i.e., between 30 and 90 days prior to April 2022). The current FCC licenses for the United States gateway earth stations and subscriber communicators expire on May 17, 2020 and June 12, 2020, respectively and the two SkyWave licenses expire on January 22, 2019 and April 19, 2026, respectively. Renewal applications for these four licenses must be filed between 30 and 90 days prior to expiration. Although the FCC has been positively disposed thus far towards granting our applications for license renewals, there can be no assurance that the FCC will in fact renew our FCC licenses in the future.

FCC license conditions relating to the ORBCOMM System

We believe that our business as currently conducted is currently in full compliance with all applicable FCC rules, policies, and license conditions. We also believe that we will continue to be able to comply with all applicable FCC requirements, although we cannot assure you that it will be the case.

Under the FCC’s current rules and policies relating to little LEO licensing, access in the United States to certain portions of the uplink and downlink spectrum assigned for use by our satellite constellation was made subject to possible future spectrum sharing arrangements with one or more other little LEO systems, if such systems are proposed, and then authorized by the FCC. However, there are currently no other FCC little LEO licensees authorized in our spectrum. While other entities could seek to be licensed in the little LEO service by the FCC, to our knowledge no new applications have been submitted to date. If any one or more new entities are licensed and do in fact proceed with system deployment in accordance with the previously established FCC requirements, we believe that there would be no material adverse effect on our system operations, although we cannot assure you it will be the case.

Non-common carrier status

All of our FCC licenses relating to our satellite constellation and the SkyWave services authorize service provision on a “non-common carrier” basis. As a result, the system and the services provided thereby have been subject to limited FCC regulations, but not the obligations, restrictions and reporting requirements applicable to common carriers or to providers of Commercial Mobile Radio Services, or CMRS. There can be no assurance, however, that in the future, we will not be deemed by the FCC to provide services that are designated common carrier or CMRS, or that the FCC will not exercise its discretionary authority to apply its common carrier or CMRS rules and regulations to us or our system. If this were to occur, we would be subject to FCC obligations that include record retention requirements, limitations on use or disclosure of customer proprietary network information and truth-in-billing regulations. In addition, we would need to obtain FCC approval for foreign ownership in excess of 25% and authority under Section 214 of the Communications Act of 1934, as amended, to provide international services. Finally, we would be subject to additional reporting obligations with regard to international traffic and circuits, and Equal Employment Opportunity compliance.

United States import and export control regulations

We are subject to U.S. import and export control laws and regulations, specifically the Arms Export Control Act, the International Traffic in Arms Regulations, the Export Administration Regulations and the trade sanctions laws and regulations administered by the U.S. Department of the Treasury's Office of Foreign Assets Control, and we believe we are in full compliance with all such laws and regulations. We also believe that we have obtained all the specific authorizations currently needed to operate our business and believe that the terms of the relevant licenses are sufficient given the scope and duration of the activities to which they pertain.

Regulation of our Business in Other Countries

Communications services

We and the relevant international licensee and/or the relevant international licensee's country representative in each country outside the United States must obtain the requisite local regulatory authorization before the commencement of services using our satellite constellation in that country. The provision of SkyWave services also requires the prior receipt of requisite local regulatory authorization in each country. The process for obtaining the applicable regulatory authorization varies from country to country, and in some instances may require technical studies or actual experimental field tests under the direction and/or supervision of the local regulatory authority. Failure to obtain or maintain any requisite authorizations in any given country or territory could mean that services may not be provided in that country or territory.

Certain countries continue to require that some or all telecommunications services be provided by a government-owned or controlled entity. Therefore, under such circumstances, we may be required to offer our services through a government-owned or controlled entity.

Non-U.S. gateway earth stations for our satellite constellation

To date, in addition to those in the United States, gateway earth stations for our satellite constellation have been authorized and deployed in Argentina, Australia, Brazil, Curaçao, Italy, Japan, Kazakhstan, Malaysia, Morocco, South Africa and South Korea. Gateway earth stations are generally licensed on an individual facility basis. This process normally entails radio frequency coordination within the country of operation for the specific frequencies to be used in the designated geographic location of the subject gateway earth station. This domestic frequency coordination is in addition to any international coordination that may be required, as determined by the proximity of the gateway earth station location to foreign borders (see "— International Regulation of Our Business"). Based on the best available information, we believe that each of the gateway earth station authorizations is sufficient for the provision of our satellite constellation services in the areas served by the relevant facilities. We will need additional gateway earth station authorizations in other countries as we install additional ORBCOMM gateway earth stations around the world.

Equipment standards

Each manufacturer of the applicable subscriber communicator is contractually responsible to obtain and maintain the governmental authorizations necessary to operate their subscriber communicators in each jurisdiction. Most countries generally require all radio transmission equipment used within their borders to comply with operating standards that may include specifications relating to required minimum acceptable levels for radiated power, power density and spurious emissions into adjacent frequency bands not allocated for the intended use. Technical criteria established by telecommunications equipment standards issued by the FCC and/or the European Telecommunications Standards Institute, or ETSI, are generally accepted and/or closely duplicated by domestic equipment approval regulations in most countries. To the best of our knowledge, all current models of subscriber communicators for use on the

ORBCOMM system and for use with SkyWave's service comply with established FCC and ETSI standards.

International Regulation of our Satellite Constellation

The use of certain orbital planes and related system radio frequency assignments by our satellite constellation, as licensed by the FCC, is subject to the frequency coordination and registration process of the International Telecommunication Union, or ITU. In order to protect satellite systems from harmful radio frequency interference from other satellite communications systems, the ITU maintains a Master International Frequency Register, or MIFR, of radio frequency assignments and their associated orbital locations. Each ITU member state (referred to as an administration) is required by treaty to give notice of, coordinate and register its proposed use of radio frequency assignments and associated orbital locations with the ITU's Radio communication Bureau.

The FCC serves as the notifying administration for the United States and is responsible for filing and coordinating the allocated radio frequency assignments and associated orbital locations for our satellite constellation with both the ITU's Radio Communication Bureau and the national administrations of other countries. While the FCC, as our notifying administration, is responsible for coordinating our satellite constellation, in practice the satellite licensee is generally responsible for identifying any potential interference concerns with existing systems or those enjoying date priority and to coordinate with such systems. If we are unable to reach agreement and finalize coordination, the FCC would then assist with such coordination.

The FCC has notified the ITU that our satellite constellation was initially placed in service in April 1995 and that it has operated without any substantiated complaints of interference since that time. The FCC has also informed the ITU that our system has successfully completed the international coordination process and our system has been formally registered in the MIFR. We continue to support as necessary FCC efforts to complete any additional required international coordination relating to our system and our new satellites. If design modifications we may make to our future satellites entail substantial changes to the frequency utilization by the subject system component(s), additional international coordination may be required or reasonably deemed advisable. However, we believe that ITU coordination can be successfully completed in all circumstances where such coordination is required, although we cannot assure you that we will successfully complete such ITU coordination. Failure to complete requisite ITU coordination could have a material adverse effect on our business. Regardless, to date, and to our best knowledge, the system has not caused harmful interference to any other radio system, or suffered harmful interference from any other radio system.

Intellectual Property

We use and hold intellectual property rights for a number of trademarks, service marks and logos for our system. We have one main mark — “ORBCOMM” — which is registered or is pending registration in approximately 125 countries.

We currently have four issued patents and one patent application relating to various aspects of our satellite system.

The telematics solutions services carried on by our affiliates use trademarks including “REEFERTRAK” and “CARGOWATCH” that are registered in the U.S. and numerous countries around the world and others, such as “GLOBALTRAK” that are registered only in the U.S., and others, such as “STARTRAK,” “MOBILENET” and “FLEETEDGE,” that are subject to common law protection.

Our telematics solutions services are protected by approximately 45 issued patents held by our SkyWave subsidiary, approximately 25 issued patents held by our StarTrak Information Technologies, LLC subsidiary, approximately 9 issued patents held by our ORBCOMM SENS, LLC subsidiary, approximately 30 issued patents held by our GlobalTrak, LLC subsidiary and one issued patent held by our WAM Technology, LLC subsidiary. Each of these subsidiaries also has a number of pending patent applications relating to our solutions services.

We may file additional patent applications in the appropriate countries for various aspects of our businesses and technology.

We believe that all intellectual property rights used in our system were independently developed or duly licensed by us, by those we license the rights from or by the technology companies who supplied portions of our system. We cannot assure you, however, that third parties will not bring suit against us for patent or other infringement of intellectual property rights.

The value of intellectual property assets recorded for accounting purposes is primarily related to technology-based intangible assets resulting from acquisitions.

Employees

As of December 31, 2015, we had 462 full-time employees. Our employees are not covered by any collective bargaining agreements and we have not experienced a work stoppage since our inception.

Corporate Information

ORBCOMM Inc. was incorporated in Delaware in 2003. Our principal executive offices are located at 395 W. Passaic Street, Rochelle Park, New Jersey 07662, and our telephone number is (703) 433-6300. Our website is www.orbcomm.com and information contained on our website is not included as a part of, or incorporated by reference into, this Annual Report on Form 10-K. Our annual, quarterly, and other reports, and amendments to those reports can be obtained through the Investor Relations section of our website or from the Securities and Exchange Commission at www.sec.gov.

Executive Officers of the Registrant

Certain information regarding our executive officers is provided below:

Name	Age	Position(s)
Marc J. Eisenberg	49	Chief Executive Officer and President
Robert G. Costantini	56	Executive Vice President and Chief Financial Officer
John J. Stolte, Jr.	56	Executive Vice President — Technology and Operations
Christian G. Le Brun	48	Executive Vice President and General Counsel
Craig Malone	53	Executive Vice President — Product Development

Marc J. Eisenberg is our Chief Executive Officer and President, a position he has held since March 31, 2008, and a member of our board of directors since March 7, 2008. From June 2006 to March 30, 2008 he was our Chief Operating Officer and from March 2002 to June 2006, he was our Executive Vice President, Sales and Marketing. He was a member of the board of directors of ORBCOMM Holdings LLC from May 2002 until February 2004. Prior to joining ORBCOMM, from 1999 to 2001, Mr. Eisenberg was a Senior Vice President of Cablevision Electronics Investments, where among his duties he was responsible for selling Cablevision services such as video and internet subscriptions through its retail channel. From 1984 to 1999, he held various positions, most recently as the Senior Vice President of Sales and Operations with the consumer electronics company The Wiz, where he oversaw sales and operations and was responsible for over 2,000 employees and \$1 billion a year in sales. Mr. Eisenberg is the son of Jerome B. Eisenberg, our Chairman of the Board.

Robert G. Costantini is our Executive Vice President and Chief Financial Officer, a position he has held since October 2, 2006. From October 2003 until September 2006, he served as Chief Financial Officer, Senior Vice President and Corporate Secretary of First Aviation Services Inc., an aviation services company providing aircraft parts and maintenance services. From 1999 to 2003, Mr. Costantini was the Chief Financial Officer of FocusVision Worldwide, Inc., a technology company providing video transmission services. From 1986 to 1999, he was Corporate Controller and then Vice-President — Finance of M.T. Maritime Management Corp., a global maritime transportation company. Mr. Costantini started his career with Peat Marwick, Mitchell & Co. Mr. Costantini is a Certified Public Accountant, Certified Management Accountant, and a member of the bar of New York and Connecticut.

John J. Stolte, Jr. is our Executive Vice President, Technology and Operations, a position he has held since April 2001. From January to April 2001, he held a similar position with ORBCOMM Global L.P. Mr. Stolte has over 25 years of technology management experience in the aerospace and telecommunications industries. Prior to joining ORBCOMM Global L.P., Mr. Stolte held a number of positions at Orbital Sciences Corporation from September 1990 to January 2001, most recently as Program Director, where he was responsible for design, manufacturing and launch of the ORBCOMM satellite constellation. From 1982 to 1990, Mr. Stolte worked for McDonnell Douglas in a number of positions including at the Naval Research Laboratory where he led the successful integration, test and launch of a multi-billion dollar defense satellite.

Christian G. Le Brun is our Executive Vice President and General Counsel, a position he has held since March 31, 2008. From April 2005 to March 30, 2008, Mr. Le Brun was our Senior Vice President and General Counsel. Prior to joining ORBCOMM, from 1999 to 2005, Mr. Le Brun was an attorney with Chadbourne & Parke LLP, where he oversaw a broad range of transactions, including mergers, acquisitions, divestitures, corporate restructurings and work-outs, as well as debt and equity financing arrangements involving publicly-held and private companies. In addition, from 1994 to 1999, he was a corporate attorney with Pullman & Comley, LLC. Mr. Le Brun is a member of

the bar of New York.

Craig Malone is our Executive Vice President, Product Development, a position he has held since July 8, 2013. Mr. Malone joined ORBCOMM in 2011 as the Senior Vice President of Product Development. Mr. Malone has over 20 years of experience in leading teams engaged in the development of innovative products and solutions for the M2M, wireless and telecommunications industries. Prior to ORBCOMM, Mr. Malone was the Senior Vice President of Product Development and Operations at Skybitz. He also served as the Vice President of Product Development and Chief Technology Officer at GeoLogic Solutions and held executive positions at Philips Electronics and Raytheon Company.

Item 1A. Risk Factors

Set forth below and elsewhere in this Annual Report on Form 10-K are risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements contained in this Annual Report on Form 10-K. Any of these risks could also materially and adversely affect our business, financial condition or the price of our common stock. Because of the following factors, as well as other variables affecting our operating results, past financial performance should not be considered as a reliable indicator of future performance and investors should not use historical trends to anticipate results or trends in future periods.

Risks Relating to Our Business

We may be negatively affected by current global economic conditions.

Our operations and performance depend significantly on worldwide economic conditions. Uncertainty about current global economic conditions poses a risk as 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 could be affected by the sluggish global economy, increased competition, maturation of the satellite communications industry and the difficulty in sustaining high growth rates as we increase in size. Any continued 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 business plan depends on both increased demand for our products and services and our ability to successfully implement it.

Our business plan is predicated on growth in demand for our products and services. Demand for such data products and 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 revenues and profitability and negatively affect our ability to generate cash for 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 and limit the effects of decreased health, capacity and control of our satellites;
- the ability of us and our vendors to successfully and timely complete products and services designed for our OG2 satellites and 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, including those of our recently acquired companies;
 - our ability to introduce innovative new products and services that satisfy market demand, including new service offerings on our OG2 satellites and dual-mode products and services;
- our ability to sell our products and services in additional countries;
- the ability of our OEMs, VARs, IVARs, SPs, DPs, international licensees, and country representatives to market and distribute their 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 control costs.

We have incurred net losses since our inception, other than in 2012 and 2013, and may incur additional net losses in the future. As a result we have an accumulated deficit of \$81.4 million as of December 31, 2015. We must increase our revenues to remain profitable.

We have had annual net losses since our inception, other than in fiscal years 2012 and 2013, and as of December 31, 2015, we have an accumulated deficit of \$81.4 million. Our future results will continue to reflect significant operating expenses, including expenses associated with expanding our sales and marketing efforts, maintaining the infrastructure to operate as a public company and the maintenance of existing gateway earth stations, terrestrial service components, satellite network ground facilities. The continued development of our business also will require additional capital expenditures for, among other things, the costs relating to the installation of additional gateway

earth stations and associated satellite network ground facilities around the world, as well as the maintenance of existing gateway earth stations and satellite network ground facilities that we own and operate. In addition, we may acquire additional companies which may result in increases in intangible assets which are subject to amortization and potential impairment. Accordingly, as we make these capital and acquisition investments, our future results will include greater depreciation and amortization expense which reflect the full cost of acquiring these new assets and we may incur additional operating losses and net losses in the future.

In order to maintain profitability, we must continue to increase revenue. Revenue will depend on the success of our resellers and acceptance of our products and services by end-users in current markets, as well as in new geographic and industry markets. We may not be able to sustain such profitability, if achieved.

Our Credit Agreement could restrict our business activities or our ability to execute our strategic objectives or adversely affect our financial performance.

On September 30, 2014, we entered into a Credit Agreement with Macquarie to refinance our \$45 million 9.5% Senior Notes. Pursuant to the Credit Agreement, the Lender provided secured credit facilities in an aggregate amount of \$160 million comprised of (i) a term loan facility in an aggregate principal amount of up to \$70 million; (ii) a \$10 million revolving credit facility; (iii) a term loan facility in an aggregate principal amount of up to \$10 million, the proceeds of which were used to finance a portion of the InSync Acquisition; and (iv) a term loan facility in an aggregate principal amount of up to \$70 million, the proceeds of which were used to finance a portion of the SkyWave Acquisition.

The Credit Agreement contains covenants that may restrict our business activities or our ability to execute our strategic objectives, and our failure to comply with these covenants could result in a default under our indebtedness. Our inability to generate sufficient cash flow to satisfy interest payments and principal repayment at maturity, could adversely affect our financial condition, operating results and cash flows. The covenants in the Credit Agreement limits our ability to among other things to, incur additional indebtedness and liens, to sell, transfer, lease or otherwise dispose of our or subsidiaries assets, merge or consolidate with other companies. We must also comply with a maintenance covenant of having available liquidity and not exceeding a specific leverage ratio. Failure to comply with the covenants could result in an event of default, which, if not cured or waived, the lenders may require repayment in full of all principal and interest outstanding. If we fail to repay such amounts, the lenders may foreclose on substantially all of our assets which we have pledged. If we unable to cure the default, we may need to repay the debt and find other sources of financing and there can be no assurance that we would have access to other sources of financing on acceptable terms, or at all.

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 U.S. Securities and Exchange Commission, or the SEC, and the NASDAQ Stock Market, or NASDAQ. 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 NASDAQ, 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 effective controls over financial reporting in the future, it could result in a material misstatement of our financial statements that would not be prevented or detected on a timely basis and which could cause investors and other users to lose confidence in our financial statements.

If end-users do not accept our services and the applications developed by VARs, SPs and us, or we cannot obtain or maintain the necessary regulatory approvals or licenses for particular countries or territories, we will fail to attract new customers and our business will be harmed.

Our success depends on end-users accepting our services, the applications developed by VARs, SPs and us, and a number of other factors, including the technical capabilities of our system, the availability of low cost subscriber communicators, the receipt and maintenance of regulatory and other approvals in the United States and other countries in which we operate, the price of our services and the extent and availability of competitive or alternative services. We may not succeed in increasing revenue from the sale of our products and services to new and existing customers. Our failure to significantly increase the number of end-users will harm our business.

Our business plan assumes that potential customers and end-users will accept certain limitations inherent in our VHF satellite communications system. For example, our satellite system is optimized for small packet, or narrowband, data transmissions, is subject to certain delays in the relay of messages, referred to as latencies, and may be subject to certain line-of-sight limitations between our satellites and the end-user's subscriber communicator. In addition, the ORBCOMM satellite system is not capable of handling voice traffic. Certain potential end-users, particularly those requiring full time, real-time communications and those requiring the transmission of large amounts of data or voice traffic, may find such limitations unacceptable. Furthermore, current satellite-based AIS signal reception systems may not receive all AIS transmission signals on AIS equipped vessels in a given day due to signal collisions and co-channel interference of AIS transmissions, particularly in areas with a high density of AIS equipped vessels such as ports.

In addition to the limitations imposed by the architecture of the ORBCOMM satellite communications system, our failure to obtain the necessary regulatory and other approvals or licenses in a given country or territory will preclude the availability of those services in such country or territory until such time, if at all, that such approvals or licenses can be obtained. Certain potential end-users requiring messaging services in those countries and territories may find such limitations unacceptable.

We face competition from existing and potential competitors in the telecommunications industry, including numerous terrestrial and satellite-based network systems with greater resources, which could reduce our market share and revenues.

Competition in the telecommunications industry is intense, fueled by rapid, continuous technological advances and alliances between industry participants seeking to capture significant market share. We face competition from numerous existing and potential alternative telecommunications products and services provided by various large and small companies, including sophisticated two-way satellite-based data and voice communication services and digital cellular services, such as GSM, 3G, 4G and LTE, which has influenced the price at which our VARs, SPs and other service providers offer our communications services. The provision of satellite and terrestrial based data services and products are subject to downward price pressure to expand their respective market share. Competition from Iridium and, to a lesser extent, Inmarsat, Globalstar and Thuraya, four competing global satellite communication services operators, has been increasing with respect to satellite low speed data service. In addition, a continuing trend toward consolidation and strategic alliances in the telecommunications industry, as well as the possibility that new low earth orbit “mega” constellations may be deployed at some future date by companies such as OneWeb and SpaceX, could give rise to significant new competitors, and foreign competitors may benefit from government subsidies, or other protective measures, afforded by their home countries. Some of these competitors may provide more efficient or less expensive services than we are able to provide, which could reduce our market share and adversely affect our revenues and business.

Certain of our existing and potential competitors have substantially greater financial, technical, marketing and distribution resources than we do. Furthermore, these competitors may be able to adopt more aggressive pricing policies and offer customers more attractive terms than we can.

We have a limited operating history with respect to developing and growing our business through acquisitions.

Since mid-2011 we have expanded our business with technologies purchased in acquisitions. Our prospects and ability to implement our current business plan, including our ability to generate revenues and positive operating cash flows, will depend on our ability to, among other things:

- develop licensing and distribution arrangements in key markets within and outside the United States sufficient to capture and retain an adequate customer base;
- install the necessary ground infrastructure and obtain and maintain the necessary regulatory and other approvals in key markets outside the United States, by our own efforts or through our existing or future international licensees, to expand our business internationally;
- successfully integrate our recent acquisitions of technology, transfer their capabilities across new and existing vertical markets and drive new subscribers to our global communications network, while accelerating the growth of their suite of products by adding scale in manufacturing and service delivery; and
- successfully attract and maintain manufacturers that provide for the timely design, manufacture and distribution of subscriber communicators in sufficient quantities, with appropriate functional characteristics and at competitive prices, for various applications.

Given our limited operating history with respect to developing and growing our business through acquisitions, there can be no assurance that we will be able to achieve these objectives or develop a sufficiently large revenue-generating

customer base to achieve and maintain profitability.

Generating increased cash flows from AIS Services will depend in part on the market acceptance of our AIS service.

The market for our satellite-based AIS service is still developing. We cannot predict with certainty the potential demand for the services we plan to offer or the extent to which we will be able to meet that demand. Although we believe the market for satellite-based AIS service is significant, the actual size of the market is unknown and subject to significant uncertainty. Among other things, end-user acceptance of our AIS data service offerings will depend upon:

- the actual size of the addressable market;
- our ability to provide attractive service offerings at competitive prices to our target markets;

- the effectiveness of our competitors in developing and offering alternative technologies or lower priced services;
- potential new entrants in satellite-based AIS service; and
- general and local economic conditions.

Our business plan assumes a growing revenue base for AIS data service. If we cannot implement this business plan successfully and gain sufficient market acceptance for AIS data services, our business, financial condition, results of operations and liquidity could be materially and adversely affected.

We rely on third parties and our subsidiaries to market and distribute our services to certain end-users. If these parties are unwilling or unable to provide applications and services to end-users, our business will be harmed.

We rely on VARs and SPs to market and distribute our services to end-users in the United States, and we rely on international licensees, country representatives, SPs, DPs, VARs and IVARs, and our subsidiaries (we refer collectively here to all such parties including our subsidiaries as “resellers”). We also rely on resellers to market and distribute our AIS services. The willingness of our existing resellers, as well as potential new resellers, to engage or continue to engage in our business depends on a number of factors, including whether they perceive our services to be compatible with their business objectives, whether the prices they can charge end-users will provide an adequate return, and regulatory constraints, if any. We believe that successful marketing of our services will depend on the design, development and commercial availability of applications that support the specific needs of the targeted end-users. The design, development and implementation of applications require the commitment of substantial financial and technological resources on the part of these resellers and our subsidiaries. Certain resellers are, and many potential resellers will be, newly formed or small ventures with limited financial resources, and such entities might not be successful in their efforts to design applications or effectively market our services. The inability of these resellers to provide applications to end-users could have a harmful effect on our business, financial condition and results of operations. We also believe that our success depends upon the pricing of applications by our resellers to end-users, over which we have no control other than with respect to our subsidiaries.

As a result of these arrangements, we are dependent on the performance of our resellers, including our subsidiaries, to generate substantially all our service revenues. If our resellers fail to market or distribute our services effectively, our revenues, profitability, liquidity and reputation could be adversely affected.

Defects or errors in our subscriber hardware and applications could result in end-users not being able to use our services, which would damage our reputation and harm our financial condition.

Our resellers must develop applications quickly to keep pace with rapidly changing markets. These applications, as well as new models of subscriber communicators and solution systems, have long development cycles and may contain undetected errors or defects, especially when first introduced or when subsequent versions are introduced, which could result in the disruption of our services to the end-users or even personal injury or property damage. Such disruption could damage our reputation as well as the reputation of the respective resellers, and result in lost customers, lost revenue, diverted development resources, and increased service, recall and warranty costs. In addition, it is possible that our products would become the subject of a product recall as a result of a product defect. We do not maintain recall insurance, so any recall could have a significant effect on our financial results. In addition to the direct expenses of product liability claims, recalls and litigation, a claim, recall or litigation might cause us adverse publicity, which could harm our reputation and compromise our ability to sell our products in the future.

Because we depend on a few significant customers for a substantial portion of our revenues, the loss or decline or slowdown in growth in business in any of these customers could seriously harm our business.

Significant customers such as Caterpillar, Hitachi, Hub Group Inc., Onixsat and Satlink S.L. collectively, represented 28.4% and 27.8% of our revenues in 2015 and 2014, respectively, and are expected to represent a substantial portion

of our revenues in the near future. As a result, the loss of any one of these customers, or decline or slowdown in the growth in business of these customers, which could occur at any time, could have a material adverse effect on our business, financial condition and results of operations. In addition, because service revenue depends either partially or entirely on the usage of our products and services by our customers and end users, the decline or slowdown in the growth of usage patterns of these customers which could occur at any time and with or without a reduction in the number of our billable subscribers could have a material adverse effect on our business, financial condition and results of operations.

If our international licensees and country representatives are not successful in establishing their businesses outside of the United States, the prospects for our business could be limited.

Outside of the United States, we rely in part on international licensees and country representatives to establish businesses in their respective territories related to our VHF satellite system, including obtaining and maintaining necessary regulatory and other approvals as well as managing local VARs. International licensees and country representatives may not be successful in obtaining and maintaining the necessary regulatory and other approvals to provide our VHF satellite services in their assigned territories and, even if those approvals are obtained and maintained, international licensees and/or country representatives may not be successful in developing a market and/or distribution network within their territories. Certain of the international licensees and/or country representatives are, or are likely to be, newly formed or small ventures with limited or no operational history and limited financial resources, and any such entities may not be successful in their efforts to secure adequate financing and to continue operating. In addition, in certain countries and territories outside the United States, we rely on international licensees and country representatives to operate and maintain various components of our system, such as gateway earth stations. These international licensees and country representatives may not be successful in operating and maintaining such components of our communications system and may not have the same financial incentives as we do to maintain those components in good repair.

While expanding our international operations would advance our growth, it would also increase numerous risks, including:

- 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, deployment and maintenance of dedicated gateway earth stations or other ground infrastructure as certain countries require physical gateways within their jurisdiction to connect the traffic coming to and from their territory;
- instability of international economies and governments;
- changes in laws and policies affecting trade and investment in other jurisdictions;
- exposure to varying legal standards, including intellectual property protection and foreign state ownership laws, in other jurisdictions;
- difficulties in obtaining required regulatory authorizations;
- difficulties in enforcing legal rights in other jurisdictions;
- local domestic ownership requirements;
- changing and conflicting national and local regulatory requirements; and
- foreign currency exchange rates and exchange controls.

Our business would be harmed if our VARs, IVARs, DPs, SPs, international licensees, or country representatives fail to acquire and retain all necessary regulatory approvals; we are currently unable to offer service in important regions of the world due to regulatory requirements, which is limiting our growth and our ability to compete.

Our business is affected by the regulatory authorities of the countries in which we operate. Due to foreign ownership constraints or other restrictions in various jurisdictions around the world, obtaining and maintaining local regulatory approval for operation of our system is the responsibility of our VARs, IVARs, DPs, SPs, international licensees and/or country representatives in each of these licensed territories. In addition, in certain countries regulatory frameworks may be rudimentary or in an early stage of development, which can make it difficult or impossible to license and operate our system in such jurisdictions. There can be no assurance that our VARs, IVARs, DPs, SPs,

international licensees, our country representatives and/or us will be successful in obtaining or maintaining any additional approvals that may be desirable and, if these efforts are not successful, we will be unable to provide service in such countries. Our inability to offer service in one or more important new markets, particularly in China or India, could have a negative impact on our ability to generate more revenue and could diminish our business prospects.

Our ability to provide service in certain countries, including substantial potential markets such as China and India, may be limited by local regulations that impose local domestic ownership requirements or requirements for physical gateway earth stations or other ground infrastructure within their jurisdiction to connect traffic coming to and from their territory. While we are currently in discussions with parties in these countries to satisfy these regulatory requirements, we may not be able find an acceptable local partner or reach an agreement to develop additional gateway earth stations or other ground infrastructure or the cost of developing and deploying such infrastructure 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. 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 gateway earth stations or other ground infrastructure in foreign countries may require us to comply with certain U.S. regulatory requirements which may contravene the laws or regulations of the local jurisdiction.

There are numerous risks inherent to our international operations that are beyond our control.

International telecommunications services are subject to country and region risks. Most of our coverage area and some of our subsidiaries are outside the United States. As a result, we are subject to certain risks on a country-by-country or region-by-region basis, including changes in domestic and foreign government regulations and telecommunications standards, licensing requirements, tariffs or taxes and other trade barriers, exchange controls, expropriation, and political and economic instability, including fluctuations in the value of foreign currencies which may make payment in U.S. dollars more expensive for foreign customers or payment in foreign currencies less valuable for us. Certain of these risks may be greater in developing countries or regions, where economic, political or diplomatic conditions may be significantly more volatile than those commonly experienced in the United States and other industrialized countries.

The viability of our business entails a material reliance on regulatory authorizations and other governmental approvals that must be obtained and maintained by third parties.

A portion of our business model entails a material reliance on regulatory authorizations and other governmental approvals that must be obtained and maintained by third parties. For example, Inmarsat, its affiliates, partners and service providers must obtain and maintain all regulatory authorizations relating to the operation of the Inmarsat satellites and the gateway earth stations and other components comprising the Inmarsat network ground segment. Additionally, our VARs, IVARs, DPs, SPs, and our third party international licensees and country representatives must obtain and maintain all required regulatory authorizations in the countries and territories where they conduct their respective businesses. Failure to obtain or maintain any requisite third-party authorizations relating to our business in any given country or territory could mean that our services may not be provided in that country or territory. Furthermore, any such failure to obtain or maintain requisite third-party regulatory authorizations could have a material adverse effect on our business.

We currently are unable to offer “near-real-time” VHF satellite service in important regions of the world due to the absence of gateway earth stations in those areas, and satellite coverage issues, which is limiting our growth and our ability to compete.

Our objective is to establish a worldwide service network, either directly or through independent gateway operators, but to date we have been unable to do so in certain areas of the world and we may not succeed in doing so in the future. We have been unable to find capable independent gateway operators or otherwise obtain regulatory authorizations to install and operate gateway earth stations for our VHF satellite system for several important regions and countries, including China, India, Russia and certain parts of Asia. This could reduce overall demand for our products and services and reduce the value of our services for potential users who require service in these areas.

Extreme events such as a natural disaster, earthquakes or severe weather could diminish our ability to provide communications service.

Extreme events could damage or destroy our gateway earth stations or our other ground-based facilities resulting in a disruption of service to our customers in the affected region. In addition, the collateral effects of such extreme events could impair the functioning of our ground equipment. If a natural disaster were to impair or destroy any of our ground facilities, we might be unable to provide service to our customers in the affected area for a period of time. Even if the gateway earth stations are not affected by natural disasters, our service could be disrupted if a natural disaster damages wireline or terrestrial wireless networks that we utilize, or disrupts our ability to connect to those networks. Our operations or operations of suppliers with facilities in various locations may be interrupted by extreme events and effect our ability to provide service and products for a period of time. Such failure or service disruptions could harm our business and results of operations.

We rely on a limited number of manufacturers for our subscriber communicators. If we are unable to, or cannot find third parties to, manufacture a sufficient quantity of subscriber communicators at a reasonable price, the prospects for our business will be negatively impacted.

The development and availability on a timely basis of relatively inexpensive subscriber communicators are critical to the successful commercial operation of our system. Our subsidiaries rely on contract manufacturers to produce subscriber communicators. Our Japan subsidiary mainly relies on Quake Global, Inc. as its contract manufacturer for subscriber communicators, and each of SkyWave and our solutions subsidiaries relies on a few contract manufacturers for subscriber communicators. Our customers may not be able to obtain a sufficient supply of subscriber communicators at price points or with functional characteristics and reliability that meet their needs. An inability to successfully develop and manufacture subscriber communicators that meet the needs of customers and are available in sufficient numbers and at prices that render our services cost-effective to customers could limit the acceptance of our system and potentially affect the quality of our services, which could have a material adverse effect on our business, financial condition and results of operations.

Our business may be materially and adversely affected if our subsidiaries' relationship with these contract manufacturers is terminated or modified. If our arrangements with third party manufacturers are terminated our search for additional or alternate manufacturers could result in significant delays, added expense and an inability to maintain or expand our customer base. Any of these events could require us to take unforeseen actions or devote additional resources to provide our services and could harm our ability to compete effectively.

If our arrangements with third party manufacturers are terminated or expire, our search for additional or alternate manufacturers could result in significant delays in customers activating subscriber communicators on our communications system, added expense for our customers and our inability to maintain or expand our customer base.

Significant interruptions, discontinuation, slowdown or loss of the supply of subscriber communicators from our vendor Sanmina Corporation ("Sanmina") or a change in our commercial relationship with Sanmina could have a material adverse effect on our business.

Our business is heavily dependent on Sanmina, a contract manufacturer, for the manufacture of our subscriber communicators that we design and sell. Consequently, significant interruptions, discontinuation, slowdown or loss of Sanmina's manufacturing and supply of subscriber communicators will negatively affect our ability to grow, provide reliable service and could have a material adverse effect on our business. While we currently have a good relationship with Sanmina, we cannot provide any assurance that our future commercial relationship or arrangements with Sanmina will not change in a manner that has an adverse effect on our business.

We depend on recruiting and retaining qualified personnel and our inability to do so would seriously harm our business.

Because of the technical nature of our services and the market in which we compete, our success depends on the continued services of our key personnel, including certain of our engineering personnel, and our ability to attract and retain qualified personnel. The loss of the services of one or more of our key employees or our inability to attract, retain and motivate qualified personnel could have a material adverse effect on our ability to operate our business and our financial condition and results of operations. We do not have key-man life insurance policies covering any of our executive officers or key technical personnel. Competitors and others have in the past, and may in the future, attempt to recruit our employees. The available pool of individuals with relevant experience in the satellite and telematics industries is limited, and the process of identifying and recruiting personnel with the skills necessary to operate our system and our applications services can be lengthy and expensive. In addition, new employees generally require substantial training, which requires significant resources and management attention. Even if we invest significant

resources to recruit, train and retain qualified personnel, we may not be successful in our efforts.

Pursuing strategic transactions may cause us to incur additional risks.

We may pursue additional acquisitions, joint ventures or other strategic transactions. 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 legal, organizational, financial, loss of key customers and distributors and diversion of management's time.

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

We may be subject to litigation proceedings that could adversely affect our business.

We may be subject to legal claims or regulatory matters involving stockholder, consumer, antitrust, intellectual property infringement, product liability and other issues. Litigation is subject to inherent uncertainties, including increases in demands for attention on our management team, and unfavorable rulings could occur. An unfavorable ruling could include money damages. If an unfavorable ruling were to occur, it could have a material adverse effect on our business and results of operations for the period in which the ruling occurred or future periods.

Our business is characterized by rapid technological change and we may not be able to compete with new and emerging technologies.

We operate in the telecommunications and telematics industries, which are characterized by extensive research and development efforts and rapid technological change. New and advanced technology which can perform essentially the same functions as our messaging and products and services, such as digital cellular networks (GSM, 3G, 4G and LTE), direct broadcast satellites, new deployed satellites of competing low-earth orbit satellite systems and other forms of wireless transmission, are in various stages of development by others in the industry. The telematics industry includes numerous companies developing technologies to compete with the products and services of our subsidiaries. These technologies are being developed, supported and rolled out by entities that may have significantly greater resources than we do. These technologies could adversely impact the demand for our products and services. Research and development by others may lead to technologies that render some or all of our services non-competitive or obsolete in the future.

Because we operate our business in the highly regulated telecommunications industry, we may be subjected to increased regulatory restrictions which could disrupt our service or increase our operating costs.

Telecommunications system operators and service providers are subject to extensive regulation under the laws of various countries and the rules and policies they adopt. These rules and policies, among other things, establish technical parameters for the operation of facilities and subscriber communicators, determine the permissible uses of facilities and subscriber communicators, and establish the terms and conditions pursuant to which our VARs, IVARs, DPs, SPs, international licensees and country representatives operate their facilities and provide services, including certain of the gateway earth stations and gateway control centers in our system that are owned by third parties. These rules and policies may also require our international licensees and country representatives to disrupt the data passing through the gateway earth stations or gateway control centers without notifying us or our end-users, significantly disrupting the operation of our communications system. These rules and policies may also impose regulatory constraints on the use of subscriber communicators within certain countries or territories. International and domestic licensing and certification requirements may cause a delay in the marketing of our services and products, may impose costly fees and procedures on our VARs, IVARs, DPs, SPs, international licensees, or country representatives, and may give a competitive advantage to larger companies that we compete with. Possible future changes to regulations and policies in the countries in which we operate may result in additional regulatory requirements or restrictions on the services and equipment we provide, which may have a material adverse effect on our business and operations. Although we believe that we or our VARs, IVARs, DPs, SPs, international licensees and country representatives have obtained all the licenses required to conduct our business as it is operated today, it may not be possible to obtain, modify or maintain such licenses in the future. Moreover, changes in international or domestic licensing and certification requirements may result in disruptions of our communications services or alternatively result in added operational costs, which could harm our business. Our use of certain orbital planes and radio frequency assignments, as licensed by the FCC, is subject to the frequency coordination and registration process of the ITU. In the event disputes arise during coordination, the ITU's radio regulations do not contain mandatory dispute resolution or enforcement mechanisms and neither the ITU specifically, nor does international law generally, provide clear remedies in this situation. Finally, our business could be adversely affected by the adoption of new laws, fees, policies

or regulations, or changes in the interpretation or application of existing laws, fees, policies and regulations that modify the present regulatory environment, including with respect to prohibiting or limiting the distribution of real or near-real-time AIS data.

Our telecommunications business relies on our ability to maintain our FCC licenses.

Our FCC licenses — the Space Segment License, separate licenses for the four U.S. gateway earth stations, and blanket licenses for ORBRCOMM system and SkyWave system subscriber communicators — are subject to revocation if we fail to satisfy certain compliance requirements. Our FCC Space Segment License is valid until April 2025 and authorizes the continued operation of the first generation ORBCOMM satellites, the construction, launch and operation of the OG2 satellites, as well any required construction, launch and operation during the term of the license of additional technically identical replacement satellites.

The U.S. gateway earth station and ORBCOMM subscriber communicator licenses will expire in 2020 and the SkyWave subscriber communicator licenses expire in 2019 and 2026. Our FCC Space Segment License renewal application must be filed between 30 and 90 days prior to April 2022, and our renewal applications for the gateway earth station and subscriber communicator licenses must be filed between 30 and 90 days prior to expiration. Although the FCC has been positively disposed thus far towards granting our applications for license renewals, there can be no assurance that the FCC will in fact renew our FCC licenses in the future.

Our current FCC Space Segment License authorizes the continuing operation of the OG1 satellites, the construction, launch and operation of the OG2 satellites, and any required construction, launch and operation during the term of the license of additional technically identical replacement satellites. We have an application pending before the FCC to modify our Space Segment License to waive or extend the deadline for satisfying the final OG2 FCC performance milestone requiring certification that all OG2 satellites have achieved operational status, which would otherwise be a date earlier than was actually achieved.

We believe that our satellite system is currently in full compliance with all applicable FCC rules, policies, and license conditions. We also believe that we will continue to be able to comply with all applicable FCC requirements, but we cannot assure you that it will be the case. Although the FCC has been positively disposed thus far towards granting our applications for new licenses, license modifications, and license renewals, there can be no assurance that the FCC will in fact grant our above-described pending application to modify the Space Segment License. Additionally, there can be no assurance that, to the extent that any new FCC license, or modification of one or more of our existing FCC licenses may be required in the future to address changed circumstances, that any related FCC applications we may file will be granted on a timely basis, or at all. If the FCC does not grant the pending or any future application we file for a new licenses, or to modify one or more of our licenses, or if we fail to satisfy any of the conditions of our FCC licenses, or if the FCC revokes or fails to renew one or more of our FCC licenses, any such circumstance could have a material adverse impact on our business. Finally, our business could be adversely affected by the adoption of new laws, policies or regulations, or changes in the interpretation or application of existing laws, policies and regulations that modify the present regulatory environment.

The business of our SkyWave subsidiary could be harmed if SkyWave regulatory authorizations in the United States and Canada are not maintained.

The United States and Canada are the only two countries in which our SkyWave subsidiary or its affiliates are currently licensed to deploy and operate Inmarsat user terminals (mobile earth stations). In this regard, we believe that SkyWave or its affiliates hold all requisite regulatory authorizations that are necessary to conduct business in the United States, Canada, and the other countries where SkyWave is currently doing business. Furthermore, any failure to obtain or maintain the requisite regulatory authorizations that are necessary for SkyWave to conduct business in the United States, Canada, or any other country or territory, could have a material adverse effect on the SkyWave business.

We do not currently maintain in-orbit or other insurance for our OG1 satellites and only one-year in-orbit insurance for our OG2 satellites.

We do not currently maintain in-orbit insurance coverage for our OG1 satellites to address the risk of potential systemic anomalies, failures or catastrophic events affecting the existing satellite constellation. An uninsured failure of one or more of our satellites could have a material adverse effect on our financial condition and results of operations.

We have obtained launch and one year in-orbit insurance for 11 of our OG2 satellites, which took effect upon the successful launch of these satellites on December 21, 2015. Our insurance coverage may not be sufficient to

compensate us for the losses we may suffer due to the maximum amount insured, applicable deductions and exclusions. Furthermore, launch insurance does not cover lost revenue. The policy contains a three satellite deductible across both OG2 launch missions under which claims are payable in excess of the first three satellites in the aggregate for both launches combined that are total losses or constructive total losses. The policy is also subject to specified exclusions and material change limitations customary in the industry. These exclusions include losses resulting from war, anti-satellite devices, insurrection, terrorist acts, government confiscation, radioactive contamination, electromagnetic interference, loss of revenue and third party liability.

On July 14, 2015, we obtained an additional one year in-orbit insurance for the five OG2 satellites originally launched on July 14, 2014 for a maximum total coverage of \$40 million. The additional in-orbit coverage took effect on July 15, 2015, following the end of the coverage period for the initial launch and one year in-orbit insurance. The policy contains a one satellite deductible across the five in-orbit OG2 satellites whereby claims are payable in excess of the first satellite that is a total loss or constructive total loss. The policy is also subject to a specific exclusion for losses that have resulted from an anomaly with the same signatures as the initial OG2 satellite loss.

In addition, should we wish to launch a spare satellite to replace a failed operational satellite, the timing of such launch will be dependent on prior commitments made by potential suppliers of launch services to other satellite operators. Our insurance does not protect us against lost or delayed revenue, business interruption or lost business opportunities. We do not maintain third-party liability insurance with respect to our satellites. Accordingly, we have no insurance to cover any third-party damages that may be caused by any of our satellites. If we experience significant uninsured losses, such events could have a material adverse impact on our business, financial condition and results of operations.

Our business relies on intellectual property, some of which third parties own and we or our customers may inadvertently infringe upon their patents and proprietary rights and we have been and may in the future become subject to claims that our products violate the patent or intellectual property rights of others, which could be costly and disruptive to us.

Many entities, including some of our competitors, currently (or may in the future) hold patents and other intellectual property rights that cover or affect products or services related to those that we or our customers offer. We cannot assure you that we are aware of all intellectual property rights that our products or that of our customers may infringe upon. As a result, we, our products or those of our customers may become 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 or our customers 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 or our customers to cease using technology that is important to our business;
 - prohibit us or our customers from selling some or all of our products or offering some or all of our services; or
 - require us or our customers to redesign those products in such a way as to avoid infringing upon others' patents.
- We cannot estimate the extent to which we or our customers may be required in the future to obtain intellectual property licenses, or the availability and cost of any such licenses. To the extent that we are required to pay royalties to third parties to whom we are not currently making payments, these increased costs of doing business could negatively affect our profitability or liquidity.

If a competitor holds intellectual property rights, it may not allow us or our customers to use its intellectual property at any price, which could adversely affect our competitive position.

If we become subject to unanticipated domestic or foreign tax or fee liabilities, it could materially increase our costs.

We operate in various tax jurisdictions. We believe that we have complied in all material respects with our obligations to pay taxes and fees in these jurisdictions. However, our position is subject to review and possible challenge by the authorities of these jurisdictions. If the applicable authorities were to challenge successfully our current tax or fee positions, or if there were changes in the manner in which we conduct our activities, or changes in the interpretation or application of existing laws, we could become subject to material unanticipated tax or fee liabilities. We may also become subject to additional tax or fee liabilities as a result of changes in laws, which could in certain circumstances, have a retroactive effect.

Our success depends, in part, on our ability to effect suitable investments, alliances and acquisitions.

On an ongoing basis, we review investment, alliance and acquisition prospects that would complement our existing product offerings, augment our market coverage or enhance our technological capabilities. However, we cannot assure

that we will be able to identify and consummate suitable investment, alliance or acquisition transactions in the future.

We may have difficulty integrating companies we acquire.

Our consummation of acquisition transactions could result in:

- issuances of equity securities dilutive to our existing shareholders;
- large one-time write-offs;
- the incurrence of substantial debt and assumption of unknown liabilities;
- the potential loss of key employees from the acquired company;
- amortization expenses related to intangible assets; and
- the diversion of management's attention from other business concerns.

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Additionally, in periods subsequent to an acquisition, we must evaluate goodwill and acquisition-related intangible assets for impairment. When such assets are found to be impaired, they will be written down to estimated fair value, with a charge against earnings.

Integrating acquired organizations and their products and services may be expensive, time-consuming and a strain on our resources. We could face several challenges integrating acquisitions, including:

- the difficulty of integrating acquired technology into our product offerings;
- the impairment of relationships with employees and customers;
- the difficulty of coordinating and integrating overall business strategies and worldwide operations;
- the inability to maintain brand recognition of acquired businesses;
- the inability to maintain corporate controls, procedures and policies;
 - the failure of acquired features, functions, products or services to achieve market acceptance; and
- the potential unknown liabilities associated with acquired businesses.

We cannot assure that we will be able to address these challenges successfully.

Significant interruptions, discontinuation or loss of services provided by Inmarsat plc and its subsidiaries or a change in our commercial relationship with the Inmarsat group could have a material adverse effect on our business.

A significant portion of revenues generated by our SkyWave subsidiary is dependent on the Inmarsat group's services as a satellite service provider. Consequently, significant interruptions, discontinuation or loss of such Inmarsat group's services would negatively affect our SkyWave subsidiary's ability to provide reliable service and could have a material adverse effect on our SkyWave subsidiary. While we have entered into the Inmarsat Agreement with Inmarsat in connection with the SkyWave Acquisition, we cannot provide any assurance that our future commercial relationship or arrangements with Inmarsat will not change in a manner that has an adverse effect on our business.

Significant interruptions, discontinuation, slowdown or loss of Application Specific Integrated Circuit, or ASIC, development and manufacturing from vendor S3 Group ("S3") or a change in our commercial relationship with S3 could have a material adverse effect on our business.

We have invested significantly in building the ASIC with S3, an ASIC developer and manufacturer. Consequently, the inability for S3 to effectively build and supply an ASIC could have a material adverse effect on our business. Additionally, significant interruptions, discontinuation, slowdown or loss of S3 services for development, manufacturing and delivery of ASICs will negatively affect our ability to grow, provide reliable service and could have a material adverse effect on our business. While we currently has a good relationship with S3, we cannot provide any assurance that our future commercial relationship or arrangements with S3 will not change in a manner that has an adverse effect on our business.

Economic, political and other conditions in Brazil could have a material adverse effect on our business, results or operations or financial condition.

A significant portion of revenues generated by our SkyWave subsidiary is derived from customers located in Brazil. The Brazilian economy has historically been characterized by interventions by the Brazilian government and unstable economic cycles. The Brazilian government has often changed monetary, taxation, credit, tariff and other policies to influence the course of Brazil's economy. For example, the government's actions to control inflation have at times involved setting wage and price controls, blocking access to bank accounts, imposing exchange controls and limiting imports into Brazil. Our customers in Brazil may be adversely affected by exchange rate movements; exchange control policies; expansion or contraction of the Brazilian economy; inflation; tax policies; other economic political,

diplomatic and social developments in or affecting Brazil; interest rates; liquidity of domestic capital and lending markets; and social and political instability.

Fluctuations in foreign currency exchange rates could have a material adverse effect on our business, results of operations and financial condition.

Our consolidated financial results are reported in U.S. dollars, however a portion of our costs and expenses occur in foreign currencies. Fluctuations in the value of these foreign currencies against the U.S. dollar could result in substantial changes in reported earnings and operating results due to the foreign currency impact upon translation of these transactions into U.S. dollars. In particular, a significant portion of revenues generated by our SkyWave subsidiary is derived from customers in South America, particularly Brazil. Because SkyWave's products and services are priced in U.S. dollars, an increase in the exchange rate between the U.S. dollar and currencies in these countries may make the cost of SkyWave's products and services more expensive to these customers, which has occurred in 2015 (due to the decline of the Brazilian reals relative to the U.S. dollar). In the normal course of business, we may employ various hedging strategies to partially mitigate these foreign exchange risks, including the use of forward exchange contracts. These strategies may not be effective in protecting us against the effects of fluctuations from movements in foreign exchange rates. Our failure to mitigate these foreign currency exchange risks could materially adversely affect our business, results of operations and financial condition.

Risks Related to our Technology

Our satellites are subject to significant operating risks due to various types of potential anomalies and potential impacts of space debris or other spacecrafts.

Satellites utilize highly complex technology and operate in the harsh environment of space and, accordingly, are subject to significant operational risks while in orbit. These risks include malfunctions, or "anomalies", that may occur in our satellites. Some of the principal satellite anomalies include:

- Mechanical and electrical failures due to manufacturing error or defect, including:
- Mechanical failures that degrade the functionality of a satellite, such as the failure of solar array panel deployment mechanisms;
- Antenna failures and defects that degrade the communications capability of the satellite;
- Circuit failures that reduce the power output of the solar array panels on the satellites;
- Failure of the battery cells that power the payload and spacecraft operations during daily solar eclipse periods;
- Power system failures that result in a shut-down or loss of the satellite;
- Attitude control system failures that degrade or cause the inoperability of the satellite;
 - Transmitter or receiver failures that degrade or cause the inability of the satellite to communicate with subscriber communicator units or gateway earth stations;
- Communications system failures that affect overall system capacity;
- Satellite computer or processor re-boots or failures that impair or cause the inoperability of the satellites; and
- Radio frequency interference emitted internally or externally from the spacecraft affecting the communication links.
- Equipment degradation during the satellite's lifetime, including:
- Degradation of the batteries' ability to accept a full charge;
- Degradation of solar array panels due to radiation;
- General degradation resulting from operating in the harsh space environment;
- Degradation or failure of reaction wheels;
- Degradation of the thermal control surfaces; and
- Propulsion system failures that degrade or cause the inability to reposition the satellite.
- Deficiencies of control or communications software, including:
- Failure of the charging algorithm that may damage the satellite's batteries;
- Problems with the communications and messaging servicing functions of the satellite;
- Limitations on the satellite's digital signal processing capability that limit satellite communications capacity; and

·Problems with the fault control mechanisms embedded in the satellite.

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We have experienced, and may in the future experience, anomalies in some of the categories described above. The effects of these anomalies include, but are not limited to, failure of the satellite, degraded communications performance, reduced power available to the satellite in sunlight and/or eclipse, battery overcharging or undercharging and limitations on satellite communications capacity. Some of these effects may be increased during periods of greater message traffic and could result in our system requiring more than one attempt to send messages before they get through to our satellites. Although these multiple re-try effects do not result in lost messages, they could lead to increased messaging latencies for the end-user and reduced throughput for our system. We consider a satellite “failed” only when it can no longer provide any communications service, and we do not intend to undertake further efforts to return it to service. See “ORBCOMM Communications System — System Status — Network Capacity” for a description of our network capacity. While we have already implemented a number of system adjustments we cannot assure you that these actions will succeed or adequately address the effects of any anomalies in a timely manner or at all.

Collisions with space debris or other spacecraft could materially affect system performance and our business. Our satellites operate at LEO altitudes, in a regime populated by other operational satellites, defunct satellites and other cataloged debris, and debris that is too small to be tracked, and do not have the ability to actively maneuver to avoid space debris or other satellites. Two major events in recent years have significantly increased the LEO debris population: a deliberate Chinese ASAT test in 2007 and an accidental collision in 2009 between an operational Iridium satellite and a non-operational Russian satellite. While ORBCOMM does coordinate with the Joint Space Operations Center as well as with other government and commercial spacecraft operators to limit the risk of collision, such risk cannot be fully eliminated.

A total of 35 OG1 satellites were launched by ORBCOMM Global L.P. and of these, a total of 25 remain operational. While certain software deficiencies may be corrected remotely, most, if not all, of the satellite anomalies or debris collision damage cannot be corrected once the satellites are placed in orbit. See “ORBCOMM Communications System — System Status — First Generation Satellite Health” for a description of the operational status and anomalies that affect our satellites. We may experience additional anomalies in the future, whether of the types described above or arising from the failure of other systems or components, and operational redundancy may not be available upon the occurrence of such an anomaly.

Our products and services could fail to perform or perform at reduced levels of service because of technological malfunctions, satellite failures or deficiencies or events outside of our control, which would seriously harm our business and reputation.

Our products and services are exposed to the risks inherent in a large-scale, complex telecommunications system employing advanced technology. Any disruption to our services, information systems or communication networks or those of third parties into which our network connects could result in the inability of our customers to receive our services for an indeterminate period of time. Satellite anomalies and other technical and operational deficiencies of our communications system described in this Annual Report on Form 10-K could result in system failures or reduced levels of service. In addition, certain components of our system are located in foreign countries, and as a result, are potentially subject to governmental, regulatory or other actions in such countries which could force us to limit the operations of, or completely shut down, components of our system, including gateway earth stations or subscriber communicators. Any disruption to our services or extended periods of reduced levels of service could, and increased latencies in our satellite network delivering messages have and could continue to, 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 could 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 and dispersed elements of our system, including our satellites, our network control center or backup control center, our gateway earth stations, our gateway control centers or our subscriber communicators, to function and coordinate as required could render our system unable to perform at the quality and capacity levels required for success. Any system failures, repeated product

failures, shortened product life or extended reduced levels of service could reduce our sales, increase costs or result in warranty or liability claims and seriously harm our business.

Some of the hardware and software we use in operating our gateway earth stations was designed and manufactured over 15 years ago and could be more difficult and expensive to service, upgrade or replace.

Some of the hardware and software we use in operating our gateway earth stations was designed and manufactured over 15 years ago and portions are becoming obsolete. As they continue to age, they may become less reliable and will be more difficult and expensive to service, upgrade or replace. Although we maintain inventories of some spare parts, it nonetheless may be difficult or impossible to obtain all necessary replacement parts for the hardware. Our business plan contemplates updating or replacing some of the hardware and software in our network, however, the age of our existing hardware and software may present us with technical and operational challenges that complicate or otherwise make it not feasible to carry out our planned upgrades and replacements, and the expenditure of resources, both from a monetary and human capital perspective, may exceed our estimates. Without upgrading and replacing our equipment, obsolescence of the technologies that we use could have a material adverse effect on our revenues, profitability and liquidity.

Technical or other difficulties with our gateway earth stations could harm our business.

The ongoing operations of our satellite constellation relies on the functionality of our gateway earth stations, some of which are owned and maintained by third parties. While we believe that the overall health of the majority of our gateway earth stations remains stable, we have and may continue to experience technical difficulties or parts obsolescence with our gateway earth stations which negatively impact service in the region covered by that gateway earth station. Certain problems with these gateway earth stations have and may continue to reduce their availability and negatively impact the performance of our system in that region. In addition, due to regulatory and licensing constraints in certain countries in which we operate, we are unable to wholly-own or majority-own some of the gateway earth stations in our system located outside the United States. As a result of these ownership restrictions, we rely on third parties to own and operate some of these gateway earth stations. If our relationship with these third parties deteriorates or where these third parties have been and may continue to be unable or unwilling to bear the cost of operating or maintaining the gateway earth stations, or if there are changes in the applicable domestic regulations that require us to give up any or all of our ownership interests in any of the gateway earth stations, our control over our satellites could be diminished and our business 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 space and communications industries are subject to rapid advances and innovations in technology. We expect to face competition in the future from companies using new technologies and new satellite systems. New technology could render some or all of our systems and services 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 or terrestrial network platforms with greater power, coverage, flexibility, efficiency or capabilities than we can deliver. For us to keep up with technological changes and remain competitive, we may need to make significant capital expenditures. 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 be protected by patents or other intellectual property laws and therefore may not be available to us. Any failure by us to implement new technology within our system may compromise our ability to compete.

Our networks and data processing systems and those of our third-party service providers may be vulnerable to security risks.

We expect the secure transmission of confidential information over public networks to continue to be a critical element of our operations. Our network and those of our third-party service providers and our customers may be vulnerable to unauthorized access, computer viruses and other security problems. The data processing systems used to provide the services of our business may likewise be vulnerable. Persons who circumvent security measures could wrongfully obtain or use information on the network or cause interruptions, delays or malfunctions in our operations, any of which could have a material adverse effect on our business, financial condition and results of operations. We may be required to expend significant resources to protect against the threat of security breaches or to alleviate problems, including reputational harm and litigation, caused by any breaches. Although we have implemented and intend to continue to implement security measures, these measures may prove to be inadequate and result in system failures and delays that could lower network operations center availability, which could harm our business.

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.

We transmit, and in some cases store, end user data, including potential personal information. In jurisdictions around the world, personal information is becoming increasingly subject to legislation and regulations intended to protect consumers' privacy and security. The interpretation of privacy and data protection laws and regulations regarding the collection, storage, transmission, use and disclosure of such information in some jurisdictions is unclear and evolving. These laws may be interpreted and applied in conflicting ways from country to country and in a manner that is not consistent with our current data protection practices. Complying with these varying international requirements could cause us to incur additional costs and change our business practices. Because our services are accessible in many foreign jurisdictions, some of these jurisdictions may claim that we are required to comply with their laws, even where we have no local entity, employees or infrastructure. We could be forced to incur significant expenses if we were required to modify our products, our services or our existing security and privacy procedures in order to comply with new or expanded regulations. In addition, if end users allege that their personal information is not collected, stored, transmitted, used or disclosed appropriately or in accordance with our privacy policies or applicable laws, we could have liability to them, including claims and litigation resulting from such allegations. Any failure on our part to protect end users' privacy and data could result in a loss of user confidence, hurt our reputation and ultimately result in the loss of users.

The failure of our information technology systems could disrupt our business operations which could have a material adverse effect on our business, financial condition and/or results of operations.

The operation of our business depends on its information technology systems. We rely on our information technology systems to effectively manage, among other things, our subsidiaries' customer interface as well as business data, communications, supply chain, inventory management, customer order entry and order fulfillment, processing transactions, summarizing and reporting results of operations, human resources benefits and payroll management, complying with regulatory, legal or tax requirements and other processes and data necessary to manage our business. We use technology to provide secure transmission of confidential information, including our business data and customer information. To achieve our strategic objectives and to remain competitive, we must continue to develop and enhance our information systems. This may require the acquisition of equipment and software and the development, either internally or through independent consultants, of new proprietary software. Our inability to design, develop, implement and utilize, in a cost-effective manner, information systems that provide the capabilities necessary for us to compete effectively, could make us less competitive, increase our costs and adversely affect our business. The failure of our information technology systems to perform as we anticipate could disrupt our business and could result in, among other things, transaction errors, processing inefficiencies, loss of data and the loss of sales and customers, which could cause our business and results of operations to suffer. In addition, our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including, without limitation, fire, natural disasters, power outages, systems failure, system conversions, security breaches, cyber-attacks, viruses and/or human error. In any such event, we could be required to make a significant investment to fix or replace its information technology systems, and we could experience interruptions in its ability to service our customers. Any such damage or interruption could adversely effect on our business, financial condition and/or results of operations.

Security problems with our software products, systems or services, including the improper disclosure of data, could cause increased cyber-security protections costs and general service costs, harm our reputation, and result in liability and increased expense for litigation and diversion of management time.

We process large amounts of customer information. Our software products also enable our customers to store and process data. We have included security features in our products and processes that are intended to protect the privacy and integrity of data, including confidential client data. Security for our products and processes is critical given the confidential nature of the information contained in our systems. We also rely on employees in our network operations centers, data centers, and support operations to follow our procedures when handling such information. It is possible that our security controls, our selection and training of employees, and other practices we follow may not prevent the improper disclosure of information. Any unauthorized access, computer viruses, accidental or intentional release of confidential information or other disruptions could result in increased costs, customer dissatisfaction leading to loss of customers and revenues, and fines and other liabilities. Also, such disclosure could harm our reputation and subject us to liability in regulatory proceedings and private litigation, resulting in increased costs or loss of revenue. Improper disclosure of corporate data could result in lawsuits or regulatory proceedings alleging damages, and perceptions that our products and services do not adequately protect the privacy of customer data and could inhibit sales of our products and services. Defending these types of claims could result in increased expenses for litigation and claims settlement and a significant diversion of our management's attention. Additionally, our software products, the systems on which the products are used, and our processes may not be impervious to intentional break-ins ("hacking"), cyber-attacks or other disruptive disclosures or problems, whether as a result of inadvertent third party action, employee action, malfeasance, or otherwise. Hacking, cyber-attacks or other disruptive problems could result in the diversion of our development resources, damage to our reputation, increased cyber-security protection costs and general service costs. These activities, any damage caused by them, or interruptions could adversely affect our business, financial condition and/or results of operations.

Risks Related to an Investment in our Common Stock

The price of our common stock has been, and may continue to be, volatile and your investment may decline in value.

The trading price of our common stock has been and may continue to be volatile and purchasers of our common stock could incur substantial losses. Factors that could affect the trading price of our common stock include:

- failure of our satellites;
- liquidity of the market in, and demand for, our common stock;
- changes in expectations as to our future financial performance or changes in financial or subscriber growth estimates, if any, of market analysts;
- actual or anticipated fluctuations in our results of operations, including quarterly results;
- our financial or subscriber growth performance failing to meet the expectations of market analysts or investors;

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- our ability to raise additional funds to meet our capital needs;
- the outcome of any litigation by or against us, including any judgments favorable or adverse to us;
- conditions and trends in the end markets we serve and changes in the estimation of the size and growth rate of these markets;
- announcements relating to our business or the business of our competitors;
- investor perception of our prospects, our industry and the markets in which we operate;
- changes in our pricing policies or the pricing policies of our competitors;
- loss of one or more of our significant customers;
- changes in governmental regulation;
- changes in market valuation or earnings of our competitors;
- investor perception of and confidence in capital markets and equity investments; and
- general economic conditions.

In addition, the stock market in general, and The NASDAQ Global Market and the market for telecommunications companies in particular, have experienced and continue to experience extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of particular companies affected. These broad market and industry factors may materially harm the market price of our common stock, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been instituted against that company. Such litigation has previously been instituted against us and could result in substantial costs and a diversion of management's attention and resources, which could materially harm our business, financial condition, future results and cash flow.

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

The trading market for our common stock will continue to depend in part on the research and reports that securities or industry analysts publish about us or our business. If we do not continue to maintain adequate research coverage or if one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

We are subject to anti-takeover provisions which could affect the price of our common stock.

Our amended and restated certificate of incorporation and our bylaws contain provisions that could make it difficult for a third party to acquire us without the consent of our board of directors. These provisions do not permit actions by our stockholders by written consent and require the approval of the holders of at least 66 2/3% of our outstanding common stock entitled to vote to amend certain provisions of our amended and restated certificate of incorporation and bylaws. In addition, these provisions include procedural requirements relating to stockholder meetings and stockholder proposals that could make stockholder actions more difficult. Our board of directors is classified into three classes of directors serving staggered, three-year terms and may be removed only for cause. Any vacancy on the board of directors may be filled only by the vote of the majority of directors then in office. Our board of directors has the right to issue preferred stock with rights senior to those of the common stock without stockholder approval, which could be used to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our board of directors. Delaware law also imposes some restrictions on mergers and other business combinations between us and any holder of 15% or more for our outstanding common stock. Although we believe these provisions provide for an opportunity to receive a higher bid by requiring potential acquirers to negotiate with our board of directors, these provisions apply even if the offer may be considered beneficial by some stockholders and may delay or prevent an acquisition of our company.

The future issuance of additional shares of our common stock could cause dilution of ownership interests and adversely affect our stock price.

We may in the future issue our previously authorized and unissued securities, resulting in the dilution of the ownership interests of our current stockholders. We are authorized to issue 250 million shares of common stock, of which approximately 70.6 million shares of voting common stock were issued and outstanding as of December 31, 2015 and approximately 179.4 million were available for future issuance. The potential issuance of such additional shares of common stock, whether directly or pursuant to any conversion right of any convertible securities, may create downward pressure on the trading price of our common stock. We may also issue additional shares of our common stock or other securities that are convertible into or exercisable for common stock for capital raising or other business purposes. Future sales of substantial amounts of common stock, or the perception that sales could occur, could have a material adverse effect on the price of our common stock.

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

Subject to the rules of the NASDAQ Stock Market, our certificate of incorporation authorizes our board of directors to issue one or more series of preferred stock and set the terms of the preferred stock without seeking any further approval from holders of our common stock. Currently, there are 50 million shares of preferred stock authorized and approximately 36,000 shares of Series A convertible preferred stock are issued as of December 31, 2015. Any preferred stock that is issued may rank ahead of our common stock in terms of dividends, priority and liquidation premiums and may have greater voting rights than holders of our common stock.

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

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

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

We do not currently pay cash dividends on our common stock and, because we currently intend to retain all cash we generate to fund the growth of our business, we do not expect to pay dividends on our common stock in the foreseeable future. Any future dividend payments would be within the discretion of our board of directors and would depend on a variety of factors, including our results of operations, working capital requirements, capital expenditure requirements, financial condition, contractual restrictions, debt covenants, business opportunities, anticipated cash needs, provisions of applicable law and other factors that our board of directors may deem relevant. We may not generate sufficient cash from operations in the future to pay dividends on our common stock.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We currently lease the following properties for operations and administrative functions:

Location	Real Property Owned or Leased	Lease Expiration
Rochelle Park, New Jersey	Leased	February 2020
Dulles, Virginia	Leased	November 2024
Ottawa, Canada	Leased	June 2022
Kowloon, Hong Kong	Leased	January 2017
San Jose, California	Leased	November 2018
Hyderabad, India	Leased	June 2020
Utica, New York	Leased	May 2024
Tokyo, Japan	Leased	October 2017
Hoensbroek, The Netherlands	Leased	May 2022
Bonn, Germany	Leased	June 2022

In addition, we currently own eleven gateway earth stations at the following locations, four situated on owned real property and seven on real property subject to leases:

Gateway	Real Property Owned or Leased	Lease Expiration
St. John's, Arizona	Owned	n/a
Arcade, New York	Owned	n/a
Curaçao, Netherlands Antilles	Owned	n/a
Rutherglen Vic, Australia	Owned	n/a
Hartebeesthoek, South Africa	Leased	December 31, 2020
Kijal, Malaysia	Leased	August 2016
Ocilla, Georgia	Leased	Month to Month
Kitaura-town, Japan	Leased	March 2016
Zona Franca de Justo Daract, Argentina	Leased	March 2019
Itaborai, Brazil	Leased	June 2019
East Wenatchee, Washington	Leased	Month to Month

We currently own or lease real property sufficient for our business operations, although we may need to purchase or lease additional real property in the future. We intend to renew all leases due to expire during 2016.

Item 3. Legal Proceedings

From time to time, we are involved in various litigation matters involving ordinary and routine claims incidental to our business. Management currently believes that the outcome of these proceedings, either individually or in the aggregate, will not have a material adverse effect on our business, results of operations or financial condition.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Price of our Common Stock

Our common stock has traded on The NASDAQ Global Market under the symbol "ORBC".

The following sets forth the high and low sales prices of our common stock, as reported on The NASDAQ Global Market from January 1, 2014 through December 31, 2015:

	Price range of	
	common stock High	Low
Year ended December 31, 2015		
Quarter ended December 31, 2015	\$ 7.70	\$ 5.52
Quarter ended September 30, 2015	\$ 5.59	\$ 5.47
Quarter ended June 30, 2015	\$ 6.84	\$ 6.60
Quarter ended March 31, 2015	\$ 6.06	\$ 5.85
Year ended December 31, 2014		
Quarter ended December 31, 2014	\$ 6.86	\$ 5.40
Quarter ended September 30, 2014	\$ 7.10	\$ 5.73
Quarter ended June 30, 2014	\$ 7.01	\$ 5.68
Quarter ended March 31, 2014	\$ 8.21	\$ 6.02

As of March 2, 2016, there were 259 holders of record of our common stock.

Dividend Payments and Policy

Common stock: We have never declared or paid cash dividends on shares of our common stock. Our board of directors currently intends to retain all available funds and future earnings to support operations and to finance the growth and development of our business and does not intend to pay cash dividends on our common stock for the foreseeable future. Our board of directors may, from time to time, examine our dividend policy and may, in its absolute discretion, change such policy. In addition, dividends are restricted by the covenants in our Credit Agreement.

Series A convertible preferred stock: Pursuant to the terms of our Series A convertible preferred stock, the holders are entitled to receive a cumulative 4% annual dividend payable quarterly in additional shares of Series A convertible preferred stock. In 2015, we paid dividends of 3,665 preferred shares.

Stock Performance Graph

The graph set forth below compares the cumulative total shareholder return on our common stock between December 31, 2010 and December 31, 2015, with the cumulative total result of (i) the Russell 2000 Index and (ii) the NASDAQ Telecommunications Index, over the same period. This graph assumes the investment of \$100 on December 31, 2010 in our common stock, the Russell 2000 Index and the NASDAQ Telecommunications Index, and assumes the reinvestment of dividends, if any. The graph assumes the initial value of our common stock on December 31, 2010 was the closing sales price of \$2.59 per share.

The comparisons shown in the graph below are based on historical data. We caution that the stock price performance show in the graph below is not necessarily indicative of, nor is it intended to forecast, the potential future performance of our common stock. Information used in the graph was obtained from Research Data Group, a source believed to be reliable, but we are not responsible for any errors or omissions in such information.

	12/10	12/11	12/12	12/13	12/14	12/15
ORBCOMM Inc.	100.00	115.44	151.35	244.79	252.51	279.54
Russell 2000	100.00	95.82	111.49	154.78	162.35	155.18
NASDAQ Telecommunications	100.00	89.84	91.94	128.06	133.34	128.91

Item 6. Selected Consolidated Financial Data

The following selected consolidated financial data should be read together with the information under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes which are included elsewhere in this Annual Report on Form 10-K. We have derived the consolidated statement of operations data for the years ended December 31, 2015, 2014 and 2013 and the consolidated balance sheet data as of December 31, 2015 and 2014 from our audited consolidated financial statements, which are included elsewhere in this Annual Report on Form 10-K. We have derived the consolidated statement of operations data for the years ended December 31, 2012 and 2011 and the consolidated balance sheet data as of December 31, 2013, 2012 and 2011 from our consolidated financial statements, which are not included in this Annual Report on Form 10-K. Our historical results are not necessarily indicative of future results of operations.

Consolidated Statement of Operations Data:	Years ended December 31,				
	2015(1)(2)	2014(1)(2)	2013(1)(3)	2012(1)(3)	2011(1)(3)
	(In thousands, except per share data)				
Service revenues	\$99,973	\$ 59,695	\$ 55,957	\$ 49,026	\$ 37,513
Product sales	78,320	36,547	18,255	15,472	8,793
Total revenues	178,293	96,242	74,212	64,498	46,306
Costs and expenses:					
Costs of services	34,109	20,339	19,806	16,930	11,852
Costs of product sales	56,413	28,345	13,736	9,956	6,532
Selling, general and administrative	44,395	30,989	24,551	20,737	20,707
Product development	6,469	2,895	2,759	2,456	1,234
Impairment charges	12,748	605	—	9,793	—
Insurance recovery-satellite network	—	—	—	(10,000)	—
Depreciation and amortization	26,571	10,856	6,001	4,824	4,996
Acquisition-related and integration costs	4,803	3,819	1,658	704	—
Total costs and expenses	185,508	97,848	68,511	55,400	45,321
(Loss) income from operations	(7,215)	(1,606)	5,701	9,098	985
Other (expense) income	(4,559)	(2,511)	353	1,195	(214)
(Loss) income from continuing operations before income taxes	(11,774)	(4,117)	6,054	10,293	771
Income taxes (benefit)	1,225	408	1,295	1,390	827
Net (loss) income	(12,999)	(4,525)	4,759	8,903	(56)
Less: Net income (loss) attributable to the noncontrolling interests	252	159	160	161	(38)
Net (loss) income attributable to ORBCOMM Inc.	\$(13,251)	\$(4,684)	\$ 4,599	\$ 8,742	\$(18)
Net (loss) income attributable to ORBCOMM Inc. common stockholders	\$(13,287)	\$(4,721)	\$ 4,540	\$ 8,673	\$(45)
Per share information-basic:					
Net (loss) income attributable to ORBCOMM Inc.	\$(0.19)	\$(0.08)	\$ 0.10	\$ 0.19	\$ —
Per share information-diluted:					
Net (loss) income attributable to ORBCOMM Inc.	\$(0.19)	\$(0.08)	\$ 0.09	\$ 0.18	\$ —
Weighted average common shares outstanding:					

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Basic	70,419	56,684	47,420	46,635	44,579
Diluted	70,419	56,684	48,770	47,514	44,579
35					

	As of December 31,				
	2015(1)(2)	2014(1)(2)	2013(1)	2012(1)	2011(1)
	(In thousands)				
Cash and cash equivalents	\$27,077	\$91,565	\$68,354	\$34,783	\$35,061
Marketable securities	—	—	—	27,969	45,973
Working capital	39,026	219,945	74,540	62,287	76,250
Satellite network and other equipment, net	229,970	180,621	133,028	101,208	79,771
Goodwill	112,425	39,870	20,335	14,740	11,131
Intangible assets, net	93,172	26,334	11,636	7,791	7,125
Total assets	526,899	506,548	261,474	206,766	197,169
Note payable, net of current portion	150,000	150,000	45,000	3,398	3,376
Note payable — related party	1,241	1,389	1,571	1,503	1,480
Total equity	299,756	308,509	192,948	182,388	170,577

- (1) Amounts include the impact of several acquisition of businesses. For more information regarding our acquisitions, refer to “Note 3 — Acquisitions” in our audited consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.
- (2) On September 30, 2014, we entered into the Credit Agreement with Macquarie in order to refinance our Senior Notes. On October 10, 2014, we borrowed \$70 million under the Initial Term Loan Facility, a portion of which was used to repay in full our Senior Notes, and \$10 million under the Revolving Credit Facility. On December 30, 2014, we borrowed \$70 million under the Term B3 Facility, which was used to partially fund the SkyWave Acquisition. On January 16, 2015, we borrowed \$10 million under the Term B2 Facility, which was used to partially fund the InSync Acquisition. At December 31, 2015, no amounts were outstanding under the Revolving Credit Facility. For more information regarding the Credit Agreement, refer to “Note 12 — Notes Payable” in our audited consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.
- (3) We made certain reclassifications to prior period information to conform to the current period presentation, including the reclassification of depreciation and amortization from cost of services, cost of product sales, product development and SG&A expenses into its own caption. These reclassifications had no effect on previously reported net income.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our Consolidated Financial Statements and Notes which appear elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in Part I, Item 1A, “Risk Factors” and elsewhere in this Annual Report on Form 10-K.

Overview

We are a global provider of M2M and IoT solutions, including network connectivity, devices, device management and web reporting applications. These solutions enable optimal business efficiencies, increased asset utilization and reduced asset write-offs, helping customers realize benefits on a worldwide basis. Our M2M and IoT products and

services are designed to track, monitor, control and enhance security for a variety of assets, such as trailers, trucks, rail cars, sea containers, generators, fluid tanks, marine vessels, gensets, oil and gas wells, pipeline monitoring equipment, irrigation control systems, and utility meters, in industries for transportation & distribution, heavy equipment, oil & gas, maritime and government. Additionally, we provide satellite AIS data services to assist in vessel navigation and to improve maritime safety for government and commercial customers worldwide. We provide these services using multiple network platforms, including our own constellation of 41 LEO satellites and our accompanying ground infrastructure, as well as terrestrial-based cellular communication services obtained through reseller agreements with major cellular (Tier One) wireless providers. We also offer customer solutions utilizing additional satellite network service options that we obtain through service agreements we have entered into with multiple mobile satellite providers. Our satellite-based customer solution offerings use small, low power, mobile satellite subscriber communicators for remote asset connectivity, and our terrestrial-based solutions utilize cellular data modems with SIMS. We also resell service using the two-way Inmarsat satellite network to provide higher bandwidth, low-latency satellite products and services, leveraging our IDP technology. Our customer solutions provide access to data gathered over these systems via connections to other public or private networks, including the Internet. We are dedicated to providing what we believe are the most versatile, leading-edge M2M and IoT solutions to enable our customers to run their business operations more efficiently and achieve significant return on investment.

2015 Strategic Transactions

During 2015, we completed the following strategic transactions that had an impact and will continue to have an impact on our results of operations:

Acquisition of WAM Technologies, LLC

On October 6, 2015, we completed the acquisition of substantially all of the assets of WAM Technologies, for a purchase price of \$8.5 million, subject to net working capital adjustments. The acquisition expands and strengthens our cold chain monitoring solutions, which include trailers, rail cars, gensets and sea containers. For additional information regarding the WAM Acquisition, refer to “Note 3 — Acquisitions” in the accompanying “Notes to Consolidated Financial Statements” in this Annual Report.

Acquisition of InSync Software Inc.

On January 16, 2015, we completed the acquisition of InSync for an aggregate consideration of (i) \$11.1 million in cash, comprised of various components and subject to net working capital adjustments, of which \$1.3 million was deposited in escrow to pay certain indemnification obligations and (ii) additional contingent considerations of up to \$5.0 million. We borrowed \$10 million under our Term B2 facility to partially fund the acquisition. The acquisition supports our strategy to provide the most complete set of applications and capabilities in the M2M and IoT industry, while broadening our market access to a wide range of industries. For additional information regarding the InSync Acquisition, refer to “Note 3 — Acquisitions” in the accompanying “Notes to Consolidated Financial Statements” in this Annual Report.

Acquisition of SkyWave Mobile Communications Inc.

On January 1, 2015, we completed the acquisition of SkyWave for a total consideration of \$130.2 million, consisting of (i) \$122.4 million cash consideration, inclusive of a working capital settlement of \$0.3 million, of which \$10.6 million was deposited in escrow to pay certain indemnification obligations; and (ii) \$7.5 million in the form of a promissory note settled by the transfer of assets to Inmarsat Global Limited pursuant to an agreement with Inmarsat. We borrowed \$70 million under our Term B3 facility to partially fund the acquisition. The acquisition furthers our strategy to provide the most complete set of options and capabilities in the industry. For additional information regarding the SkyWave Acquisition, refer to “Note 3 — Acquisitions” in the accompanying “Notes to Consolidated Financial Statements” in this Annual Report.

OG2 Satellite Launch

On December 21, 2015, we launched the remaining 11 of our OG2 satellites aboard a SpaceX Falcon 9 launch vehicle. On March 1, 2016, following an in-orbit testing period, we initiated commercial service for the 11 OG2 satellites. The satellites are providing both M2M and IoT messaging and AIS service for our global customers.

2015 Shelf Registration

In April 2015, we filed a Form S-3 Shelf registration statement registering our securities for a proposed maximum aggregate offering price of \$200 million (including approximately \$17.2 million remaining available under a previous shelf registration statement). We may use this shelf registration statement at any time or from time to time to offer, in one or more offerings, our debt securities, shares of our common stock, shares of our preferred stock, warrants to purchase our debt securities, common stock or preferred stock or units consisting of any combination of the foregoing securities. The shelf registration statement, which was declared effective on April 14, 2015, also registered the resale

of up to 3,910,433 shares of common stock by a selling shareholder, all of which were sold on August 19, 2015.

2014 Strategic Transactions

During 2014, we completed the following strategic transactions that had an impact and will continue to have an impact on our results of operations:

Acquisition of Euroscan Group

On March 11, 2014, we completed the acquisition of the Euroscan Group for an aggregate consideration of (i) \$29.2 million, subject to net working capital adjustments and net cash (on a debt free, cash free basis); (ii) issuance of 291,230 shares of the Company's common stock, valued at \$7.70 per share, which reflected the Company's closing price on the acquisition date; and (iii) additional contingent considerations of up to \$6.5 million. The acquisition allows us to complement our North American

Operations in M2M and IoT by adding a significant distribution channel in Europe and other key geographies where Euroscan has market share. For additional information regarding the Euroscan Acquisition, refer to “Note 3 — Acquisitions” in the accompanying “Notes to Consolidated Financial Statements” in this Annual Report.

January 2014 Public Offering

On January 17, 2014, we completed a public offering of 6,325,000 shares of common stock including 825,000 shares sold upon full exercise of the underwriters’ over-allotment option at a price of \$6.15 per share. We received net proceeds of approximately \$36.6 million after deducting underwriters’ discounts and commissions and offering costs.

OG2 Satellite Launch

On July 14, 2014, we launched six of our OG2 satellites aboard a SpaceX Falcon 9 launch vehicle. On September 15, 2014, following an in-orbit testing period, we initiated commercial service for the six OG2 satellites. The satellites provide both M2M and IoT messaging and AIS service for our global customers. In June 2015, we lost communication with one of our OG2 satellites. See “Note 6 – Satellite Network and Other Equipment, Net” in the accompanying “Notes to Consolidated Financial Statements” in this Annual Report for additional information.

Macquarie Credit Agreement

On September 30, 2014, we entered into a Credit Agreement with Macquarie which refinanced our Senior Notes. Pursuant to the Credit Agreement, the Lender provided Secured Credit Facilities in an aggregate amount of \$160 million comprised of (i) an Initial Term Loan Facility term loan facility in an aggregate principal amount of up to \$70 million; (ii) a \$10 million Revolving Credit Facility; (iii) a Term B2 facility in an aggregate principal amount of up to \$10 million, the proceeds of which were drawn on January 16, 2015 and used to partially finance the InSync Acquisition; and (iv) a Term B3 facility in an aggregate principal amount of up to \$70 million, the proceeds of which were drawn on December 30, 2014 and used to partially finance the SkyWave Acquisition. The Secured Credit Facilities mature five years after the initial fund date of the Initial Term Loan Facility, but are subject to mandatory prepayments in certain circumstances. The Secured Credit Facilities will bear interest, at the Company’s election, of a per annum rate equal to either (a) a base rate plus 3.75% or (b) LIBOR plus 4.75%, with a LIBOR floor of 1.00%. Proceeds of the Initial Term Loan Facility and Revolving Credit Facility were used to repay in full our Senior Notes and pay certain related fees, expenses and accrued interest, as well as for general corporate purposes.

On September 30, 2014, in connection with entering into the Credit Agreement, we issued notice to the holder of the Senior Notes regarding our election to redeem in full the aggregate \$45 million principal amount. On October 10, 2014 we made borrowings of \$70 million under the Initial Term Loan Facility, a portion of which was used to repay in full our Senior Notes, and \$10 million under the Revolving Credit Facility. The redemption of the Senior Notes resulted in an early termination penalty of \$1.8 million and an additional expense associated with the remaining unamortized debt issuance cost.

November 2014 Public Offering

On November 10, 2014 we completed a public offering of 14,785,714 shares of common stock, including 1,928,571 shares sold upon full exercise of the underwriters’ over-allotment option at a price of \$5.60 per share. We received net proceeds of approximately \$78.1 million, after deducting underwriters’ discounts and commissions and offering costs.

2013 Strategic Transactions

During 2013, we completed the following strategic transactions that had an impact and will continue to have an impact on our results of operations:

Acquisition of SENS

On October 1, 2013, we completed the SENS Acquisition for total cash consideration of \$2.0 million. The acquisition gave us access to a customer base that includes military, international, government and commercial customers, as well as expanded reach in growing regions, such as the Middle East, Asia and South America. For additional information regarding the SENS Acquisition, refer to “Note 3 — Acquisitions” in the accompanying “Notes to Consolidated Financial Statements” in this Annual Report.

Acquisition of GlobalTrak

On April 3, 2013, we completed the GlobalTrak Acquisition for total consideration of \$2.9 million, net of a working capital adjustment of \$0.1 million. The acquisition gave us access to a customer base that includes military, international, government and commercial customers as well as expanded reach in growing regions, such as the Middle East, Asia and South America. For additional information regarding the GlobalTrak Acquisition, refer to “Note 3 — Acquisitions” in the accompanying “Notes to Consolidated Financial Statements” in this Annual Report.

Acquisition of MobileNet, Inc.

On April 1, 2013, we completed the MobileNet Acquisition for total consideration of \$6.4 million, consisting of cash, shares of common stock and contingent considerations. The acquisition of MobileNet enabled us to offer MobileNet’s complete fleet management solution directly to original equipment manufacturers, dealers and fleet owners. For additional information regarding the MobileNet Acquisition, refer to “Note 3 — Acquisitions” in the accompanying “Notes to Consolidated Financial Statements” in this Annual Report.

Revenues

We derive service revenues mostly from monthly fees for M2M and IoT connectivity services that consist of subscriber-based and recurring monthly usage fees for each subscriber communicator or SIM activated for use on our satellite network and the other satellite networks and cellular wireless networks that we resell to our customers (i.e., our VARs, IVARs, SPs, DP, international licensees and country representatives and direct customers). Usage fees are generally based upon the data transmitted by a customer and the overall number of subscriber communicators and SIMS activated by each customer and whether we provide services through our value-added portal. Service revenues are recognized on an accrual basis, as services are rendered, or on a cash basis, if collection from the customer is not reasonably assured at the time the service is provided. In addition, we earn service revenues from extended warranty service agreements extending beyond the initial warranty period of one year, royalty fees from third parties for the use of our proprietary communications protocol charged on a one-time basis for each subscriber communicator connected to our M2M and IoT data communications system and fees from providing engineering, technical and management support services to customers.

We derive product revenues primarily from sales of complete M2M and IoT telematics devices, modems and cellular wireless SIMS (for our terrestrial-communication services) to our resellers (i.e., our VARs, IVARs, SPs, DP, international licensees and country representatives) and direct customers. Revenues generated from product revenues are either recognized when the products are shipped or when customers accept the product depending on the specific contractual terms. Shipping costs billed to customers are included in product sales revenues and the related costs are included as costs of product sales.

Amounts received prior to the performance of services under customer contracts are recognized as deferred revenues and revenue recognition is deferred until such time that all revenue recognition criteria have been met.

Costs and expenses

Direct costs

We operate a 41 LEO satellite network and accompanying ground equipment, including fifteen gateway earth stations, three AIS data reception earth stations, and three regional gateway control centers. Our proprietary satellite-based communications system is typically characterized by high initial capital expenditures and relatively low marginal costs for providing service. We also resell network connectivity for two other satellite networks and seven terrestrial

network partners. Reselling network connectivity typically involves a cost for each device connected to the network system and the amount paid to each provider will vary.

We primarily sell M2M and IoT telematics devices and modems that we design and build with contract manufacturers. Each M2M and IoT device and modem will have engineering costs, manufacturing costs, warehousing and shipping costs and inventory management costs.

Acquisition-related and integration costs

Acquisition-related and integration costs include professional services expenses and identifiable integration costs directly attributable to our acquisitions. These costs were expensed as incurred and are reflected in acquisition-related and integration costs on our consolidated statement of operations.

Operating expenses

We incur expenses associated with sales, marketing and administrative expenses related to the operation of our business, including significant charges for depreciation and amortization of our satellite communications system and other acquired intellectual property and intangible assets we acquired or developed. We also incur engineering expenses developing and supporting the operation of our communications system and the development and support of new applications.

Results of Operations for the years ended December 31, 2015 and 2014

Revenue

The table below presents our revenues for the years ended December 31, 2015 and 2014, together with the percentage of total revenue represented by each revenue category (in thousands):

	Year Ended December 31,			
	2015		2014	
Service revenues	\$99,973	56.1 %	\$59,695	62.0 %
Product sales	78,320	43.9 %	36,547	38.0 %
	\$178,293	100.0 %	\$96,242	100.0 %

Total revenues for the year ended December 31, 2015 increased \$82.1 million, or 85%, to \$178.3 million in 2015 from \$96.2 million in 2014.

Service Revenues

	Year Ended			
	December 31,		Change	
(In thousands)	2015	2014	Dollars	%
Service revenues	\$99,973	\$59,695	\$40,278	67.5 %

The increase in service revenue for the year ended December 31, 2015 was primarily due to revenue generated from increases in core service revenues from growth in billable subscriber communicators and by the companies we acquired in 2015.

As of December 31, 2015, we had approximately 1,569,000 billable subscriber communicators compared to approximately 976,000 billable subscriber communicators as of December 31, 2014, an increase of 60.8%.

Service revenue growth can be impacted by the customary lag between subscriber communicator activations and recognition of service revenue from these units.

Product sales

Year Ended

	December 31,		Change	
(In thousands)	2015	2014	Dollars	%
Product sales	\$78,320	\$36,547	\$41,773	114.3%

The increase in product revenues for the year ended December 31, 2015, compared to the prior year period, was primarily attributable to increases in the volume of products sold by our core business, as well as the inclusion of products sold by the companies we acquired.

Costs of revenues, exclusive of depreciation and amortization

Year Ended

	December 31,		Change	
(In thousands)	2015	2014	Dollars	%
Cost of services	\$34,109	\$20,339	\$13,770	67.7%
Cost of product sales	56,413	28,345	28,068	99.0%

Costs of services is comprised of expenses to operate our network, such as payroll and related costs, including stock-based compensation, and usage fees to third-party networks. The increase in cost of service for the year ended December 31, 2015, compared to the prior year, was primarily due to an increase in service revenues associated with our acquired companies.

Costs of product sales includes the purchase price of subscriber communicators and SIMS sold, costs of warranty obligations, shipping charges, as well as operational costs to fulfill customer orders including costs for employees and inventory management. The increase in cost of product sales for the year ended December 31, 2015, compared to the prior year period, was primarily due to costs associated with our increased sales in our core business, increased product sales as a result of our acquisitions and inventory charges.

Gross profit

Gross profit increased by \$40.2 million, or 85%, to \$87.8 million for the year ended December 31, 2015 compared to \$47.6 million for the year ended December 31, 2014. The increase was due to increases in gross profit of \$26.5 million from service revenues, primarily due to increases in our core business operations and our businesses acquired, and \$13.7 million from product sales, primarily due to our businesses acquired and increases in core business operations.

Selling, general and administrative expenses

(In thousands)	Year Ended		Change	
	December 31, 2015	2014	Dollars	%
Selling, general and administrative expenses	\$44,395	\$30,989	\$13,406	43.3 %

SG&A expenses relate primarily to expenses for general management, sales and marketing, finance, audit and legal fees and general operating expenses. The increase in SG&A expenses for the year ended December 31, 2015, compared to the prior year, was primarily due to additional headcount, most of which was from the companies acquired.

Product development expenses

(In thousands)	Year Ended		Change	
	December 31, 2015	2014	Dollars	%
Product development	\$6,469	\$2,895	\$3,574	123.5 %

Product development expenses consist primarily of the expenses associated with our engineering efforts including the cost of third parties to support our current applications. The increase in product development expenses for the year ended December 31, 2015, compared to the prior year, was primarily due increased development activities, mainly

from the companies acquired.

Impairment charges

In June 2015, we lost communication with one of our in-orbit OG2 satellites placed in service on September 15, 2014. As a result, we recorded a non-cash impairment charge of \$12.7 million on the consolidated statement of operations to write off the net book value of the satellite.

In the quarter ended December 31, 2014, the AIS microsatellite that was launched in October 2011 experienced an issue whereby AIS messages were not being transmitted to the ground earth stations. With the addition of the six AIS-equipped OG2 satellites, the loss of one AIS satellite does not materially affect our AIS messaging services. As a result of the satellite loss, we recorded an impairment charge of \$0.6 million in the year ended December 31, 2014.

Depreciation and amortization

	Year Ended		Change	
	December 31, 2015	2014	Dollars	%
(In thousands)				
Depreciation and amortization	\$26,571	\$10,856	\$15,715	144.8%

The increase in depreciation and amortization for the year ended December 31, 2015 is primarily due to the amortization of intangible assets acquired in our acquisitions and additional depreciation expense associated with the OG2 satellites placed into service on September 15, 2014. With the launch of the 11 OG2 satellites in December 2015, we expect further increases of approximately \$15 million annually in depreciation and amortization expense over a ten year period once they are placed in service.

Acquisition-related and integration costs

Acquisition-related and integration costs include professional services expenses and identifiable integration costs directly attributable to our acquisitions. Acquisition-related and integration costs for the year ended December 31, 2015 were \$4.8 million, an increase of \$1.0 million, or 25.8%, compared to the prior year period, primarily due to costs incurred in 2015 related to the SkyWave, InSync and WAM Acquisitions.

Other income (expense)

Other income (expense) is comprised primarily of interest income from our cash and cash equivalents, which can consist of U.S. Treasuries, interest bearing instruments, and our previously held investments in marketable securities consisting of U.S. government and agency obligations, corporate obligations and FDIC-insured certificates of deposit classified as held to maturity, foreign exchange gains and losses and interest expense.

For the year ended December 31, 2015, other expense was \$4.6 million, comprised primarily of interest expense of \$5.2 million relating to our Secured Credit Facilities, offset, in part, by interest income of \$0.3 million and foreign exchange gains of \$0.2 million.

For the year ended December 31, 2014, other expense was \$2.5 million, comprised primarily of a loss on extinguishment of our Senior Notes recognized in the fourth quarter of 2014 upon repayment of \$2.6 million and interest expense of \$0.1 million offset, in part, by foreign exchange gains of \$0.2 million.

Income taxes

In 2015, we recorded income taxes of \$1.2 million, which primarily included foreign income taxes of \$0.6 million from income generated by our international operations and \$0.4 million from amortization of tax goodwill generated from our acquisitions.

In 2014, we recorded income taxes of \$0.4 million, which included foreign income taxes of \$0.4 million from income generated by our international operations and \$0.7 million from amortization of tax goodwill generated from our acquisitions, offset, in part, by deferred tax credits related to amortization of intangible assets with no tax basis.

Net (loss) income

For the year ended December 31, 2015, we had a net loss of \$13.0 million compared to net loss of \$4.5 million in December 31, 2014.

Noncontrolling interests

Noncontrolling interests relate to earnings and losses attributable to noncontrolling shareholders.

Net (loss) income attributable to ORBCOMM Inc.

For the year ended December 31, 2015, we had a net loss attributable to our company of \$13.3 million compared to net loss of \$4.7 million in December 31, 2014.

For the years ended December 31, 2015 and 2014, the net income attributable to our common stockholders considers dividends of less than \$0.1 million and \$0.1 million, respectively, paid in shares of the Series A convertible preferred stock.

Results of Operations for the years ended December 31, 2014 and 2013

Revenue

The table below presents our revenues for the years ended December 31, 2014 and 2013, together with the percentage of total revenue represented by each revenue category (in thousands):

	Year Ended December 31,					
	2014			2013		
Service revenues	\$59,695	62.0	%	\$55,957	75.4	%
Product sales	36,547	38.0	%	18,255	24.6	%
	\$96,242	100.0	%	\$74,212	100.0	%

Total revenues for the year ended December 31, 2014 increased \$22.0 million, or 30%, to \$96.2 million in 2014 from \$74.2 million in 2013.

Service Revenues

	Year Ended			
	December 31,		Change	
(In thousands)	2014	2013	Dollars	%
Service revenues	\$59,695	\$55,957	\$3,738	6.7%

The increase in service revenue for the year ended December 31, 2014 was primarily due to revenue generated from our acquisitions and increases in core service revenues from growth in billable subscriber communicators.

As of December 31, 2014, we had approximately 976,000 billable subscriber communicators compared to approximately 863,000 billable subscriber communicators as of December 31, 2013, an increase of 13.1%.

Service revenue growth can be impacted by the customary lag between subscriber communicator activations and recognition of service revenue from these units.

Product sales

	Year Ended			
	December 31,		Change	
(In thousands)	2014	2013	Dollars	%
Product sales	\$36,547	\$18,255	\$18,292	100.2%

The increase in product revenues for the year ended December 31, 2014, compared to the prior year period, was primarily attributable to increases in the volume of products sold by our core business, due to new customer orders and new products sold, as well as the inclusion of products sold by the companies we acquired.

Costs of revenues, exclusive of depreciation and amortization

(In thousands)	Year Ended		Change	
	December 31, 2014	2013	Dollars	%
Cost of service	\$20,339	\$19,806	\$533	2.7 %
Cost of product sales	28,345	13,736	14,609	106.4 %

Costs of services is comprised of expenses to operate our network, such as payroll and related costs, including stock-based compensation, and usage fees to third-party networks. The increase in cost of service for the year ended December 31, 2014, compared to the prior year, was primarily due to costs associated with our acquired companies, offset, in part, by a one-time reduction due to the impact of a favorable contract settlement.

Costs of products includes the purchase price of subscriber communicators and SIMS sold, costs of warranty obligations, shipping charges, as well as operational costs to fulfill customer orders including costs for employees and inventory management. The increase in cost of product for the year ended December 31, 2014 was primarily due to costs associated with our increased sales in our core business, increased product sales as a result of our acquisitions and inventory charges.

Gross profit

Gross profit increased by \$6.9 million, or 17%, to \$47.6 million for the year ended December 31, 2014 compared to \$40.7 million for the year ended December 31, 2013. The increase was due to increases in gross profit of \$3.2 million from service revenues and \$3.7 million from product sales, primarily due to higher product sales as a result of our acquisitions in 2014 and 2013. Additionally, the increase in service revenue gross profit is due to increases in service revenues notwithstanding the effect on growth in service revenues of a billing adjustment in the first nine months of 2013 that had the effect of increasing service margins in the prior year period.

Selling, general and administrative expenses

(In thousands)	Year Ended		Change	
	December 31, 2014	2013	Dollars	%
Selling, general and administrative expenses	\$30,989	\$24,551	\$6,438	26.2%

SG&A expenses relate primarily to expenses for general management, sales and marketing, finance, audit and legal fees and general operating expenses. The increase in SG&A expenses for the year ended December 31, 2014, compared to the prior year, was primarily due to additional headcount, most of which was from the companies acquired.

Product development expenses

(In thousands)	Year Ended		Change	
	December 31, 2014	2013	Dollars	%
Product development	\$2,895	\$2,759	\$136	4.9%

Product development expenses consist primarily of the expenses associated with our engineering efforts including the cost of third parties to support our current applications.

Impairment charges — satellite network

In the quarter ended December 31, 2014, the AIS microsatellite that was launched in October 2011 experienced an issue whereby AIS messages were not being transmitted to the ground earth stations. With the addition of the six AIS-equipped OG2 satellites, the loss of one AIS satellite does not materially affect our AIS messaging services. As a result of the satellite loss, we recorded an impairment charge of \$0.6 million in the year ended December 31, 2014.

Depreciation and amortization

	Year Ended		Change	
	December 31, 2014	2013	Dollars	%
(In thousands)				
Depreciation and amortization	\$10,856	\$6,001	\$4,855	80.9%

The increase in depreciation and amortization for the year ended December 31, 2014 is primarily due to the amortization of intangible assets acquired in our acquisitions and additional depreciation expense associated with the six OG2 satellites placed into service on September 15, 2014.

Acquisition-related and integration costs

Acquisition-related and integration costs include professional services expenses and identifiable integration costs directly attributable to our acquisitions. Acquisition-related and integration costs for the year ended December 31, 2014 were \$3.8 million, an increase of \$2.1 million, or 123.5% compared to the prior year period, primarily due to costs incurred in 2014 related to the SkyWave Acquisition.

Other income (expense)

Other income (expense) is comprised primarily of interest income from our cash and cash equivalents, which can consist of U.S. Treasuries, interest bearing instruments, and our previously held investments in marketable securities consisting of U.S. government and agency obligations, corporate obligations and FDIC-insured certificates of deposit classified as held to maturity, foreign exchange gains and losses and interest expense.

For the years ended December 31, 2014 and 2013, other (expense) was \$(2.5) million and other income was \$0.4 million, respectively, a decrease of \$2.9 million. The decrease in other income (expense) is primarily due to the loss on extinguishment of our Senior Notes recognized in the fourth quarter of 2014 upon their repayment.

Income taxes

In 2014, we recorded income taxes of \$0.4 million, which included foreign income taxes of \$0.4 million from income generated by our international operations and \$0.7 million from amortization of tax goodwill generated from our acquisitions, offset, in part, by deferred tax credits related to amortization of intangible assets with no tax basis.

In 2013, we recorded income taxes of \$1.3 million, which was primarily due to State income tax expense of \$0.2 million, \$0.6 million from goodwill generated from the amortization of tax goodwill from the acquisitions and \$0.5 million from income generated from ORBCOMM Japan.

Net (loss) income

For the year ended December 31, 2014, we had a net loss of \$4.5 million compared to net income of \$4.8 million in December 31, 2013.

Noncontrolling interests

Noncontrolling interests relate to earnings and losses attributable to noncontrolling shareholders.

Net (loss) income attributable to ORBCOMM Inc.

For the year ended December 31, 2014, we had a net loss attributable to our company of \$4.7 million compared to net income of \$4.6 million in December 31, 2013.

For the years ended December 31, 2014 and 2013, the net income attributable to our common stockholders considers dividends of less than \$0.1 million and \$0.1 million, respectively, paid in shares of the Series A convertible preferred stock.

Liquidity and Capital Resources

Overview

Our liquidity requirements arise from our working capital needs, our ability to make scheduled payments of interest on our indebtedness, to fund capital expenditures to support our current operations and to facilitate growth and expansion. We have financed our operations and expansion with cash flows from operating activities, sales of our common stock through public offerings and private placements of debt. At December 31, 2015, we have an accumulated deficit of \$81.4 million. Our primary source of liquidity consists of cash and cash equivalents of \$27.1 million and restricted cash totaling \$1.0 million, as well as cash flows from operating activities and additional funds available from the Credit Agreement entered into on September 30, 2014, which we believe will be sufficient to provide working capital, support capital expenditures and facilitate growth and expansion for the next twelve months.

Operating activities

Cash provided by our operating activities in 2015 was \$26.1 million resulting from a net loss of \$13.0 million, offset by non-cash items including \$26.6 million for depreciation and amortization, \$12.7 million for an impairment loss on our satellite network and \$4.6 million for stock-based compensation. These non-cash add backs were offset by a working capital use of cash of \$4.8 million. Working capital activities primarily consisted of a net uses of cash of \$8.0 million in inventories as a result of our increased business activities, and \$3.0 million from a decrease in accounts payable and accrued expenses primarily related to timing of payments, offset, in part, by a decrease of accounts receivable of \$8.0 million relating to timing of collections.

Cash provided by our operating activities in 2014 was \$3.2 million resulting from a net loss of \$4.5 million, offset by non-cash items including \$10.9 million for depreciation and amortization, \$0.6 million for a satellite network impairment loss and \$3.6 million for stock-based compensation. These non-cash items are offset by a decrease of \$2.1 million in the fair values of acquisitions-related contingent consideration. Working capital activities primarily consisted of a net uses of cash of \$6.9 million for an increase in accounts receivable primarily due to the increase in revenues and timing of payments, \$5.3 million in inventories, as a result of our increased business activities, and \$5.4 million from a decrease in accounts payable and accrued expenses primarily related to timing for payments for professional fees.

Cash provided by our operating activities in 2013 was \$8.8 million resulting from net income of \$4.8 million, supplemented by non-cash items including \$6.0 million for depreciation and amortization and \$3.0 million for stock-based compensation, offset by a decrease of \$1.0 million in the fair values of acquisitions-related contingent consideration. Working capital activities primarily consisted of net uses of cash of \$2.7 million for an increase in accounts receivable primarily due to the increase in revenues, \$1.4 million from a decrease in accounts payable and accrued expenses primarily related to timing for payments for professional fees, and \$1.0 million from a decrease in deferred revenue primarily related to recognizing prepaid product revenues on the acquisition date of GlobalTrak into revenues upon customer acceptance.

Investing activities

Cash used in our investing activities in 2015 was \$88.6 million, resulting primarily from \$141.6 million in cash consideration paid in connection with the SkyWave, InSync and WAM Acquisitions and capital expenditures of \$70.0 million, offset, in part, by cash released from escrow for the SkyWave Acquisition of \$123.0 million.

Cash used in our investing activities in 2014 was \$195.6 million, resulting primarily from cash held for acquisition of \$123.0 million, capital expenditures of \$45.5 million and \$28.9 million in cash consideration paid in connection with our Euroscan Acquisition.

Cash used in our investing activities in 2013 was \$16.6 million, resulting from \$7.1 million in cash consideration paid to acquire MobileNet, GlobalTrak and SENS, capital expenditures of \$37.3 million, and purchases of marketable securities of \$51.5 million, offset by proceeds received from the maturities of marketable securities totaling \$79.2 million.

Financing activities

Cash used in our financing activities in 2015 was \$1.8 million, resulting primarily from payments of contingent consideration of \$1.1 million in connection with our previous acquisitions.

Cash provided by our financing activities in 2014 was \$216.1 million, primarily due to aggregate net proceeds of \$114.8 million received from our January 2014 Public Offering and November 2014 Public Offering, proceeds from issuance of the long-term debt under our Credit Agreement of \$150.0 million, offset by payment of \$3.7 million of debt issuance costs related to the Credit Agreement and the \$45.0 million repayment of our Senior Notes.

Cash provided by our financing activities in 2013 was \$41.8 million, resulting from proceeds from issuance of the Senior Notes of \$45.0 million and proceeds from stock option exercises of \$1.8 million, offset by payment of \$1.4 million of debt issuance costs related to the Senior Notes and \$3.7 million in principal payments of capital leases and a note payable.

Future Liquidity and Capital Resource Requirements

We expect that our existing cash and cash equivalents and restricted cash along with cash flows from operating activities and additional funds available in our Revolving Credit Facility under the Credit Agreement entered into on September 30, 2014 will be sufficient over the next 12 months to provide working capital, cover interest payments on our debt facilities and fund growth initiatives and capital expenditures.

On September 30, 2014, we entered into a Credit Agreement with Macquarie which refinanced our Senior Notes. Pursuant to the Credit Agreement, the Lender provided secured credit facilities in an aggregate amount of \$160 million comprised of (i) the Initial Term Loan Facility in an aggregate principal amount of up to \$70 million; (ii) a \$10 million Revolving Credit Facility; (iii) the Term B2 loan facility in an aggregate principal amount of up to \$10 million, the proceeds of which were used to partially finance the InSync Acquisition; and (iv) the Term B3 loan facility in an aggregate principal amount of up to \$70 million, the proceeds of which were used to partially finance the SkyWave Acquisition. Proceeds of the Initial Term Loan Facility and Revolving Credit Facility were used to repay in full our Senior Notes and pay certain related fees, expenses and accrued interest, as well as for general corporate purposes.

The Secured Credit Facilities mature five years after the initial fund date of the Initial Term Loan Facility, but are subject to mandatory prepayments in certain circumstances. The Secured Credit Facilities will bear interest, at our election, of a per annum rate equal to either (a) a base rate plus 3.75% or (b) LIBOR plus 4.75%, with a LIBOR floor of 1.00%.

The Secured Credit Facilities are secured by a first priority security interest in substantially all of our assets and our subsidiaries' assets. Subject to the terms set forth in the Credit Agreement, we may make optional prepayments on the Secured Credit Facilities at any time prior to the Maturity Date. The remaining principal balance is due on the Maturity Date.

The Credit Agreement contains customary representations and warranties, conditions to funding, covenants and events of default. The covenants set forth in the Credit Agreement include, among other things, prohibitions on the Company and our subsidiaries against incurring certain indebtedness and investments (other than permitted acquisitions and other exceptions as specified therein), providing certain guarantees and incurring certain liens. In addition, the Credit Agreement includes a leverage ratio and consolidated liquidity covenant, as defined, whereby we are permitted to have a maximum consolidated leverage ratio as of the last day of any fiscal quarter of up to 5.00 to 1.00 and a minimum consolidated liquidity of \$7.5 million as of the last day of any fiscal quarter. The Credit Agreement provides for certain events of default, the occurrence of which could result in the acceleration of our obligations under the Credit Agreement.

On October 10, 2014, under the Credit Agreement, we borrowed \$70 million under the Initial Term Loan Facility, a portion of which was used, to repay in full our Senior Notes, and \$10 million under the Revolving Credit Facility.

On December 30, 2014, under the Credit Agreement, we borrowed \$70 million under the Term B3 Facility to partially fund the SkyWave Acquisition.

On January 16, 2015, under the Credit Agreement, we borrowed \$10 million under the Term B2 Facility to partially fund the InSync Acquisition.

On March 31, 2015, we repaid in full the \$10 million outstanding under the Revolving Credit Facility.

On November 10, 2014, we completed our November 2014 Public Offering of 14,785,714 shares of common stock, including 1,928,571 shares sold upon full exercise of the underwriters' over-allotment option, at a price of \$5.60 per share. We received net proceeds of approximately \$78.1 million after deducting underwriters' discounts and commissions and offering costs.

On January 1, 2015, we completed the SkyWave Acquisition for an aggregate Purchase Price paid of \$130.2 million, inclusive of a working capital settlement of \$0.3 million and subject to certain adjustments, and a \$10.6 million escrow to cover certain SkyWave indemnity obligations. From the Purchase Price, \$7.5 million was paid to Inmarsat

Canada Holdings Inc., a subsidiary of Inmarsat, in the form of a promissory note in exchange for a portion of its interest in SkyWave. The promissory note provided an off-set for the \$7.5 million paid by Inmarsat under the agreement with Inmarsat. We funded the SkyWave Acquisition using existing cash on our balance sheet, our borrowings under our Term B3 facility of the Credit Agreement and net proceeds from the November 2014 Public Offering, as described above.

On January 16, 2015, we completed the InSync Acquisition for a cash consideration of \$11.1 million, subject to net working capital adjustments, and additional contingent consideration of up to \$5.0 million, subject to certain operational milestones. We funded the InSync Acquisition through a combination of cash on hand and our borrowings under our Term B2 facility of the Credit Agreement, as described above.

In April 2015, we filed a Form S-3 shelf registration statement registering our securities for a proposed maximum aggregate offering price of \$200 million (including approximately \$17.2 million previously remaining available under our 2014 shelf registration statement). We may use this shelf registration statement at any time or from time to time to offer, in one or more offerings, our debt securities, shares of our common stock, shares of our preferred stock, warrants to purchase our debt securities, common stock or preferred stock or units consisting of any combination of the foregoing securities. The shelf registration statement, which was declared effective on April 14, 2015, also registered the resale of up to 3,910,433 shares of common stock by a selling shareholder, all of which were sold on August 19, 2015.

On October 6, 2015, we completed the WAM Acquisition for a cash consideration of \$8.5 million, subject to net working capital adjustments.

At December 31, 2015, no amounts were outstanding under the Revolving Credit Facility. The net availability under the Revolving Credit Facility was \$10.0 million.

EBITDA

EBITDA is defined as earnings attributable to ORBCOMM Inc., before interest income (expense), provision for income taxes and depreciation and amortization. We believe EBITDA is useful to our management and investors in evaluating our operating performance because it is one of the primary measures we use to evaluate the economic productivity of our operations, including our ability to obtain and maintain our customers, our ability to operate our business effectively, the efficiency of our employees and the profitability associated with their performance. It also helps our management and investors to meaningfully evaluate and compare the results of our operations from period to period on a consistent basis by removing the impact of our financing transactions and the depreciation and amortization impact of capital investments from our operating results. In addition, our management uses EBITDA in presentations to our board of directors to enable it to have the same measurement of operating performance used by management and for planning purposes, including the preparation of our annual operating budget.

EBITDA is not a performance measure calculated in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). While we consider EBITDA to be an important measure of operating performance, it should be considered in addition to, and not as a substitute for, or superior to, net income (loss) or other measures of financial performance prepared in accordance with U.S. GAAP and may be different than EBITDA measures presented by other companies.

	Years Ended December 31,		
	2015	2014	2013
	(In thousands)		
Net (loss) income attributable to ORBCOMM Inc.	\$(13,251)	\$(4,684)	\$4,599
Income tax expense	1,225	408	1,295
Interest income	(344)	(47)	(38)
Interest expense	5,242	149	58
Loss on extinguishment of debt	—	2,649	—
Depreciation and amortization	26,571	10,856	6,001
EBITDA	\$19,443	\$9,331	\$11,915

For the year ended December 31, 2015 compared to the year ended December 31, 2014, EBITDA increased \$10.1 million, or 108.4%, while net income attributable to ORBCOMM Inc. decreased \$8.6 million. The increase for EBITDA compared to the increase in net loss attributable to ORBCOMM Inc. primarily reflects higher amortization of finite-lived intangible assets as a result of our acquisitions in 2015 and 2014, additional depreciation associated with the six OG2 satellites placed into service September 15, 2014 and increased interest expense associated with additional notes payable outstanding during 2015.

For the year ended December 31, 2014 compared to the year ended December 31, 2013, EBITDA decreased \$2.6 million, or 21.7%, while net income decreased \$9.3 million, or 201.8%. The lower rate of decrease for EBITDA compared to net income primarily reflects higher amortization of finite-lived intangible assets as a result of our acquisitions in 2014 and 2013, additional depreciation associated with the six OG2 satellites placed into service September 15, 2014, higher income tax expenses relating to Euroscan and increases in acquisition-related and integration costs, as well as the one-time expense incurred in connection with the extinguishment of our Senior Notes.

Contractual Obligations

The following table summarizes our contractual obligations at December 31, 2015 and the effect that those obligations are expected to have on our liquidity and cash flows in future periods:

	Payment due by Period				
		Less than	1 to 3	3 to 5	After 5
	Total	1 year	Years	Years	Years
OG2 satellite launches(1)	\$9,501	\$ 9,501	\$—	\$—	\$—
Operating leases(2)	19,309	2,762	5,739	5,214	5,594
Secured credit agreement(3)	150,000	—	—	150,000	—
Interest payments on secured credit agreement(4)	32,344	8,625	17,250	6,469	—
Carrier providers(5)	27,615	6,854	13,238	7,523	—
Vendor parts supplier(6)	4,545	520	2,967	1,058	—
	\$243,314	\$ 28,262	\$39,194	\$ 170,264	\$5,594

(1) Amounts represent payments to Sierra Nevada Corporation (“SNC”) for obligations in connection with certain operational milestones related to our OG2 satellites launched into orbit on July 14, 2014 and December 21, 2015 and SpaceX for certain milestones related to the launch of the OG2 satellites.

(2) Amounts represent future minimum payments under operating leases for our office spaces and other facilities.

(3) Amounts represent repayment of the principal of the Credit Agreement in September 2019 based on our outstanding long-term debt as of December 31, 2015.

(4) Interest payments reflect borrowing rates for our outstanding long-term debt as of December 31, 2015.

(5) Amounts represent future contractual minimums with carrier airtime data providers based on the number of subscribers on these networks as of December 31, 2015.

(6) Amounts represent future contractual minimums with a vendor parts supplier.

Off-Balance sheet Arrangements

None

Critical Accounting Policies and Estimates

Our discussion and analysis of our results of operations, liquidity and capital resources are based on our consolidated financial statements which have been prepared in conformity with U.S. GAAP. The preparation of these consolidated financial statements requires us to make certain estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates and judgments, including those related to revenue recognition, accounts receivable, accounting for business combinations, goodwill, intangible assets, satellite network and other equipment, long-lived assets, capitalized development costs, income taxes, warranty costs, loss contingencies and the value of securities underlying stock-based compensation. We base our estimates on historical and anticipated results and trends and on various other assumptions that we believe are reasonable under the circumstances, including assumptions as to future events. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results may differ from our estimates and could have a significant adverse effect on our results of operations and financial

position. We believe the following critical accounting policies affect our more significant estimates and judgments in the preparation of our consolidated financial statements.

Revenue recognition

We recognize revenues when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is reasonably assured. Our revenue recognition policy requires us to make significant judgments regarding the probability of collection of the resulting accounts receivable balance based on prior history and the creditworthiness of our customers. In instances where collection is not reasonably assured, revenue is recognized when we receive cash from the customer.

Revenues from the activation of subscriber communicators and SIMS are initially recorded as deferred revenues and are recognized ratably over the term of the agreement with the customer, generally five years, which is the estimated customer relationship period. Revenues generated from monthly usage and administrative fees and engineering services are recognized when the services are rendered. Revenues generated from extended warranty service agreements extending beyond the initial warranty period of one year are initially recorded as deferred revenues and are, thereafter, recognized ratably over the term of the agreements generally two to five years. Revenues generated from royalties under our subscriber communicator manufacturing agreements are recognized when we issue to a third party manufacturer upon request a unique serial number to be assigned to each unit manufactured by such third party manufacturer.

Revenues generated from the sale of satellite subscriber communicators, SIMS and other products are either recognized when the products are shipped or when customers accept the products, depending on the specific contractual terms. Sales of subscriber communicators and SIMS and other items are not subject to return and title and risk of loss generally pass to the customer at the time of shipment.

Revenue Recognition for Arrangements with Multiple Deliverables

We enter into arrangements with customers that include multiple deliverables, which typically include subscriber communicators, monthly usage fees and optional extended warranty service agreements. We evaluate and separate each deliverable to determine whether it represents a separate unit of accounting if the following criteria are met:

- The delivered item(s) have value to the customer on a standalone basis.
- If the arrangement includes a general right of return relative to the delivered items(s) and delivery of the undelivered item(s) is probable and in the control of the vendor.

Deliverables which do not meet these criteria are combined into a single unit of accounting. We have determined that all of the deliverables qualify as separate units of accounting.

At the inception of an agreement, we allocate revenue to each element in a multiple element arrangement based upon their relative selling price. When applying the relative selling price method, we determine the selling price for each deliverable using vendor-specific objective evidence of selling price (“VSOE”), if it exists, or third party evidence of selling price (“TPE”) if VSOE does not exist. If neither VSOE nor TPE exists for a deliverable, estimated selling price (“ESP”) is used. We limit the amount of revenue recognized for delivered elements to an amount that is not contingent upon future delivery of additional products or services or the meeting of any specified performance conditions. Revenue allocated to each element is then recognized when the revenue recognition criteria are met for each element.

VSOE is the price charged when the same or similar product or service is sold separately (i.e., on a standalone basis). TPE is generally the price at which a competitor or third party sells the same or a similar and largely interchangeable deliverable on a standalone basis. TPE may also include a company’s standalone selling price for a similar and largely interchangeable product or service but not the same product or service. ESP is defined as the price which we would transact a sale if the product or service were sold regularly on a standalone basis. We have determined that ESP represents the best estimate of the selling prices for each of the deliverables. The determination was based upon management approved pricing guidelines, which consider multiple factors including gross margin objectives, competitive and market conditions and ongoing pricing strategy. We do not currently expect a material impact in the near term from changes in ESP.

Accounts receivable

Accounts receivable are due in accordance with payment terms included in our negotiated contracts. Amounts due are stated net of an allowance for doubtful accounts. Accounts that are outstanding longer than the contractual payment

terms are considered past due. We make ongoing assumptions and judgments relating to the collectability of our accounts receivable to determine our required allowances based on a number of factors such as the age of the receivable, credit history of the customer, historical experience and current economic conditions that may affect a customer's ability to pay. Past experience may not be indicative of future collections; as a result, allowances for doubtful accounts may deviate from our estimates as a percentage of accounts receivable and sales.

Satellite network and other equipment

Satellite network and other equipment are stated at cost, less accumulated depreciation and amortization. We use judgment to determine the useful life of our satellite network based on the estimated operational life of the satellites and periodic reviews of engineering data relating to the operation and performance of our satellite network.

Satellite network includes the costs of our constellation of satellites, and the ground and control facilities, which consists of gateway earth stations, gateway control centers and the network control center (the “Ground Component”).

Assets under construction primarily consist of milestone payments pursuant to procurement agreements, which include the design, development, launch and other direct costs, including direct labor costs, relating to the construction of the satellites and upgrades to the Company’s infrastructure and the Ground Component. Once these assets are placed in service they will be transferred to satellite network and then depreciation will be recognized using the straight-line method over the estimated lives of the assets. As a result of the OG2 satellites being placed into service during the third quarter of 2014, we reclassified \$82.7 million of costs out of assets under construction and into satellite network on September 15, 2014, and began depreciating the satellites over a 10-year life. The 11 remaining OG2 satellites launched on December 21, 2015 were not yet placed into service as of December 31, 2015. During the years ended December 31, 2015 and 2014, we recorded depreciation of \$7.0 million and \$2.4 million, respectively, in connection with the satellites placed into service. With the launch of the 11 OG2 satellites, we expect further increases of approximately \$15 million annually in depreciation and amortization expense over a ten year period once they are placed in service.

We capitalize interest on outstanding amounts under our Initial Term Loan Facility and Revolving Credit Facility entered into in 2014 and our notes payable issued in 2013 during the construction period of our OG2 satellites. Capitalized interest is added to the cost of our OG2 satellites and depreciated upon the satellite being placed into service. We expect an increase in interest expense recorded on our statement of operations of approximately \$4 million annually when the satellites are placed into service.

Accounting for Business Combinations

We account for acquired businesses using the acquisition method of accounting, which requires that assets acquired and liabilities assumed be recorded at their respective fair values on the date of acquisition. The fair value of the consideration paid is assigned to the underlying net assets of the acquired business based on their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded to goodwill. Intangible assets are amortized over the expected life of the asset. We make significant assumptions and estimates in determining the preliminary estimated purchase price and the preliminary allocation of the estimated purchase in the consolidated financial statements. These preliminary estimates and assumptions are subject to change as we finalize the valuations. The final valuations may change significantly from the preliminary estimates. Fair value determinations and useful life estimates are based on, among other factors, estimates of expected future cash flows from revenues of the intangible assets acquired, estimates of appropriate discount rates used to present value expected future cash flows, estimated useful lives of the intangible assets acquired and other factors. Although we believe the assumptions and estimates we have made have been reasonable and appropriate, they are based, in part, on historical experience, information obtained from the management of the acquired companies and future expectations. For these and other reasons, actual results may vary significantly from estimated results.

Contingent Consideration

We determine the acquisition date fair value of contingent consideration obligations based on a probability-weighted income approach derived from milestones estimates and a probability assessment with respect to the likelihood of achieving contingent obligations. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement as defined in Financial Statements Accounting Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 820 “Fair Value Measurement.” At each reporting date, the contingent consideration obligation will be revalued to estimated fair value and changes in fair value will be reflected as income or expense in our consolidated statement of operations. Changes in the fair value of the contingent consideration obligations may result from changes in probability assumptions with respect to the likelihood of achieving the various

contingent payment obligations. Adverse changes in assumptions utilized in our contingent consideration fair value estimates could result in an increase in our contingent consideration obligation and a corresponding charge to operating income.

Goodwill

Goodwill is not amortized, but is tested for impairment on an annual basis and between annual tests whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested at the reporting unit level, which is defined as an operating segment, or one level below the operating segment. We operate in one operating segment, which is our only reporting unit.

We test for an indication of goodwill impairment on November 30 of each year or when indicators of impairment exist, by comparing the fair value of our reporting unit to the carrying value of the reporting unit. If there is an indication of impairment, we perform a “step two” test to measure the impairment. Impairments, if any, are recorded to the statement of operations in the period the impairment is recognized.

A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators include a sustained and significant decline in our stock price and market capitalization, a decline in our expected future cash flows, a significant adverse change in legal factors or in the business climate and unanticipated competition. There was no goodwill impairment for the years ended December 31, 2015, 2014 and 2013.

Long-lived assets, including finite-lived intangible assets

Management reviews long-lived assets, including finite-lived intangible assets, whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. In connection with this review, we reevaluate the periods of depreciation and amortization. We recognize an impairment loss when the sum of the future undiscounted net cash flows expected to be realized from the asset is less than its carrying amount. If an asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value, which is determined using projected discounted future net cash flows, using the appropriate discount rate. Our satellite constellation and related assets, including satellites under construction, are evaluated as a single asset group whenever facts or circumstances indicate that the carrying value may not be recoverable. If indicators of impairment are identified, recoverability of long-lived assets is measured by comparing their carrying amount to the projected cash flows the assets are expected to generate. Considerable judgment by us is necessary to estimate the fair value of the assets and accordingly, actual results could vary significantly from such estimates. Our most significant estimates and judgments relating to the long-lived asset impairments include the allocation of cash flows to assets or asset groups and, if required, an estimate of fair value for those assets or asset groups, the timing and amount of projected future cash flows and the discount rate selected to measure the risks inherent in future cash flows.

As a result of our intangible asset impairment test performed as of November 30, 2015, we recorded an impairment charge of \$0.6 million related to certain intangible assets acquired as part of the SENS Acquisition. See “Note 8 – Goodwill and Intangible Assets” for additional information regarding this impairment charge.

If a satellite were to fail during launch or while in orbit, the resulting loss would be charged to expense in the period it is determined that the satellite is not recoverable. The amount of any such loss would be reduced to the extent of insurance proceeds estimated to be received. In June 2015, we lost communication with one of our OG2 satellites in orbit and recorded an impairment charge of \$12.7 million in the statement of operations to write off the net book value of the satellite. There were no insurance proceeds associated with this loss because of the deductible under our in-orbit insurance coverage.

In the quarter ended December 31, 2014, we recorded an impairment loss for one of our AIS microsattellites with which we lost communication. Upon loss of communication, we no longer expect future cash flows to be generated from this asset. The impairment loss of \$0.6 million was determined based on the carrying value of the asset at the time of the impairment and was recorded in the statement of operations in the year ended December 31, 2014.

Capitalized development costs

Judgments and estimates occur in the calculation of capitalized development costs. We evaluate and estimate when a preliminary project stage is completed and at the point when the project is substantially complete and ready for use. We base our estimates and evaluations on engineering data. We capitalize the costs of acquiring, developing and testing software to meet our internal needs. Capitalization of costs associated with software obtained or developed for internal use commences when both the preliminary project stage is completed and management has authorized further funding for the project, based on a determination that it is probable that the project will be completed and used to perform the function intended. Capitalized costs include only (1) external direct cost of materials and services consumed in developing or obtaining internal-use software, and (2) payroll and payroll-related costs for employees

who are directly associated with, and devote time to, the internal-use software project. Capitalization of such costs ceases no later than the point at which the project is substantially complete and ready for its intended use. Internal use software costs are amortized once the software is placed in service using the straight-line method over periods ranging from one to five years.

Income taxes

We estimate our income taxes separately for each tax jurisdiction in which we conduct operations. This process involves estimating actual current tax expense and assessing temporary differences resulting from different treatment of items between book and tax which result in deferred tax assets and liabilities. We recognize a change in tax rates on deferred tax assets and liabilities in income in the period that includes the enactment date. In determining the net deferred tax assets and valuation allowances, we are required to make judgments and estimates in assessing the realizability of the deferred tax assets. In assessing the realizability of our deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

We account for uncertainty in income tax positions using a two-step approach. The first step is to determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The second step is to measure the tax position at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. Accounting for uncertainties in income taxes positions involves significant judgments by management.

During the years ended December 31, 2015, 2014 and 2013, we had no significant unrecognized tax benefits. We are subject to U.S. Federal and state examinations by tax authorities for all years from 2011. We do not expect any significant changes to our unrecognized tax positions during the next twelve months.

Warranty Costs

Warranty coverage is accrued upon product sales, which provide for costs to replace or fix the product. Our analysis of the warranty liabilities associated with the warranty coverage are estimated based on historical costs of the acquired companies to replace or fix products for customers, and may require additional liability for warranty coverage for other specific claims that are expected to be incurred within the warranty period, for which it is estimated that customers may have a warranty claim. As a result of our acquisitions, we typically acquire warranty obligations on product sales, which provide for costs to replace or fix the product. If we determine that adjustments to these amounts are required during the remainder of the measurement period such amounts will be recorded as an adjustment to goodwill.

For the warranty costs subsequent to the acquisition date, we accrue for one-year warranty coverage on product sales estimated at the time of sale based on historical costs to repair or replace products for customers compared to historical product revenues. Accrual estimates may differ from actual results and adjustments to the estimated warranty liability would be required.

Loss contingencies

We accrue for costs relating to litigation, claims and other contingent matters when such liabilities become probable and reasonably estimable. Such estimates may be based on advice from third parties or on management's judgment, as appropriate. Actual amounts paid may differ from amounts estimated, and such differences will be charged to operations in the period in which the final determination of the liability is made. There is significant uncertainty relating to the outcome of any potential legal actions and other claims and the difficulty of predicting the likelihood and range of the potential liability involved, coupled with the material impact on our results of operations that could result from legal actions or other claims and assessments.

Share-based Compensation

Our share-based compensation plans consist of the 2006 Long-Term Incentives Plan (the "2006 LTIP") and the 2004 Stock Option Plan. The 2006 LTIP, approved by our stockholders in September 2006, provides for the grants of non-qualified stock options, stock appreciation rights ("SARs"), common stock, restricted stock, restricted stock units ("RSUs"), performance units and performance shares to our employees and non-employee directors. The 2004 Stock Option Plan, adopted in 2004, provides for the grants of non-qualified and incentive stock options to officers, directors, employees and consultants. We did not grant any stock options in 2015, 2014 and 2013.

We measure and recognize stock-based compensation expense for share-based payment awards to employees and directors based on estimated fair values on the date of grant. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service period. For awards with performance conditions, an evaluation is made at the grant date and future periods as to the likelihood of the performance criteria being met.

Compensation expense is adjusted in future periods for subsequent changes in the performance condition until the vesting date. We estimate forfeitures at the time of grant and revise, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

For the years ended December 31, 2015, 2014 and 2013, we recognized \$4.6 million, \$3.6 million and \$3.0 million of stock-based compensation expense, respectively. As of December 31, 2015, we had an aggregate of \$4.8 million of unrecognized compensation costs for all share-based payment arrangements.

We expect that our planned use of share-based payment arrangements will continue to be a significant expense for us in future periods. We have not recognized, and do not expect to recognize in the near future, any significant tax benefit related to employee stock-based compensation expense as a result of the full valuation allowance on our net deferred tax assets and net operating loss carryforwards generated in the U.S.

The fair value of each time and performance SAR award is estimated on the date of grant using the Black-Scholes option pricing model with the assumptions described below for the periods indicated. Depending how long our common stock has been publicly traded at the grant date the expected volatility was based either on (i) an average of our historical volatility over the expected terms of the SAR awards and the comparable publicly traded companies historical volatility or (ii) our historical volatility over the expected terms of SAR awards. We use the “simplified” method to determine the expected terms of SARs due to a limited history of exercises. Estimated forfeitures were based on voluntary and involuntary termination behavior as well as analysis of actual forfeitures. The risk-free interest rate was based on the U.S. Treasury yield curve at the time of the grant over the expected term of the SAR grants.

	Years ended December 31,		
	2015	2014	2013
Risk-free interest rate	1.35%	1.77%	
	to	to	
	1.82%	1.94%	0.91% to 2.11%
Expected life (years)	6.0	6.0	5.5 and 6.0
Estimated volatility factor	62.7%	64.8%	
	to	to	
	64.6%	67.3%	67.6% to 69.9%
Expected dividends	None	None	None

The grant date fair values of RSU awards granted in 2015, 2014 and 2013 were based upon the closing stock price of our common stock on the date of grant.

Recent accounting pronouncements

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09 “Revenue from Contracts with Customers” (“ASU 2014-09”), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. In July 2015, the FASB deferred the effective date of ASU No. 2014-09 for all entities by one year. As a result, the new standard is effective for the Company on January 1, 2018. Early adoption prior to the original effective date is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. We are evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

In April 2015, the FASB issued ASU No. 2015-03 “Interest - Imputation of Interest (Subtopic 835-30) – Simplifying the Presentation of Debt Issuance Costs” (“ASU 2015-03”), which is effective for the fiscal years beginning after December 15, 2015. ASU 2015-03 simplifies financial reporting by eliminating the different presentation requirements for debt issuance costs and debt discounts or premiums. The adoption of this standard, which will be applied retrospectively, is not expected to have a material impact on our results of operations.

In July 2015, the FASB issued ASU No. 2015-11 “Simplifying the Measurement of Inventory” (“ASU 2015-11”), which is effective for the fiscal years beginning after December 15, 2016. ASU 2015-11 requires entities to measure inventory at the lower of cost or net realizable value. Net realizable value is defined as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The adoption of this standard, which will be applied prospectively, is not expected to have a material impact on our

consolidated financial statements.

In September 2015, the FASB issued ASU No. 2015-16 “Simplifying the Accounting for Measurement - Period Adjustments” (“ASU 2015-16”), which is effective for the fiscal years beginning after December 15, 2015. ASU 2015-16 requires an entity to recognize measurement period adjustments from a business combination within the reporting period in which the adjustment amounts are determined. The cumulative impact of measurement period adjustments on current and prior periods, including the prior period impact on depreciation, amortization, and other income statement items and their related tax effects, will be required to be recognized in the period the adjustment amount is determined. The adoption of this standard, which will be applied prospectively, is not expected to have a material impact on our consolidated financial statements.

In November 2015, the FASB issued ASU No. 2015-17 “Balance Sheet Classification of Deferred Taxes” (“ASU 2015-17”), which is effective for the fiscal years beginning after December 15, 2016. ASU 2015-17 requires an entity to classify all deferred tax assets, along with any valuation allowance, as noncurrent on the balance sheet. As a result, each jurisdiction will have one net noncurrent deferred tax asset or liability. The adoption of this standard, which may be applied either prospectively or retrospectively, is not expected to have a material impact on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02 “Leases (Topic 842)” (“ASU 2016-02”), which is effective for the fiscal years beginning after December 15, 2018. ASU 2016-02 requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. Early adoption is permitted. We are

in the process of evaluating the effect that ASU 2016-02 will have on our consolidated financial statements and related disclosures, if any.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest rate risk

We have floating interest rate debt with our bank credit facilities under our Credit Agreement that are subject to interest rate volatility, which is our principal market risk, with a floor of 1.00%. A 25 basis point change in the interest rate relating to the credit facilities' balances outstanding as of December 31, 2015, which are subject to variable interest rates based on LIBOR, would yield a change of approximately \$0.4 million in annual interest expense. We do not expect our future cash flows to be affected to any significant degree by a sudden change in market interest rates.

Effects of inflation risk

Overall, we believe that the impact of inflation risk on our business will not be significant.

Foreign currency risk

The majority of our revenues and expenses are transacted in U.S. dollars. Due to operations in ORBCOMM Japan and Euroscan, we have foreign exchange exposures to non-U.S. dollar revenues. Due to operations in SkyWave, we have foreign exchange exposures to non-U.S. dollar expenses. For the years ended December 31, 2015 and 2014, revenues denominated in foreign currencies were approximately 8.5% and 17.3% of total revenues, respectively. For the year ended December 31, 2015, our revenues would have decreased by approximately 0.9% if the U.S. dollar would have strengthened by 10%.

We have assets and liabilities denominated in foreign currencies. At December 31, 2015, a hypothetical change in the fair value of these assets and liabilities from an increase (decrease) of 10% of the U.S. dollar would be an increase (decrease) of approximately \$0.1 million.

Concentration of credit risk

There were no customers with revenues greater than 10% of our consolidated total revenues for the year ended December 31, 2015. For the years ended December 31, 2014 and 2013, two customers, Caterpillar Inc. and Komatsu Ltd., comprised 12.4% and 10.6%, respectively, and 17.3% and 12.1%, respectively, of our consolidated total revenues.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements of ORBCOMM Inc. and its subsidiaries, including the notes thereto and the report thereon, is presented beginning at page F-1 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Effective June 10, 2015, the audit committee of our board of directors dismissed KPMG LLP as the Company's independent registered public accounting firm and engaged Grant Thornton LLP as the Company's independent registered public accounting firm for the fiscal year ended December 31, 2015. In connection with our change in accountants, there were no disagreements or reportable events required to be disclosed pursuant to Regulation S-K,

Item 304(a)(1)(iv), Item 304(a)(1)(v) and Item 304(b).

Item 9A. Controls and Procedures

(a) Disclosure Controls and Procedures

In connection with preparation of this Annual Report on Form 10-K, we carried out an evaluation, under the supervision and with the participation of our management including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2015. The term “disclosure controls and procedures”, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2015, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

(b) Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the based upon criteria established in Internal Control – Integrated Framework (2013) by the Committee of Sponsoring Organizations of the Treadway Commission. As a result of the acquisitions of SkyWave Mobile Communications, Inc., InSync Software, Inc. and WAM Technologies, LLC (collectively the "2015 Acquisitions"), we are in the process of integrating certain business processes and systems of the 2015 Acquisitions. Accordingly, certain changes have been made and will continue to be made to our internal control over financial reporting until such time as this integration is complete. In reliance on interpretive guidance issued by the SEC staff, management has chosen to exclude from its assessment of the effectiveness of our internal control over financial reporting as of December 31, 2015, the internal control over financial reporting for the 2015 Acquisitions associated with assets of \$175.9 million, representing 33.4% of consolidated assets, and revenues of \$65.6 million, representing 36.8% of consolidated revenues, included in our consolidated financial statements as of and for the year ended December 31, 2015. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2015. The effectiveness of our internal control over financial reporting as of December 31, 2015 has been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in its attestation report which is included below.

(c) Changes in Internal Control over Financial Reporting

We reviewed our internal control over financial reporting at December 31, 2015. As a result of the 2015 Acquisitions, we have begun to integrate certain business processes and systems of the 2015 Acquisitions. Accordingly, certain changes have been made and will continue to be made to our internal controls over financial reporting until such time as this integration is complete.

There have been no other changes in our internal control over financial reporting identified in an evaluation thereof that occurred during the last fiscal quarter of 2015 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders

ORBCOMM Inc.

We have audited the internal control over financial reporting of ORBCOMM Inc. (a Delaware corporation) and subsidiaries (the “Company”) as of December 31, 2015, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting (“Management’s Report”). Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. Our audit of, and opinion on, the Company’s internal control over financial reporting does not include the internal control over financial reporting of SkyWave Mobile Communications, Inc. (“SkyWave”), InSync Software, Inc. (“InSync”) and WAM Technologies LLC (“WAM”), wholly-owned subsidiaries, whose financial statements in the aggregate reflect total assets and revenues constituting 33.4 and 36.8 percent, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2015. As indicated in Management’s Report, SkyWave, InSync and WAM were acquired during 2015. Management’s assertion on the effectiveness of the Company’s internal control over financial reporting excluded internal control over financial reporting of SkyWave, InSync and WAM.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in the 2013 Internal Control—Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as of and for the year ended December 31, 2015, and our report dated March 9, 2016 expressed an unqualified opinion on those financial statements.

/s/ Grant Thornton LLP

New York, New York

March 9, 2016

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Item 9B. Other information

None

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Identification of Directors

Reference is made to the information regarding directors under the heading “Election of Directors (Proposal 1)” in the Proxy Statement for our 2016 Annual Meeting of stockholders to be held on April 20, 2016 (our “2016 Proxy Statement”), which information is hereby incorporated by reference.

Identification of Executive Officers

Reference is made to the information regarding executive officers under the heading “Executive Officers of the Registrant” in Part I, Item 1 of this Annual Report on Form 10-K.

Identification of Audit Committee and Audit Committee Financial Expert

Reference is made to the information regarding directors under the heading “Board of Directors and Committees — Audit Committee” in our 2016 Proxy Statement, which information hereby is incorporated by reference.

Material Changes to Procedures for Recommending Directors

Reference is made to the information regarding directors under the heading “Board of Directors and Committees — Nominating and Corporate Governance Committee” in our 2016 Proxy Statement, which information is hereby incorporated by reference.

Compliance with Section 16(a) of the Exchange Act

Reference is made to the information under the heading “Section 16(a) Beneficial Ownership Reporting Compliance” in our 2016 Proxy Statement, which information is hereby incorporated by reference.

Code of Ethics

We have adopted a code of ethics, or Code of Business Conduct, to comply with the rules of the SEC and NASDAQ. Our Code of Business Conduct applies to our directors, officers and employees, including our principal executive officer and senior financial officers. A copy of our Code of Business Conduct is maintained on our website at www.orbcomm.com.

Item 11. Executive Compensation

Reference is made to the information under the headings “Board of Directors and Committees — Compensation Committee Interlocks and Insider Participation”, “Compensation Discussion and Analysis”, “Compensation Committee Report” and “Compensation of Executive Officers” in our 2016 Proxy Statement, which information is hereby incorporated by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
Beneficial Ownership

Reference is made to the information under the heading “Security Ownership of Certain Beneficial Owners and Management” in our 2016 Proxy Statement, which information is hereby incorporated by reference.

Equity Compensation Plan Information

Reference is made to the information under the heading “Equity Compensation Plan Information” in our 2016 Proxy Statement, which information is hereby incorporated by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Reference is made to the information under the heading “Certain Relationships and Transactions with Related Persons” in our 2016 Proxy Statement, which information is hereby incorporated by reference.

Item 14. Principal Accountant Fees and Services

Reference is made to the information under the heading “Proposal to Ratify the Appointment of Independent Registered Public Accounting Firm (Proposal 2) — Principal Accountant Fees” in our 2016 Proxy Statement, which information is hereby incorporated by reference.

PART IV

Item 15. Exhibits and Financial Statements Schedules

(a)(1) Financial Statements

See Index to Consolidated Financial Statements appearing on page F-1.

(a)(2) Financial Statement Schedules

Schedule II- See Index to Consolidated Financial Statements appearing on page F-1

Financial statement schedules not filed herein have been omitted as they are not applicable or the required information or equivalent information has been included in the financial statements or the notes thereto.

(a)(3) Exhibits

See Exhibit Index attached hereto and incorporated by reference herein.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ORBCOMM Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Rochelle Park, State of New Jersey, on March 9, 2016.

ORBCOMM Inc.

By: /s/ Marc J. Eisenberg

Marc J. Eisenberg

Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed on March 9, 2016 by the following persons in the capacities indicated:

Signature	Title
/s/ Marc J. Eisenberg Marc J. Eisenberg	Chief Executive Officer and President and Director (principal executive officer)
/s/ Jerome B. Eisenberg* Jerome B. Eisenberg	Chairman of the Board
/s/ Marco Fuchs* Marco Fuchs	Director
/s/ Didier Delepine* Didier Delepine	Director
/s/ Timothy Kelleher* Timothy Kelleher	Director
/s/ John Major* John Major	Director
/s/ Gary H. Ritondaro* Gary H. Ritondaro	Director
/s/ Robert G. Costantini Robert G. Costantini	Executive Vice President and Chief Financial Officer (principal financial officer)
/s/ Constantine Milcos Constantine Milcos	Senior Vice President and Chief Accounting Officer (principal accounting officer)

*By: /s/ Christian G. LeBrun

Christian G. LeBrun, Attorney-in-Fact**

** By authority of the power of attorney filed as Exhibit 24 hereto.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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<u>Consolidated Statements of Operations for the years ended December 31, 2015, 2014 and 2013</u>	F-5
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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders

ORBCOMM Inc.

We have audited the accompanying consolidated balance sheet of ORBCOMM Inc. (a Delaware corporation) and subsidiaries (the “Company”) as of December 31, 2015, and the related consolidated statements of operations, comprehensive (loss) income, cash flows and changes in equity for the year then ended. Our audit of the basic consolidated financial statements included the financial statement schedule listed in the index appearing under Item 15(a)(2). These financial statements and financial statement schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ORBCOMM Inc. and subsidiaries as of December 31, 2015, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2015, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 9, 2016 expressed an unqualified opinion.

/s/ Grant Thornton LLP

New York, New York

March 9, 2016

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

ORBCOMM Inc.:

We have audited the accompanying consolidated balance sheet of ORBCOMM Inc. and subsidiaries (the Company) as of December 31, 2014, and the related consolidated statements of operations, comprehensive (loss) income, cash flows and changes in equity for each of the years in the two-year period ended December 31, 2014. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule, "Schedule II — Valuation and Qualifying Accounts" for each of the years in the two-year period ended December 31, 2014. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ORBCOMM Inc. and subsidiaries as of December 31, 2014, and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule for each of the years in the two-year period ended December 31, 2014, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

New York, New York

March 13, 2015

ORBCOMM Inc.

Consolidated Balance Sheets

(in thousands, except par value and share data)

	December 31,	
	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$27,077	\$91,565
Cash held for acquisition	—	123,000
Accounts receivable, net of allowances for doubtful accounts of \$1,233 and \$706, respectively	29,816	23,194
Inventories	20,712	11,650
Prepaid expenses and other current assets	5,646	2,333
Restricted cash - current	1,000	—
Deferred income taxes	508	814
Total current assets	84,759	252,556
Satellite network and other equipment, net	229,970	180,621
Goodwill	112,425	39,870
Intangible assets, net	93,172	26,334
Restricted cash - non-current	—	1,195
Other assets	6,573	5,921
Deferred income taxes	—	51
Total assets	\$526,899	\$506,548
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$13,895	\$8,750
Accrued liabilities	24,186	20,336
Current portion of deferred revenue	7,652	3,525
Total current liabilities	45,733	32,611
Note payable — related party	1,241	1,389
Notes payable	150,000	150,000
Deferred revenue, net of current portion	6,024	2,579
Deferred tax liabilities	18,440	5,696
Other liabilities	5,705	5,764
Total liabilities	227,143	198,039
Commitments and contingencies		
Equity:		
ORBCOMM Inc. stockholders' equity		
Series A Convertible Preferred Stock, par value \$0.001; 1,000,000 shares authorized;		
35,759 and 90,973 shares issued and outstanding	357	909
Common stock, par value \$0.001; 250,000,000 shares authorized; 70,613,642	71	70

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and 70,109,488 shares issued at December 31, 2015 and December 31, 2014

Additional paid-in capital	381,659	376,297
Accumulated other comprehensive income (loss)	(1,174)	(583)
Accumulated deficit	(81,424)	(68,137)
Less treasury stock, at cost, 29,990 shares at December 31, 2015 and December 31,		
2014	(96)	(96)
Total ORBCOMM Inc. stockholders' equity	299,393	308,460
Noncontrolling interests	363	49
Total equity	299,756	308,509
Total liabilities and equity	\$526,899	\$506,548

The accompanying notes to the consolidated financial statements are an integral part of these statements.

ORBCOMM Inc.

Consolidated Statements of Operations

(in thousands, except per share data)

	Year Ended December 31,		
	2015	2014	2013
Revenues:			
Service revenues	\$99,973	\$59,695	\$55,957
Product sales	78,320	36,547	18,255
Total revenues	178,293	96,242	74,212
Cost of revenues, exclusive of depreciation and amortization shown below:			
Cost of services	34,109	20,339	19,806
Cost of product sales	56,413	28,345	13,736
Gross profit	87,771	47,558	40,670
Operating expenses:			
Selling, general and administrative	44,395	30,989	24,551
Product development	6,469	2,895	2,759
Impairment charges - satellite network	12,748	605	—
Depreciation and amortization	26,571	10,856	6,001
Acquisition-related and integration costs	4,803	3,819	1,658
(Loss) income from operations	(7,215)	(1,606)	5,701
Other (expense) income:			
Interest income	344	47	38
Other income	339	240	373
Interest expense	(5,242)	(149)	(58)
Loss on debt extinguishment	—	(2,649)	—
Total other (expense) income	(4,559)	(2,511)	353
(Loss) income before income taxes	(11,774)	(4,117)	6,054
Income taxes	1,225	408	1,295
Net (loss) income	(12,999)	(4,525)	4,759
Less: Net income attributable to the noncontrolling interests	252	159	160
Net (loss) income attributable to ORBCOMM Inc.	\$(13,251)	\$(4,684)	\$4,599
Net (loss) income attributable to ORBCOMM Inc. common stockholders	\$(13,287)	\$(4,721)	\$4,540
Per share information-basic:			
Net (loss) income attributable to ORBCOMM Inc. common stockholders	\$(0.19)	\$(0.08)	\$0.10
Per share information-diluted:			
Net (loss) income attributable to ORBCOMM Inc. common stockholders	\$(0.19)	\$(0.08)	\$0.09
Weighted average common shares outstanding:			
Basic	70,419	56,684	47,420
Diluted	70,419	56,684	48,770

The accompanying notes to the consolidated financial statements are an integral part of these statements.

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ORBCOMM Inc.

Consolidated Statements of Comprehensive (Loss) Income

(in thousands)

	Years ended December 31,		
	2015	2014	2013
Net (loss) income	\$(12,999)	\$(4,525)	\$4,759
Other comprehensive loss — Foreign currency translation			
adjustments	(529)	(728)	(437)
Other comprehensive (loss)	(529)	(728)	(437)
Comprehensive (loss) income	(13,528)	(5,253)	4,322
Less comprehensive (income) attributable to noncontrolling interests	(314)	(248)	(121)
Comprehensive (loss) income attributable to ORBCOMM Inc.	\$(13,842)	\$(5,501)	\$4,201

The accompanying notes to the consolidated financial statements are an integral part of these statements.

ORBCOMM Inc.

Consolidated Statements of Cash Flows

(in thousands)

	Years ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net (loss) income	\$(12,999)	\$(4,525)	\$4,759
Adjustments to reconcile net (loss) income to net cash provided by			
operating activities:			
Change in allowance for doubtful accounts	676	427	26
Depreciation and amortization	26,571	10,856	6,001
Impairment loss – satellite network	12,748	605	—
Change in the fair values of acquisitions-related contingent			
consideration	(1,606)	(2,132)	(1,003)
Amortization of the fair value adjustment related to StarTrak			
warranty liabilities	(12)	(164)	(47)
Amortization and write-off of deferred debt fees	464	869	—
Stock-based compensation	4,620	3,610	2,973
Foreign exchange (gains) losses	(413)	(227)	32
Amortization of premium on marketable securities	—	—	187
Increase in fair value of indemnification assets	—	(126)	(253)
Loss on settlement agreement in connection with the indemnification			
assets	—	97	—
Deferred income taxes	825	(276)	724
Other	—	173	—
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	8,045	(6,882)	(2,698)
Inventories	(7,953)	(5,291)	729
Prepaid expenses and other assets	(449)	(173)	(444)
Accounts payable and accrued liabilities	(2,995)	5,353	(1,465)
Deferred revenue	(1,126)	611	(1,032)
Other liabilities	(313)	397	265
Net cash provided by operating activities	26,083	3,202	8,754
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired	(141,575)	(28,883)	(7,076)
Capital expenditures	(70,017)	(45,543)	(37,296)
Cash held for acquisition	123,000	(123,000)	—
Proceeds received from settlement agreement in connection with			
indemnification assets	—	691	—

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Proceeds from warranty claim on acquired inventory	—	167	—
Purchases of marketable securities	—	—	(51,448)
Proceeds from maturities of marketable securities	—	—	79,230
Change in restricted cash	—	1,000	—
Net cash used in investing activities	(88,592)	(195,568)	(16,590)

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ORBCOMM Inc.

Consolidated Statements of Cash Flows

(in thousands)

	Years ended December 31,		
	2015	2014	2013
Cash flows from financing activities:			
Proceeds received from issuance of common stock in connection with			
public offerings, net of underwriters' discounts and commissions and			
offering costs	—	114,798	—
Proceeds received from issuance of long-term debt	10,000	150,000	45,000
Cash paid for debt issuance costs	(942)	(3,652)	(1,387)
Proceeds received from exercise of stock options	244	101	1,825
Principal payment of long-term debt	(10,000)	(45,000)	(3,450)
Principal payments of capital leases	—	(163)	(203)
Payment of deferred purchase consideration	(1,106)	(25)	—
Net cash (used in) provided by financing activities	(1,804)	216,059	41,785
Effect of exchange rate changes on cash and cash equivalents	(175)	(482)	(378)
Net (decrease) increase in cash and cash equivalents	(64,488)	23,211	33,571
Cash and cash equivalents:			
Beginning of year	91,565	68,354	34,783
End of year	\$27,077	\$91,565	\$68,354
Supplemental disclosures of cash flow information:			
Cash paid for:			
Interest	\$9,005	\$3,324	\$4,262
Income taxes	\$723	\$692	\$1,404
Supplemental cash flow disclosures (Note 18)			

The accompanying notes to the consolidated financial statements are an integral part of these statements.

ORBCOMM Inc.

Consolidated Statements of Changes in Equity

Years ended December 31, 2015, 2014 and 2013

(in thousands, except share data)

	Series A convertible Preferred stock		Common stock		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Treasury stock	Noncontrolling interest	Retained equity
	Shares	Amount	Shares	Amount				Shares	Amount	
Balances, December 31, 2012	161,359	\$1,612	46,783,568	\$47	\$248,469	\$633	\$(67,956)	29,990	\$(96)	\$(321) \$182,388
Vesting of restricted stock units	—	—	93,821	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	2,779	—	—	—	—	2,779
Conversion of Series A convertible preferred stock to common stock	(65,237)	(652)	108,688	—	652	—	—	—	—	—
Issuance of common stock in connection with the acquisition of MobileNet	—	—	329,344	—	1,633	—	—	—	—	1,633
Exercise of stock options	—	—	647,177	1	1,825	—	—	—	—	1,826
Exercise of SARs	—	—	253,882	—	—	—	—	—	—	—
Series A convertible preferred stock dividend	5,932	59	—	—	—	—	(59)	—	—	—
Net income	—	—	—	—	—	—	4,599	—	—	160 4,759
Foreign currency	—	—	—	—	—	(398)	—	—	—	(39) (437)

translation
adjustments

Balances, December 31, 2013	102,054	\$1,019	48,216,480	\$48	\$255,358	\$235	\$(63,416)	29,990	\$(96)	\$(200)	\$192,948
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Vesting of
restricted
stock units

289,538 —

Stock-based
compensation

— — — — 3,519 — — — — — 3,519

Proceeds
received from
issuance of
common stock
in

connection
with public
offerings, net
of
underwriters'

discounts
and
commissions
and offering
costs

— — 21,110,714 21 114,717 — — — — — 114,738

Common
stock issued
as form of
payment for
MPUs

— — 33,594 — 213 — — — — — 213

Conversion of
Series A
convertible
preferred
stock to

common
stock

(14,850) (147) 24,740 — 147 — — — — —

Issuance of
common stock
in connection
with the

acquisition
of Euroscan

— — 291,230 1 2,242 — — — — — 2,243

Exercise of
SARs

— — 109,733 — — — — — — —

Exercise of
stock options

— — 33,459 — 101 — — — — — 101

Series A convertible preferred stock dividend	3,769	37	—	—	—	—	(37)	—	—	—	—
Net loss	—	—	—	—	—	—	(4,684)	—	—	159	(4,525)
Foreign currency translation adjustments	—	—	—	—	—	(818)	—	—	—	90	(728)
Balances, December 31, 2014	90,973	\$909	70,109,488	\$70	\$376,297	\$(583)	\$(68,137)	29,990	\$(96)	\$49	\$308,509
Vesting of restricted stock units			227,382								—
Stock-based compensation	—	—	—	—	4,172	—	—	—	—	—	4,172
Common stock issued as form of payment for MPUs	—	—	54,801	—	358	—	—	—	—	—	358
Conversion of Series A convertible preferred stock to common stock	(58,879)	(588)	97,935	1	588	—	—	—	—	—	1
Exercise of SARs	—	—	74,036	—	—	—	—	—	—	—	—
Exercise of stock options	—	—	50,000	—	244	—	—	—	—	—	244
Series A convertible preferred stock dividend	3,665	36	—	—	—	—	(36)	—	—	—	—
Net loss	—	—	—	—	—	—	(13,251)	—	—	252	(12,999)
Foreign currency translation adjustments	—	—	—	—	—	(591)	—	—	—	62	(529)
Balances, December 31, 2015	35,759	\$357	70,613,642	\$71	\$381,659	\$(1,174)	\$(81,424)	29,990	\$(96)	\$363	\$299,756

The accompanying notes to the consolidated financial statements are an integral part of these statements.

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Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts)

Note 1. Organization and Business

ORBCOMM Inc. (“ORBCOMM” or the “Company”), a Delaware corporation, is a global provider of Machine-to-Machine (“M2M”) and Internet of Things (“IoT”) solutions, including network connectivity, devices, device management and web reporting applications. The Company’s M2M and IoT products and services are designed to track, monitor, control and enhance security for a variety of assets, such as trailers, trucks, rail cars, sea containers, generators, fluid tanks, marine vessels, diesel or electric powered generators (“gensets”), oil and gas wells, pipeline monitoring equipment, irrigation control systems and utility meters, in industries for transportation & distribution, heavy equipment, oil & gas, maritime and government. Additionally, the Company provides satellite Automatic Identification Service (“AIS”) data services to assist in vessel navigation and to improve maritime safety for government and commercial customers worldwide. The Company provides these services using multiple network platforms, including a constellation of 41 owned low-Earth orbit (“LEO”) satellites, 11 of which were placed into service on March 1, 2016, and accompanying ground infrastructure, as well as terrestrial-based cellular communication services obtained through reseller agreements with major cellular (Tier One) wireless providers. The Company also offers customer solutions utilizing additional satellite network service options that the Company obtains through service agreements entered into with multiple mobile satellite providers. The Company’s satellite-based customer solution offerings uses small, low power, mobile satellite subscriber communicators for remote asset connectivity, and the Company’s terrestrial-based solutions utilizes cellular data modems with subscriber identity modules (“SIMS”). The Company also resells service using the two-way Inmarsat satellite network to provide higher bandwidth, low-latency satellite products and services, leveraging the Company’s IsatDataPro (“IDP”) technology. The Company’s customer solutions provide access to data gathered over these systems via connections to other public or private networks, including the Internet. The Company provides what it believes is the most versatile, leading-edge M2M and IoT solutions to enable its customers to run their business more efficiently.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The Company’s consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). In the opinion of management, the financial statements as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 include all adjustments (including normal recurring accruals) necessary for a fair presentation of the consolidated financial position, results of operations, comprehensive income and cash flows for the periods presented. The accompanying consolidated financial statements include the accounts of the Company, its wholly-owned and majority-owned subsidiaries and investments in variable interest entities in which the Company is determined to be the primary beneficiary. All significant intercompany accounts and transactions have been eliminated in consolidation. The portions of majority-owned subsidiaries that the Company does not own are reflected as noncontrolling interests in the consolidated balance sheet. Noncontrolling interests in companies are accounted for by the cost method where the Company does not exercise significant influence over the investee. Investments in entities over which the Company has the ability to exercise significant influence but does not have a controlling interest are accounted for under the equity method of accounting. The Company considers several factors in determining whether it has the ability to exercise significant influence with

respect to investments, including, but not limited to, direct and indirect ownership level in the voting securities, active participation on the board of directors, approval of operating and budgeting decisions and other participatory and protective rights. Under the equity method, the Company's proportionate share of the net income or loss of such investee is reflected in the Company's consolidated results of operations. Although the Company owns interests in companies that it accounts for pursuant to the equity method, the investments in those entities had no carrying value as of December 31, 2015 and 2014. The Company has no guarantees or other funding obligations to those entities, and the Company had no equity in the earnings or losses of those investees for the years ended December 31, 2015, 2014 and 2013.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses at the date of the consolidated financial statements and during the reporting periods, and to disclose contingent assets and liabilities at the date of the consolidated financial statements. Actual results could differ from those estimates. The most significant estimates relate to recognition of revenue, allowances over accounts receivable, reserves over inventory balances, the recognition and measurement of assets acquired and liabilities assumed in business combinations at fair value, assessment of indicators of goodwill impairment, measurement of contingent considerations at fair value, determination of useful lives for the Company's satellite network and other equipment and intangible assets, the assessment of expected cash flows used in evaluating long-lived assets, including intangible assets, for impairment, calculation of capitalized development costs, accounting for uncertainties in income tax positions, estimates associated with warranty costs and loss contingencies and the value of securities underlying stock-based compensation.

Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts)

Business combinations

The Company accounts for business combinations pursuant to Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 805 “Business Combinations” (“ASC 805”), which requires that assets acquired and liabilities assumed be recorded at their respective fair values on the date of acquisition. The fair value of the consideration paid is assigned to the underlying net assets of the acquired business based on their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is allocated to goodwill (the “Acquisition Method”). The purchase price allocation process requires the Company to make significant assumptions and estimates in determining the purchase price and the assets acquired and liabilities assumed at the acquisition date. The Company’s assumptions and estimates are subject to refinement and, as a result, during the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon conclusion of the measurement period, any subsequent adjustments are recorded to the Company’s consolidated statements of operations. The Company’s consolidated financial statements and results of operations reflect an acquired business after the completion of the acquisition.

Contingent Consideration

The Company determines the acquisition date fair value of contingent consideration obligations based on a probability-weighted income approach derived from milestones estimates and a probability assessment with respect to the likelihood of achieving contingent obligations. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement as defined in FASB ASC Topic 820 “Fair Value Measurement.” At each reporting date, the contingent consideration obligation will be revalued to estimated fair value and changes in fair value will be reflected as income or expense in the Company’s consolidated statement of operations. Changes in the fair value of the contingent consideration obligations may result from changes in probability assumptions with respect to the likelihood of achieving the various contingent payment obligations. Adverse changes in assumptions utilized in the Company’s contingent consideration fair value estimates could result in an increase in the Company’s contingent consideration obligation and a corresponding charge to operating income.

Acquisition-related and integration costs

Acquisition-related and integration costs include professional services expenses and identifiable integration costs directly attributable to acquisitions. For the years ended December 31, 2015, 2014 and 2013, the Company incurred acquisition-related and integration costs of \$4,803, \$3,819 and \$1,658, respectively. These costs were expensed as incurred and are reflected in acquisition-related and integration costs on the Company’s consolidated statements of operations.

Revenue recognition

The Company derives service revenues mostly from monthly fees for M2M and IoT connectivity services that consist of subscriber-based and recurring monthly usage fees for each subscriber communicator or SIM activated for use on its satellite network and the other satellite networks and cellular wireless networks that the Company resells to its resellers and direct customers. Usage fees charged to customers are based upon the amount, size and frequency of data transmitted by a customer, use of additional value-added services and the overall number of subscriber communicators and SIMS activated by each customer. Usage fees charged to the Company’s resellers are primarily based on the

overall number of subscriber communicators and SIMS activated by the resellers and the total amount of data transmitted by their customers.

The Company also earns service revenues from optional extended warranty service agreements extending beyond the initial warranty period, typically one year, a one-time royalty fee relating to the manufacture of subscriber communicators under a manufacturing agreement and fees from providing engineering, technical and management support services to customers.

Revenues from the activation of both subscriber communicators and SIMS are initially recorded as deferred revenues and are, thereafter, recognized ratably over the term of the agreement with the customer, generally five years, which is the estimated life of the subscriber communicator. Revenues from extended warranty service agreements extending beyond the initial warranty period of one year are initially recorded as deferred revenues and are, thereafter, recognized ratably into income over the term of the agreements, generally two to five years. Revenues generated from royalties relating to the manufacture of subscriber communicators by third parties are recognized when the third party notifies the Company of the units it has manufactured and a unique serial number is assigned to each unit by the Company.

Product revenues are derived from sales of complete M2M and IoT telematics devices, modems or cellular wireless SIMS (for the Company's terrestrial-communication services) to the Company's resellers (i.e., the Company's VARs, IVARs, SPs, DP),

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Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts)

international licensees and country representatives) and direct customers. Product revenue is recognized when the products are shipped or when customers accept the products, depending on the specific contractual terms. Sales of subscriber communicators and SIMS are not subject to return and title and risk of loss pass to the customer generally at the time of shipment.

Amounts received prior to the performance of services under customer contracts are recognized as deferred revenues and revenue recognition is deferred until such time that all revenue recognition criteria have been met. Shipping costs billed to customers are included in product sales revenues and the related costs are included as costs of product sales.

Revenue recognition for arrangements with multiple deliverables

The Company enters into agreements with customers that include multiple deliverables, which typically include subscriber communicators, monthly usage fees and optional extended warranty service agreements. The Company evaluates and separates each deliverable to determine whether it represents a separate unit of accounting if the following criteria are met:

- The delivered item(s) have value to the customer on a standalone basis.
- If the arrangement includes a general right of return relative to the delivered items(s) and delivery of the undelivered item(s) is probable and in the control of the vendor.

Deliverables which do not meet these criteria are combined into a single unit of accounting. The Company has determined that all of the deliverables qualify as separate units of accounting.

At the inception of an agreement, the Company allocates revenue to each element in a multiple element arrangement based upon their relative selling price. When applying the relative selling price method, the Company determines the selling price for each deliverable using vendor-specific objective evidence of selling price ("VSOE"), if it exists, or third party evidence of selling price ("TPE") if VSOE does not exist. If neither VSOE nor TPE exists for a deliverable, estimated selling price ("ESP") is used. The Company limits the amount of revenue recognized for delivered elements to an amount that is not contingent upon future delivery of additional products or services or the meeting of any specified performance conditions. Revenue allocated to each element is then recognized when the revenue recognition criteria are met for each element.

VSOE is the price charged when the same or similar product or service is sold separately (i.e., on a standalone basis). TPE is generally the price at which a competitor or third party sells the same or a similar and largely interchangeable deliverable on a standalone basis. TPE may also include a company's standalone selling price for a similar and largely interchangeable product or service but not the same product or service. ESP is defined as the price which the Company would transact a sale if the product or service were sold regularly on a standalone basis. The Company has determined that ESP represents the best estimate of the selling prices for each of the deliverables. The determination was based upon management approved pricing guidelines, which considers multiple factors including gross margin objectives, competitive and market conditions and ongoing pricing strategy. The Company does not currently expect a material impact in the near term from changes in ESP.

Costs of revenues

The Company operates its own LEO satellite network and accompanying ground equipment, including fifteen gateway earth stations, three AIS data reception earth stations, and three regional gateway control centers. The

Company's proprietary satellite-based communications system is typically characterized by high initial capital expenditures and relatively low marginal costs for providing service. The Company resells network connectivity for two other satellite networks and seven terrestrial network partners. Reselling network connectivity typically involves a cost for each device connected to the network system and the amount paid to each provider will vary. Costs of services is comprised of expenses to operate the Company's network, such as payroll and related costs, including stock-based compensation, and usage fees to third-party networks.

The Company mostly sells M2M and IoT telematics devices and modems that the Company designs and builds with contract manufacturers. Costs of products includes the purchase price of subscriber communicators and SIMS sold, costs of warranty obligations, shipping charges, as well as operational costs of the Company's employees and inventory management to fulfill customer orders.

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Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts)

Foreign currency translation

The Company has foreign operations where the functional currency is the local currency. For these operations, assets and liabilities are translated using end-of-period exchange rates and revenues, expenses and cash flows are translated using average rates of exchange. Equity is translated at the rate of exchange at the date of the equity transaction. Translation adjustments are recognized in stockholders' equity as a component of accumulated other comprehensive income (loss). Foreign currency transaction gains and losses related to assets and liabilities that are denominated in a currency other than the functional currency are included in other income (expense) in the consolidated statements of operations. Foreign currency translation gains and losses related to operational expenses denominated in a currency other than the functional currency are included in SG&A in the consolidated statements of operations. For the years ended December 31, 2015 and 2014, the Company recorded a foreign currency translation gain of \$413 and \$207, respectively, and for the year ended December 31, 2013, the Company recorded a foreign currency translation loss of \$32.

Fair value of financial instruments

The Company has no financial assets or liabilities that are measured at fair value on a recurring basis. However, if certain triggering events occur the Company is required to evaluate the non-financial assets for impairment and any resulting asset impairment would require that a non-financial asset be recorded at the fair value. FASB ASC Topic 820 "Fair Value Measurement Disclosure", prioritizes inputs used in measuring fair value into a hierarchy of three levels: Level 1- unadjusted quoted prices for identical assets or liabilities traded in active markets, Level 2- inputs other than quoted prices included within Level 1 that are either directly or indirectly observable; and Level 3- unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions that market participants would use in pricing. The carrying value of the Company's financial instruments, including cash, restricted cash, accounts receivable and accounts payable approximated their fair value due to the short-term nature of these items. The carrying value of the Company's Secured Credit Facilities approximated its fair value due to the recent issuance and variable interest rate. The fair value of the Note payable-related party is de minimis.

Cash and cash equivalents

The Company considers all liquid investments with original maturities of three months or less, at the time of purchase, to be cash equivalents. At December 31, 2015, the Company had a cash balance of \$27,077.

Cash held for acquisition

At December 31, 2014, the Company had \$123,000 designated as cash held for acquisition, of which \$122,500 was used to fund the SkyWave Acquisition in January 2015, and \$500 was used towards working capital adjustments, pursuant to the working capital settlement arrangement as described in "Note 3 – Acquisitions."

Concentration of risk

The Company's customers are primarily commercial organizations. Accounts receivable are generally unsecured.

Accounts receivable are due in accordance with payment terms included in contracts negotiated with customers. Amounts due from customers are stated net of an allowance for doubtful accounts. The Company determines its allowance for doubtful accounts by considering a number of factors, including the length of time accounts are past-due, the customer's current ability to pay its obligations to the Company and the condition of the general economy and the industry as a whole. The Company writes-off accounts receivable when they are deemed uncollectible.

At December 31, 2014, accounts receivable includes \$1,289 due from contract manufacturers.

There were no customers with revenues greater than 10% of the Company's consolidated total revenues for the year ended December 31, 2015. For the year ended December 31, 2014, Caterpillar Inc. and Komatsu Ltd. comprised 12.4% and 10.6% of the Company's consolidated total revenues, respectively. For the year ended December 31, 2013, Caterpillar Inc. and Komatsu Ltd. comprised of 17.3% and 12.1% of the Company's consolidated total revenues, respectively.

Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts)

The following table presents customers with accounts receivable greater than 10% of the Company's consolidated accounts receivable for the periods shown:

	December 31,	
	2015	2014
Walmart Stores, Inc. *		15.0 %
Caterpillar Inc.	11.6 %	13.6 %

* Balance is less than 10% of consolidated accounts receivable

As of December 31, 2015, the Company did not maintain in-orbit insurance coverage for its first generation satellites to address the risk of potential systemic anomalies, failures or catastrophic events affecting its satellite constellation. The Company maintains in-orbit insurance coverage over its ORBCOMM Generation 2 ("OG2") satellites, as described in "Note 16 – Commitments and Contingencies."

Inventories

Inventories are stated at the lower of cost or market, determined on a first-in, first-out basis. At December 31, 2015, inventory consisted primarily of \$16,912 of finished goods and purchased parts to be utilized by its contract manufacturer and \$3,800 of raw materials, net of inventory obsolescence. The Company reviews inventory quantities on hand and evaluates the realizability of inventories and adjusts the carrying value as necessary based on forecasted product demand. A provision is made for potential losses on slow moving and obsolete inventories when identified.

Satellite network and other equipment

Satellite network and other equipment are stated at cost less accumulated depreciation and amortization. Major renewals and improvements are capitalized, while maintenance and repairs are charged to operations as incurred.

Depreciation and amortization are recognized using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of their useful life or their respective lease term. The following table provides the range of estimated useful lives used for each asset type:

	Useful life
	(years)
Satellite network	1-10
Capitalized software	3-7
Computer hardware	3

Satellite network includes costs of the constellation of satellites, and the ground and control facilities, consisting of gateway earth stations, gateway control centers and the network control center (the “Ground Component”).

Assets under construction primarily consist of milestone payments pursuant to procurement agreements, which include the design, development, launch and other direct costs relating to the construction of the satellites and upgrades to the Company’s infrastructure and the Ground Component. Once these assets are placed in service they will be transferred to satellite network and then depreciation will be recognized using the straight-line method over the estimated lives of the assets. As a result of the six OG2 satellites being placed into service during the third quarter of 2014, the Company reclassified \$82,725 of costs out of assets under construction and into satellite network on September 15, 2014, and began depreciating the satellites over a 10-year life. During the years ended December 31, 2015 and 2014, the Company recorded \$6,957 and \$2,431 of depreciation in connection with the satellites placed into service, respectively. The remaining 11 OG2 satellites launched on December 21, 2015 were not yet placed in service as of December 31, 2015.

The Company capitalized interest on its Initial Term Credit Facility, as defined below, during the construction period of its satellites and will begin depreciating these costs upon the satellites being placed into service. Capitalized interest is added to the cost of the satellites not yet in service. For the years ended December 31, 2015, 2014 and 2013, interest capitalized was \$4,688, \$4,713 and \$4,562 respectively.

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(In thousands, except share and per share amounts)

Property and equipment and other long-lived assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company measures recoverability by comparing the carrying amount to the projected cash flows the assets are expected to generate. An impairment loss is recognized to the extent that carrying value exceeds fair value.

The Company's satellite constellation and related assets, including satellites under construction, are evaluated as a single asset group whenever facts or circumstances indicate that the carrying value may not be recoverable. If indicators of impairment are identified, recoverability of long-lived assets is measured by comparing their carrying amount to the projected cash flows the assets are expected to generate.

Determining whether an impairment has occurred typically requires the use of significant estimates and assumptions, including the allocation of cash flows to assets or asset groups and, if required, an estimate of fair value for those assets or asset groups.

If a satellite were to fail during launch or while in orbit, the resulting loss would be charged to expense in the period it is determined that the satellite is not recoverable. The amount of any such loss would be reduced to the extent of insurance proceeds estimated to be received. An impairment loss of \$12,748 related to one of the Company's in-orbit OG2 satellites was recorded during the quarter ended June 30, 2015. During the year ended December 31, 2014, the Company lost contact with one of its AIS microsattellites and recorded an impairment charge of \$605. See "Note 6 – Satellite Network and Other Equipment" for additional details relating to the impairment of these satellites.

Capitalized development costs for internal use

The Company capitalizes the costs of acquiring, developing and testing software to meet the Company's internal needs. Capitalization of costs associated with software obtained or developed for internal use commences when both the preliminary project stage is completed and management has authorized further funding for the project, based on a determination that it is probable that the project will be completed and used to perform the function intended. Capitalized costs include only (1) external direct cost of materials and services consumed in developing or obtaining internal-use software, and (2) payroll and payroll-related costs for employees who are directly associated with and devote time to the internal-use software project. Capitalization of such costs ceases no later than the point at which the project is substantially complete and ready for its intended use. Internal use software costs are amortized once the software is placed in service using the straight-line method over periods ranging from three to seven years.

Capitalized development costs for external use

The Company capitalizes certain software development costs upon the establishment of technological feasibility. Technological feasibility is considered to have occurred upon completion of either a detail program design or a working model. Software development costs will be amortized over the estimated life of the project once it has been released for commercial sale.

Capitalized patent defense costs

The Company capitalizes costs incurred in connection with the defense of a patent the Company owns when the defense against the alleged infringer is deemed probable of success, and the costs will increase the value of the patent.

Goodwill

Goodwill represents the excess of the purchase price over the underlying net tangible and intangible assets of the Company's acquisitions. Goodwill is not amortized, but is tested for impairment on an annual basis and between annual tests whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested at the reporting unit level, which is defined as an operating segment or one level below the operating segment. The Company operates in one reportable segment which is its only reporting unit.

The Company tests for an indication of goodwill impairment annually on November 30 or when an indicator of impairment exists, by comparing the fair value of the reporting unit to the carrying value of the reporting unit. If there is an indication of impairment, the Company performs a "step two" test to measure the impairment. There was no impairment of goodwill for the years ended December 31, 2015, 2014 and 2013.

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Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts)

Intangible assets

Intangible assets that are not considered to have an indefinite life are amortized over their useful lives. Intangible assets include patents and technology, customer lists and trademarks. Intangible assets are amortized using the straight line method over the estimated useful lives of the assets.

Impairment of long-lived assets

The Company reviews its long-lived assets and amortizable intangible assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In connection with this review, the Company also re-evaluates the periods of depreciation and amortization for these assets. The Company recognizes an impairment loss when the sum of the future undiscounted net cash flows expected to be realized from the asset is less than its carrying amount. If an asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value, which is determined using the projected discounted future net cash flows, using the appropriate discount rate.

During the quarter ended December 31, 2015, an impairment charge of \$564 was recorded relating to certain intangible assets acquired as part of the SENS Acquisition. See “Note 8 – Goodwill and Intangible Assets” for additional information regarding this impairment charge.

Warranty costs

The Company accrues for one-year warranty coverage on product sales estimated at the time of sale based on historical costs to repair or replace products for customers compared to historical product revenues. The warranty accrual is included in accrued liabilities on the consolidated balance sheet.

Income taxes

The Company estimates its income taxes separately for each tax jurisdiction in which it conducts operations. This process involves estimating actual current tax expense and assessing temporary differences resulting from different treatment of items between book and tax which result in deferred tax assets and liabilities. The Company recognizes a change in tax rates on deferred tax assets and liabilities in income in the period that includes the enactment date. Valuation allowances are established when realization of deferred tax assets is not considered more likely than not.

In determining whether the realization of deferred tax assets is considered to be more likely than not, the Company assesses the realizability of the deferred taxes asset on a jurisdiction by jurisdiction basis. This assessment is dependent upon past operating results and projected profitability. The weight given to the positive and negative evidence is commensurate with the extent to which the evidence is objectively verified.

The Company accounts for uncertainty in income tax positions using a two-step approach. The first step is to determine whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The second step is to measure the tax position at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense.

Loss contingencies

The Company accrues for costs relating to litigation, claims and other contingent matters when such liabilities become probable and reasonably estimable. Such estimates may be based on advice from third parties or on management's judgment, as appropriate. Actual amounts paid may differ from amounts estimated, and such differences will be charged to operations in the period in which the final determination of the liability is made.

Pre-acquisition contingencies

The Company has evaluated pre-acquisition contingencies that existed as of the acquisition dates of the businesses acquired. If any pre-acquisition contingencies were acquired as part of the acquisition become probable and estimable, the Company will record

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(In thousands, except share and per share amounts)

such amounts at fair market value in the measurement period or the Company's results of operations after the measurement period, as applicable.

Stock-based compensation

The Company measures and recognizes stock-based compensation expense for equity-based payment awards made to employees and directors based on estimated fair values on the date of grant. For equity-based payment awards, the Company recognizes compensation expense over the service period, net of estimated forfeitures using the straight-line method. For awards with non-market performance conditions, an evaluation is made at the grant date and future periods as to the likelihood of the performance criteria being met. Compensation expense is adjusted for changes in the likelihood of achieving the performance condition until the vesting date. For liability-based awards with market performance conditions, compensation expense is revalued at the end of each quarter based on the awards fair value using the graded vesting attribution method over the vesting period.

Recent accounting pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09 "Revenue from Contracts with Customers" ("ASU 2014-09"), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. In July 2015, the FASB deferred the effective date of ASU No. 2014-09 for all entities by one year. As a result, the new standard is effective for the Company on January 1, 2018. Early adoption prior to the original effective date is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

In April 2015, the FASB issued ASU No. 2015-03 "Interest - Imputation of Interest (Subtopic 835-30) – Simplifying the Presentation of Debt Issuance Costs" ("ASU 2015-03"), which is effective for the fiscal years beginning after December 15, 2015. ASU 2015-03 simplifies financial reporting by eliminating the different presentation requirements for debt issuance costs and debt discounts or premiums. The adoption of this standard, which will be applied retrospectively, is not expected to have a material impact on the Company's results of operations.

In July 2015, the FASB issued ASU No. 2015-11 "Simplifying the Measurement of Inventory" ("ASU 2015-11"), which is effective for the fiscal years beginning after December 15, 2016. ASU 2015-11 requires entities to measure inventory at the lower of cost or net realizable value. Net realizable value is defined as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The adoption of this standard, which will be applied prospectively, is not expected to have a material impact on the Company's consolidated financial statements.

In September 2015, the FASB issued ASU No. 2015-16 "Simplifying the Accounting for Measurement - Period Adjustments" ("ASU 2015-16"), which is effective for the fiscal years beginning after December 15, 2015. ASU 2015-16 requires an entity to recognize measurement period adjustments from a business combination within the reporting period in which the adjustment amounts are determined. The cumulative impact of measurement period adjustments on current and prior periods, including the prior period impact on depreciation, amortization, and other income statement items and their related tax effects, will be required to be recognized in the period the adjustment amount is

determined. The adoption of this standard, which will be applied prospectively, is not expected to have a material impact on the Company's consolidated financial statements.

In November 2015, the FASB issued ASU No. 2015-17 "Balance Sheet Classification of Deferred Taxes" ("ASU 2015-17"), which is effective for the fiscal years beginning after December 15, 2016. ASU 2015-17 requires an entity to classify all deferred tax assets, along with any valuation allowance, as noncurrent on the balance sheet. As a result, each jurisdiction will have one net noncurrent deferred tax asset or liability. The adoption of this standard, which may be applied either prospectively or retrospectively, is not expected to have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02 "Leases (Topic 842)" ("ASU 2016-02"), which is effective for the fiscal years beginning after December 15, 2018. ASU 2016-02 requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. Early adoption is permitted. The Company is in the process of evaluating the effect that ASU 2016-02 will have on its consolidated financial statements and related disclosures, if any.

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(In thousands, except share and per share amounts)

Note 3. Acquisitions

2015 Business Development

WAM Technologies, LLC

On October 6, 2015, pursuant to an Asset Purchase Agreement entered into by a wholly owned subsidiary of the Company, WAM Technologies, LLC (“WAM”) and the individual owners of WAM (the “Sellers”), the Company completed the acquisition of substantially all of the assets of WAM for a consideration of \$8,500, subject to net working capital adjustments, of which \$1,100 was deposited in escrow in connection with certain indemnification obligations (the “WAM Acquisition”).

Preliminary Estimated Purchase Price Allocation

The transaction has been accounted for using the Acquisition Method. The excess of the purchase price over the net assets was recorded as goodwill. The preliminary allocation of the purchase price was based upon a preliminary valuation and estimates and assumptions are subject to change during the one year measurement period as they are finalized. The total consideration for the WAM Acquisition was \$8,500 in a debt-free cash-free transaction. The preliminary estimated purchase price allocation for the acquisition is as follows:

	Amount
Accounts receivable	\$ 570
Property, plant and equipment	122
Intangible assets	4,810
Total identifiable assets acquired	5,502
Accounts payable and accrued expenses	202
Deferred revenues	7,326
Total liabilities assumed	7,528
Net identifiable assets acquired	(2,026)
Goodwill	10,526
Total preliminary purchase price	\$ 8,500

Intangible Assets

The estimated fair value of the technology and trademark intangible assets was determined using the “relief from royalty method” under the income approach, which is a valuation technique that provides an estimate of the fair value of an asset based on the costs savings that are available through ownership of the asset by the avoidance of paying royalties to license the use of the assets from another owner (the “Technology and Trademark Valuation Technique”). The estimated fair value of the customer lists was determined using the “excess earnings method” under the income approach, which represents the total income to be generated by the asset. Some of the more significant assumptions inherent in the development of those asset valuations include the projected revenue associated with the asset, the appropriate discount rate to select in order to measure the inherent in each future cash flow stream, the assessment of

each asset's life cycle, as well as other factors (the "Customer List Valuation Technique"). The discount rate used to arrive at the present value at the acquisition date of the customer lists, technology and trademarks was 26%. The remaining useful lives of the technology and trademarks were based on historical product development cycles, the projected rate of technology migration and a market participant's use of these intangible assets and the pattern of projected economic benefit of these intangible assets. The remaining useful lives of customer lists were based on the customer attrition and the projected economic benefit of these customers.

	Estimated	
	Useful life	
	(years)	Amount
Customer lists - one customer	10	\$ 3,720
Customer lists - all other customers	11	600
Technology	10	450
Trademarks	2	40
		\$ 4,810

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(In thousands, except share and per share amounts)

Goodwill

The WAM Acquisition expands and strengthens the Company's cold chain monitoring solutions, which include trailers, rail cars, gensets and sea containers. With the addition of WAM's installed base, the Company is expected to become a leader in monitoring cargo shipments. These factors contributed to a preliminary estimated purchase price resulting in recognition of goodwill. The goodwill attributable to the acquisition is not deductible for tax purposes.

Indemnification Asset

In connection with the Asset Purchase Agreement, the Company entered into an escrow agreement with the Seller and an escrow agent. Under the terms of the agreement, \$1,100 was placed in an escrow account through December 2017 to fund any indemnification obligations to the Company under the Asset Purchase Agreement.

InSync Software, Inc.

On January 16, 2015, pursuant to a Share Purchase Agreement entered into by the Company, IDENTEC Group AG ("IDENTEC" or the "Seller") and InSync Software, Inc. ("InSync"), the Company completed the acquisition of 100% of the outstanding shares of InSync from IDENTEC for an aggregate consideration of (i) \$11,100 in cash, comprised of various components and subject to net working capital adjustments, of which \$1,320 was deposited in escrow in connection with certain indemnification obligations; and (ii) additional contingent consideration of up to \$5,000, payable in cash (the "InSync Acquisition").

Purchase Price Allocation

The transaction has been accounted for using the Acquisition Method. The excess of the purchase price over the net assets was recorded as goodwill. During the year ended December 31, 2015, the Company recorded a measurement period adjustment related to the intangible asset valuation and other working capital accounts, which resulted in an increase in goodwill of \$134. The total consideration for the InSync Acquisition was \$11,642, of which \$542 represents acquisition date contingent consideration at fair value, in a debt-free cash-free transaction. The preliminary estimated purchase price allocation for the acquisition is as follows:

	Amount
Cash	\$288
Accounts receivable	1,141
Other current assets	204
Deferred tax assets	2,342
Property, plant and equipment	51
Intangible assets	5,788
Other noncurrent assets	55
Total identifiable assets acquired	9,869
Accounts payable and accrued expenses	1,080
Deferred revenues	296
Deferred tax liabilities	2,342

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Total liabilities assumed	3,718
Net identifiable assets acquired	6,151
Goodwill	5,491
Total preliminary purchase price	\$11,642

Contingent Consideration

Additional consideration is conditionally due to the Seller upon achievement of certain financial milestones through January 2016. The fair value measurement of the contingent consideration obligation is determined using Level 3 unobservable inputs supported by little or no market activity based on the Company's own assumptions. The estimated fair value of the contingent consideration was determined based on the Company's preliminary estimates using the probability-weighted discounted cash flow approach. The Company recorded a reduction of the contingent liability of \$542 in SG&A expense in the consolidated statement of operations for the year ended December 31, 2015.

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Intangible Assets

The estimated fair value of the technology and trademark intangible assets was determined using the Technology and Trademark Valuation Technique. The estimated fair value of the customer lists was determined using the Customer List Valuation Technique. The discount rate used to arrive at the present value at the acquisition date of the customer lists, technology and trademarks was 15%. The remaining useful lives of the technology and trademarks were based on historical product development cycles, the projected rate of technology migration and a market participant's use of these intangible assets and the pattern of projected economic benefit of these intangible assets. The remaining useful lives of customer lists were based on the customer attrition and the projected economic benefit of these customers.

	Estimated	
	Useful life	
	(years)	Amount
Customer lists	14	\$ 5,056
Technology	10	632
Trademarks	4	100
		\$ 5,788

Goodwill

The InSync Acquisition supports the Company's strategy to provide the most complete set of applications and capabilities in the M2M and IoT industry, while broadening the Company's market access to a wide range of industries. With the addition of InSync's versatile, turn-key software applications, the Company enables its customers to rapidly build and deploy M2M and IoT enterprise solutions in core markets including transportation & distribution, cold chain, warehousing, supply chain, yard management, and manufacturing. These factors contributed to a purchase price resulting in recognition of goodwill. The goodwill recorded as part of the acquisition is partially related to the establishment of a deferred tax liability for the intangible assets which has no tax basis and, therefore, will not result in a future tax deduction. The goodwill attributable to the acquisition is not deductible for tax purposes.

Indemnification Asset

In connection with the Share Purchase Agreement, the Company entered into an escrow agreement with the Seller and an escrow agent. Under the terms of the agreement, \$1,320 was placed in an escrow account through April 16, 2016 to fund any indemnification obligations to the Company under the Share Purchase Agreement.

SkyWave Mobile Communications Inc.

On January 1, 2015, pursuant to an Arrangement Agreement dated November 1, 2014, among the Company, the Company's acquisition subsidiary, SkyWave Mobile Communications Inc. ("SkyWave") and the representatives of certain SkyWave shareholders, the Company completed the acquisition of 100% of the outstanding shares of

SkyWave for total consideration of \$130,203 consisting of (i) \$122,373 cash consideration, inclusive of a working capital settlement of \$300, of which \$10,600 was deposited in escrow in connection with certain indemnification obligations; and (ii) \$7,500 in the form of a promissory note settled by the transfer of assets to Inmarsat Global Limited (“Inmarsat”) pursuant to an agreement with Inmarsat (the “SkyWave Acquisition”). The \$7,500 note was not considered part of the purchase price for accounting purposes.

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(In thousands, except share and per share amounts)

Purchase Price Allocation

The transaction has been accounted for using the Acquisition Method. The excess of the purchase price over the net assets was recorded as goodwill. For the year ended December 31, 2015, the Company recorded a measurement period adjustment relating to working capital accounts and deferred tax liabilities, which resulted in a net decrease in goodwill of \$969. The total consideration for the SkyWave Acquisition was \$122,373 in a debt-free cash-free transaction. The purchase price allocation for the acquisition, net of the assets transferred to Inmarsat, is as follows:

	Amount
Cash	\$ 110
Accounts receivable	13,898
Inventory	1,335
Other current assets	2,180
Property, plant and equipment	4,769
Intangible assets	67,214
Other noncurrent assets	6,108
Total identifiable assets acquired	95,614
Accounts payable and accrued expenses	9,987
Deferred revenues	1,070
Other liabilities	1,168
Deferred tax liabilities	17,527
Total liabilities assumed	29,752
Net identifiable assets acquired	65,862
Goodwill	56,511
Total purchase price	\$ 122,373

Intangible Assets

The estimated fair value of the technology and trademark intangible assets was determined using Technology and Trademark Valuation Technique. The estimated fair value of the customer lists was determined using the Customer List Valuation Technique. The discount rate used to arrive at the present value at the acquisition date of the customer lists, technology and trademarks was 23%. The remaining useful lives of the technology and trademarks were based on historical product development cycles, the projected rate of technology migration and a market participant's use of these intangible assets and the pattern of projected economic benefit of these intangible assets. The remaining useful lives of customer lists were based on the customer attrition and the projected economic benefit of these customers.

Estimated Amount

Useful life

	(years)	
Customer lists	10	\$59,371
IDP Technology	10	5,463
M2M and DGS Technology	5	1,318
Trademarks	5	1,062
		\$67,214

Goodwill

The SkyWave Acquisition furthers the Company's strategy to provide the most complete set of options and capabilities in the industry. SkyWave's distribution channels in South America, Asia and the Middle East, along with Inmarsat's support, provide the Company with a broader global distribution and provides the Company access to new geographies in Eastern Europe and Asia while adding diverse vertical markets such as security and marine. The addition of SkyWave's higher bandwidth, low-latency satellite products and services that leverage the IDP technology, which is now jointly owned by the Company and Inmarsat, also further expands the breadth of the Company's solutions portfolio. These factors contributed to a purchase price resulting in the recognition of goodwill. The goodwill recorded as part of the acquisition is partially related to the establishment of a deferred tax liability for the intangible assets which has no tax basis and, therefore, will not result in a future tax deduction. The goodwill attributable to the acquisition is not deductible for tax purposes. In September 2015, the Company reached a conclusion to make the election under

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(In thousands, except share and per share amounts)

Section 338(g) of the Internal Revenue Code (“IRC”) to treat the acquisition as a deemed asset sale. The election has been made prospectively and did not have an impact on the opening balance sheet.

Indemnification Asset

In connection with the Arrangement Agreement, the Company and its acquisition subsidiary entered into an escrow agreement with the representatives of certain SkyWave shareholders and an escrow agent. Under the terms of this escrow agreement, (i) \$9,750 was placed in an indemnity escrow account to be held through March 31, 2016 to fund any indemnification obligations to the Company under the Arrangement Agreement; (ii) \$850 was placed in a pre-closing tax escrow account through the date on which all applicable statutes of limitations (as the same may be extended or waived) for each pre-closing tax period ending on or after June 30, 2009 have expired to fund any indemnification obligations to the Company against any pre-close tax liabilities due; and (iii) \$503 was placed in a working capital escrow account to fund any working capital obligations as described under the Arrangement Agreement. During the year ended December 31, 2015, the Company and the representative of the SkyWave shareholders agreed to a working capital settlement of \$300, as well as tax liability settlements totaling \$330, reducing the purchase price to \$122,373.

2014 Business Development

Euroscan Holding B.V.

On March 11, 2014, pursuant to the Share Purchase Agreement entered into by the Company and MWL Management B.V., R.Q. Management B.V., WBB GmbH, ING Corporate Investments Participaties B.V. and Euroscan Holding B.V., as sellers (the “Share Purchase Agreement”), the Company completed the acquisition of 100% of the outstanding equity of Euroscan Holding B.V., including, indirectly, its wholly-owned subsidiaries Euroscan B.V., Euroscan GmbH Vertrieb Technischer Geräte, Euroscan Technology Ltd. and Ameriscan, Inc. (collectively, the “Euroscan Group” or “Euroscan”) for an aggregate consideration of (i) \$29,163 (€20,999), on a debt free, cash free basis; (ii) issuance of 291,230 shares of the Company’s common stock, valued at \$7.70 per share, which reflected the Company’s closing price on the acquisition date; and (iii) additional contingent considerations of up to \$6,547, (€4,714), (the “Euroscan Acquisition”). As this acquisition was effective on March 11, 2014, the results of operations of Euroscan were included in the condensed consolidated financial statements beginning March 12, 2014.

Purchase Price Allocation

The transaction has been accounted for using the Acquisition Method. The excess of the purchase price over the net assets was recorded as goodwill. During the year ended December 31, 2014, the Company recorded a measurement period adjustment relating to accounts receivable and other working capital adjustments, which impacted goodwill by \$674. The final purchase price allocation for the acquisition is as follows:

	Amount
Cash	\$280
Accounts receivable	2,997
Inventory	1,385

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Other current assets	540
Property, plant and equipment	324
Intangible assets	17,400
Other noncurrent assets	543
Total identifiable assets acquired	23,469
Accounts payable and accrued expenses	2,614
Deferred revenues	44
Deferred tax liabilities	4,558
Total liabilities assumed	7,216
Net identifiable assets acquired	16,253
Goodwill	19,952
Total purchase price	\$36,205

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Contingent Consideration

Additional consideration is conditionally due to MWL Management B.V. and R.Q. Management B.V. upon achievement of financial and operational milestones through March 2017. The fair value measurement of the contingent consideration obligation is determined using Level 3 unobservable inputs supported by little or no market activity based on the Company's own assumptions. The estimated fair value of the contingent consideration was determined based on the Company's estimates using the probability-weighted discounted cash flow approach. During the year ended December 31, 2015, the Company paid \$992 in connection with the achievement of one operational milestone. As of December 31, 2015 and 2014, the Company recorded \$1,719 and \$2,663 in other non-current liabilities, respectively, on the consolidated balance sheet in connection with the contingent consideration. As of December 31, 2014, the Company recorded \$989 in accrued expenses on the consolidated balance sheet in connection with the contingent consideration. Changes in the fair value of the contingent consideration obligations are recorded in the consolidated statement of operations. For the years ended December 31, 2015 and 2014, the Company recorded a reduction in the contingent liability of \$1,303 and \$1,595, respectively to SG&A expenses in the consolidated statements of operations. In addition, for the year ended December 31, 2015 and 2014, charges of \$307 and \$439 were recorded in SG&A expenses for accretion associated with the contingent consideration, respectively.

Intangible Assets

The estimated fair value of the technology and trademark intangible assets was determined using Technology and Trademark Valuation Technique. The estimated fair value of the customer lists was determined using the Customer List Valuation Technique. The discount rate used to arrive at the present value at the acquisition date of the customer lists, technology and trademarks was 17.5%. The remaining useful lives of the technology and trademarks were based on historical product development cycles, the projected rate of technology migration and a market participant's use of these intangible assets and the pattern of projected economic benefit of these intangible assets. The remaining useful lives of customer lists were based on the customer attrition and the projected economic benefit of these customers.

	Estimated	
	Useful life	
	(years)	Amount
Customer lists	12	\$ 14,400
Technology	10	2,400
Trademarks	10	600
		\$ 17,400

Goodwill

The Euroscan Acquisition allows the Company to complement its North American Operations in M2M by adding a significant distribution channel in Europe and other key geographies where Euroscan has market share. These factors contributed to a preliminary estimated purchase price resulting in the recognition of goodwill. The goodwill recorded

as part of the acquisition is partially related to the establishment of a deferred tax liability for the intangible assets which have no tax basis and, therefore, will not result in a future tax deduction. The goodwill attributable to the acquisition is not deductible for tax purposes. In October 2014, the Company reached a conclusion to make the election under Section 338(g) of the IRC to treat the acquisition as a deemed asset sale. The election has been made prospectively and did not have an impact on the opening balance sheet.

Indemnification Asset

In connection with the Share Purchase Agreement, the Company entered into an escrow agreement with MWL Management B.V., R.Q. Management B.V and an escrow agent. Under the terms of this escrow agreement, €1,000 was placed in an escrow account through March 11, 2016 to fund any indemnification obligations to the Company under the Share Purchase Agreement. Under the terms of the escrow agreement, the escrow amount is subject to reduction and early release to the extent no unresolved claims exist in the amount of €250 at the end of each 6 month interval in the period from March 12, 2014 through March 11, 2016.

2013 Business Development

Sensor Enabled Notification System

On October 1, 2013, the Company acquired certain assets and liabilities of Comtech Mobile Datacom Corporation's Sensor Enabled Notification System ("SENS") business for a total cash consideration of \$1,978 (the "SENS Acquisition").
The SENS

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(In thousands, except share and per share amounts)

Acquisition gave the Company access to a customer base that included military, international, government and commercial customers, as well as expanded reach in growing regions, such as Middle East, Asia and South America.

Purchase Price Allocation

The transaction has been accounted for using the Acquisition Method. The excess of the purchase price over the net assets was recorded as goodwill. The final purchase price allocation for the acquisition is as follows:

Inventory	\$485
Intangible assets	1,270
Total identifiable assets acquired	1,755
Accounts payable and accrued expenses	8
Net identifiable assets acquired	1,747
Goodwill	231
Total purchase price	\$1,978

Intangible Assets

The fair values of the technology and trademarks were estimated using the Technology and Trademark Valuation Technique. The fair value of the customer lists was estimated based on the Customer List Valuation Technique. The discount rate used to arrive at the present value at the acquisition date of the customer lists, technology and trademarks was 43%. The remaining useful lives of the technology and trademarks were based on historical product development cycles, the projected rate of technology migration and a market participant's use of these intangible assets and the pattern of projected economic benefit of these intangible assets. The remaining useful lives of customer lists were based on the customer attrition and the projected economic benefit of these customers.

	Estimated	
	Useful life	
	(years)	Amount
Customer lists	7	\$ 980
Technology	10	260
Trademarks	3	30
		\$ 1,270

Goodwill

The SENS Acquisition gives the Company access to a customer base that includes military, international, government and commercial customers as well as expanded reach in growing regions, such as the Middle East, Asia and South America. These factors contributed to a purchase price resulting in the recognition of goodwill. The acquired goodwill is deductible for income tax purposes.

GlobalTrak

On April 3, 2013, pursuant to the Asset Purchase Agreement dated March 13, 2013 among the Company and System Planning Corporation (“SPC” and collectively the “GlobalTrak Asset Purchase Agreement”), the Company acquired certain assets and liabilities of GlobalTrak for total consideration of \$2,904, net of a working capital adjustment of \$86 (the “GlobalTrak Acquisition”). The GlobalTrak Acquisition gives the Company access to a customer base that includes military, international, government and commercial customers, as well as expanded reach in growing regions, such as the Middle East, Asia and South America.

Measurement Period Adjustments

In April 2014, the Company reduced warranty liabilities assumed in connection with the GlobalTrak Acquisition. As a result, the Company recorded a measurement period adjustment in April 2014 relating to warranties, which decreased goodwill and warranty liability by \$250.

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Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts)

Purchase Price Allocation

The transaction has been accounted for using the Acquisition Method. The excess of the purchase price over the net assets was recorded as goodwill. The final purchase price allocation for the acquisition is as follows:

Cash and cash equivalents	\$ 1,204
Accounts receivable	343
Inventory	1,023
Other current assets	405
Equipment	13
Intangible assets	500
Total identifiable assets acquired	3,488
Accounts payable and accrued expenses	879
Deferred revenues	1,707
Warranty	45
Total liabilities assumed	2,631
Net identifiable assets acquired	857
Goodwill	2,047
Total purchase price	\$2,904

Intangible Assets

The fair values of the technology and trade names and trademarks were estimated using the Technology and Trademark Valuation Technique. The fair value of the customer lists was estimated based on the Customer List Valuation Technique. The discount rate used to arrive at the present value at the acquisition date of the customer lists, technology and trade name and trademarks was 37%. The remaining useful lives of the technology and trade name and trademarks were based on historical product development cycles, the projected rate of technology migration and a market participant's use of these intangible assets and the pattern of projected economic benefit of these intangible assets. The remaining useful lives of customer lists were based on the customer attrition and the projected economic benefit of these customers.

	Estimated	
	useful life	
	(in years)	Amount
Technology	10	\$ 380
Trade names and trademarks	5	70
Customer lists	5	50
		\$ 500

Goodwill

The GlobalTrak Acquisition gives the Company access to a customer base that includes military, international, government and commercial customers, as well as expanded reach in growing regions, such as the Middle East, Asia and South America. These factors contributed to the recognition of goodwill. The acquired goodwill is deductible for income tax purposes.

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Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts)

Indemnification Asset

In connection with the GlobalTrak Asset Purchase Agreement, the Company entered into an escrow agreement with SPC and an escrow agent. Under the terms of this escrow agreement, \$500 was placed in an escrow account for up to fifteen months to fund any indemnification obligations to the Company primarily relating for breaches of representations and warranties made by SPC. Under the terms of the escrow agreement, SPC would be entitled to receive one-half of the \$500, less the aggregate amount of claims made by the Company against SPC within six months from April 3, 2013. In the event that the Company believed that an indemnity obligation of SPC had arisen under the GlobalTrak Asset Purchase Agreement, the Company would have the right to provide written notice to the escrow agent and SPC setting forth a description of the claim and the amount of cash to be distributed to the Company from the escrow account. In April 2014, the Company entered into an agreement with SPC to settle claims relating to breaches of representations and warranties under the GlobalTrak Asset Purchase Agreement. Under the terms of the agreement, SPC agreed to direct the third party escrow agent to release \$167 from the escrow and distribute it to the Company. Following the settlement of indemnification claims, the Company notified the escrow agent to release the remaining funds from escrow and distribute them to SPC. As a result of the settlement, in April 2014 the Company decreased goodwill by \$167.

MobileNet, Inc.

On April 1, 2013, pursuant to an Asset Purchase Agreement dated March 13, 2013 among the Company and MobileNet, Inc. ("MobileNet"), the Company acquired substantially all of the assets of MobileNet for a total consideration \$6,404 consisting of cash, shares of common stock and contingent considerations (the "MobileNet Acquisition"). The MobileNet Acquisition enabled the Company to offer MobileNet's complete fleet management solution directly to original equipment manufacturers, dealers and fleet owners.

Purchase Price Allocation

The transaction has been accounted for using the Acquisition Method. The excess of the purchase price allocation over the net assets was recorded as goodwill. The final purchase price allocation for the acquisition is as follows:

Accounts receivable	\$363
Inventory	255
Other current assets	10
Intangible assets	3,460
Total identifiable assets acquired	4,088
Accrued expenses	238
Deferred revenues	346
Total liabilities assumed	584
Net identifiable assets acquired	3,504
Goodwill	2,900
Total purchase price	\$6,404

Contingent Consideration

Additional consideration in connection with the MobileNet Acquisition is conditionally due to MobileNet for the achievement of certain service revenue milestones attributable to the MobileNet business. The Company estimated the fair value of the contingent earn-out amounts using a probability-weighted discount model and a discount rate of 18%. The Company recorded a reduction of the contingent liability of \$18, \$902 and \$621 in SG&A expenses in the consolidated statement of operations in the years ended December 31, 2015, 2014 and 2013, respectively. As of December 31, 2014 the balance of the contingent liability, recorded in accrued expenses on the consolidated balance sheet, was \$16. During the years ended December 31, 2015 and 2014, the Company recorded charges of less than \$1 in SG&A for accretion associated with the contingent consideration.

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Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts)

Intangible Assets

The fair values of the technology and trade names and trademarks were estimated using the Technology and Trademark Valuation Technique. The fair value of the customer lists was estimated based on the Customer List Valuation Technique. The discount rate used to arrive at the present value at the acquisition date of the customer lists, technology and trade name and trademarks was 24%. The remaining useful lives of the technology and trade name and trademarks were based on historical product development cycles, the projected rate of technology migration and a market participant's use of these intangible assets and the pattern of projected economic benefit of these intangible assets. The remaining useful lives of customer lists were based on the customer attrition and the projected economic benefit of these customers.

	Estimated useful life (in years)	Amount
Customer lists	10	\$ 2,600
Technology	10	730
Trademarks	5	130
		\$ 3,460

Goodwill

The MobileNet Acquisition enables the Company to offer MobileNet's complete fleet management solution directly to original equipment manufacturers, dealers and fleet owners. These factors contributed to a purchase price resulting in the recognition of goodwill. The acquired goodwill is deductible for income tax purposes.

Indemnification Asset

In connection with the MobileNet Asset Purchase Agreement, the Company entered into an escrow agreement with MobileNet and an escrow agent. Under the terms of this escrow agreement, 164,672 shares of common stock were issued to MobileNet and placed in an escrow account for up to fifteen months to fund any indemnification obligations to the Company primarily relating for breaches of representations and warranties made by MobileNet. Under the terms of the escrow agreement, MobileNet will retain all rights and privileges of ownership of the common stock placed in the escrow account. Further subject to certain resale restrictions, MobileNet has the right to sell any of the common stock that was placed in escrow provided that all proceeds of any such sale are deposited directly with the escrow agent. In the event that the Company believes that an indemnity obligation of MobileNet has arisen under the MobileNet Asset Purchase Agreement, the Company shall have the right to provide written notice to the escrow agent and MobileNet setting forth a description of the distribution event and the number of shares of the Company's common stock and or amount of cash to be distributed to the Company from the escrow account. The Company will direct the escrow agent to release to the Company from the escrow account a number of shares of common stock equal to the distribution amount valued at the 20-day average closing price from April 1, 2013. During the year ended

December 31, 2014, the Company released all 164,672 shares of common stock from escrow.

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Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts)

Unaudited Pro Forma Results of Operation

During the year ended December 31, 2015, the Company acquired material businesses. The following tables present the unaudited pro forma consolidated operating results for the Company, as though the SkyWave Acquisition and WAM Acquisition had occurred as of the beginning of the prior annual reporting period. The unaudited pro forma results reflect certain adjustments related to past operating performance, the impact of the debt issued, acquisition costs and acquisition accounting adjustments, such as increased depreciation and amortization expense based on the fair valuation of assets acquired and the related tax effects. The pro forma results do not include any anticipated synergies which may be achievable subsequent to the acquisition date. Accordingly, such pro forma amounts are not necessarily indicative of the results that actually would have occurred had the acquisition been completed on the dates indicated, nor are they indicative of the future operating results of the combined company:

	Year ended December 31, 2015			
	As Reported	SkyWave Acquisition	WAM Acquisition	Pro Forma
Net revenues	\$178,293	\$ 5,234		\$183,527
Net (loss) income attributable to common shareholders	\$(13,287)	\$ 1,074		\$(12,213)
Earnings per share:				
Basic	\$(0.19)			\$(0.17)
Diluted	\$(0.19)			\$(0.17)

	Year ended December 31, 2014			
	As Reported	SkyWave Acquisition	WAM Acquisition	Pro Forma
Net revenues	\$96,242	\$ 65,838	\$ 5,655	\$167,735
Net income attributable to common shareholders	\$(4,721)	\$(4,684)	\$ 906	\$(8,499)
Earnings per share:				
Basic	\$(0.08)			\$(0.15)
Diluted	\$(0.08)			\$(0.15)

Note 4. Stock-based Compensation

The Company's share-based compensation plans consist of its 2006 Long-Term Incentives Plan (the "2006 LTIP") and its 2004 Stock Option Plan. As of December 31, 2015, there were 1,949,400 shares available for grant under the 2006 LTIP.

For the years ended December 31, 2015, 2014 and 2013, the Company recognized stock-based compensation expense of \$4,620, \$3,610, and \$2,973, respectively. For the years ended December 31, 2015, 2014 and 2013, the Company capitalized stock-based compensation of \$195, \$307, and \$130, respectively. The Company has not recognized and

currently does not expect to recognize in the foreseeable future, any tax benefit related to stock-based compensation as a result of the full valuation allowance on its net deferred tax assets and its net operating loss carryforwards generated in the U.S.

The following table summarizes the components of stock-based compensation expense in the condensed consolidated statements of operations for the years ended December 31, 2015, 2014 and 2013:

	Years ended December 31,		
	2015	2014	2013
Cost of services	\$525	\$203	\$303
Cost of product sales	45	53	114
Selling, general and administrative	3,655	3,135	2,316
Product development	395	219	240
Total	\$4,620	\$3,610	\$2,973

As of December 31, 2015, the Company had unrecognized compensation costs for all share-based payment arrangements totaling \$4,821.

Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts)

2006 LTIP

The 2006 LTIP provides for grants and awards of stock options, stock appreciation rights (“SARs”), common stock, restricted stock, restricted stock units (“RSUs”), performance units and performance shares to directors and employees. The maximum number of shares available for grant is 9,714,827. Stock options granted pursuant to the 2006 LTIP Plan have a maximum term of 10 years. The SARs expire 10 years from the date of grant and may be payable in cash, shares of common stock or a combination of both upon exercise, as determined by the Compensation Committee. The 2006 LTIP is administrated by the Compensation Committee of the Company’s Board of Directors, which selects persons eligible to receive awards under the 2006 LTIP and determines the number, terms, conditions, performance measures and other provisions of the awards.

Time-Based Stock Appreciation Rights

A summary of the Company’s time-based SARs for the year ended December 31, 2015 is as follows:

	Weighted-Average Remaining			
	Number of	Weighted-Average	Contractual	Aggregate
	Shares	Exercise Price	Term (years)	Intrinsic Value
Outstanding at January 1, 2015	3,853,367	\$ 4.53		
Granted	483,000	6.07		
Exercised	(150,050)	4.03		
Forfeited or expired	(77,133)	5.39		
Outstanding at December 31, 2015	4,109,184	\$ 5.22	5.66	\$ 10,610
Exercisable at December 31, 2015	3,456,039	\$ 5.16	4.97	\$ 10,197
Vested and expected to vest at December 31, 2015	4,109,184	\$ 5.22	5.66	\$ 10,610

For the years ended December 31, 2015, 2014 and 2013, the Company recorded stock-based compensation expense of \$2,194, \$1,659 and \$1,412 relating to these SARs, respectively. As of December 31, 2015, \$1,023 of total unrecognized compensation cost relating to the SARs is expected to be recognized through August 2018.

The weighted-average grant date fair value of the SARs granted in 2015, 2014 and 2013 was \$3.40, \$3.97 and \$3.31 and per share, respectively.

For the year ended December 31, 2015, the intrinsic value of the SARs exercised was \$348.

Performance-Based Stock Appreciation Rights

A summary of the Company's performance-based SARs for the year ended December 31, 2015 is as follows:

	Weighted-Average		Remaining	
	Number of	Weighted-Average	Contractual	Aggregate
	Shares	Exercise Price	Term (years)	Intrinsic Value
Outstanding at January 1, 2015	786,034	\$ 5.51		
Granted	8,000	5.65		
Exercised	(15,100)	2.92		
Forfeited or expired	(160)	5.65		
Outstanding at December 31, 2015	778,774	\$ 6.33	4.38	\$ 2,177
Exercisable at December 31, 2015	774,774	\$ 6.33	4.35	\$ 2,170
Vested and expected to vest at December 31, 2015	778,774	\$ 6.33	4.38	\$ 2,177

For the years ended December 31, 2015, 2014 and 2013, the Company recorded stock-based compensation expense of \$21, \$47 and \$247 relating to the performance-based SARs, respectively. As of December 31, 2015, \$2 of total unrecognized compensation cost related to these SARs is expected to be recognized through March 2016.

Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts)

The weighted-average grant date fair value of the performance-based SARs granted during the year ended December 31, 2015 was \$3.32 per share. The weighted-average grant date fair value of the performance-based SARs granted during the year ended December 31, 2013 was \$2.52 per share. There were no performance-based SARs granted during the year ended December 31, 2014.

For the year ended December 31, 2015, the intrinsic value of the performance-based SARs exercised was \$69.

The fair value of each time-based and performance-based SAR award is estimated on the date of grant using the Black-Scholes option pricing model with the assumptions described below. For the periods indicated the expected volatility was based on the Company's historical volatility over the expected terms of SAR awards. Estimated forfeitures were based on voluntary and involuntary termination behavior, as well as analysis of actual forfeitures. The risk-free interest rate was based on the U.S. Treasury yield curve at the time of the grant over the expected term of the SAR grants.

	Years ended December 31,		
	2015	2014	2013
Risk-free interest rate	1.35%	1.77%	
	to	to	
	1.82%	1.94%	0.91% to 2.11%
Expected life (years)	6.0	6.0	5.5 and 6.0
Estimated volatility factor	62.7%	64.8%	
	to	to	
	64.6%	67.3%	67.6% to 69.9%
Expected dividends	None	None	None

Time-Based Restricted Stock Units

A summary of the Company's time-based RSUs for the year ended December 31, 2015 is as follows:

	Weighted-Average	
	Grant Date	
	Shares	Fair Value
Balance at January 1, 2015	90,255	\$ 6.66
Granted	366,004	6.63
Vested	(90,255)	7.04
Forfeited or expired	—	—
Balance at December 31, 2015	366,004	\$ 6.63

For the years ended December 31, 2015, 2014 and 2013, the Company recorded stock-based compensation expense of \$636, \$592 and \$357 related to the RSUs, respectively. As of December 31, 2015, \$1,891 of total unrecognized compensation cost related to the RSUs is expected to be recognized through December 2016.

Performance-based Restricted Stock Units

A summary of the Company's performance-based RSUs for the year ended December 31, 2015 is as follows:

		Weighted-Average
		Grant Date
	Shares	Fair Value
Balance at January 1, 2015	321,525	\$ 6.41
Granted	340,094	6.64
Vested	(137,127)	6.09
Forfeited or expired	(25,123)	6.23
Balance at December 31, 2015	499,369	\$ 6.66

For the years ended December 31, 2015, 2014 and 2013, the Company recorded stock-based compensation expense of \$1,124 \$914 and \$633 related to the performance-based RSUs, respectively. As of December 31, 2015, the Company has \$1,905 of total unrecognized compensation cost related to these RSUs, of which \$538 is expected to be recognized through the first quarter of 2016 and \$1,367 is expected to be recognized through the first quarter of 2017.

Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts)

The fair value of the time-based and performance-based RSU awards are based upon the closing stock price of the Company's common stock on the date of grant.

Performance Units

The Company grants Market Performance Units ("MPUs") to its senior executives based on stock price performance over a three-year period measured on December 31 for each performance period. The MPUs will vest at the end of each performance period only if the Company satisfies the stock price performance targets and continued employment by the senior executives through the dates the Compensation Committee has determined that the targets have been achieved. The value of the MPUs that will be earned each year ranges up to 15% of each of the senior executives' base salaries in the year of the grant depending on the Company's stock price performance target for that year. The value of the MPUs can be paid in either cash or common stock or a combination at the Company's option. The MPUs are classified as a liability and are revalued at the end of each reporting period based on the awards fair value over a three-year period.

As of December 31, 2015, the compensation committee determined that the stock price performance targets was partially achieved for the fiscal year 2015, 2014 and 2013 performance targets.

As the MPUs contain both a performance and service condition, the MPUs have been treated as a series of three separate awards, or tranches, for purposes of recognizing stock-based compensation expense. The Company recognizes stock-based compensation expense on a tranche-by-tranche basis over the requisite service period for that specific tranche. The Company estimated the fair value of the MPUs using a Monte Carlo Simulation Model that used the following assumptions:

	Years Ended December 31,		
	2015	2014	2013
Risk-free interest rate	0.65% to 1.31%	0.25% to 1.10%	0.13% to 0.78%
Estimated volatility factor	34.0% to 38.0%	39.0% to 41.0%	40.0%
Expected dividends	None	None	None

For the years ended December 31, 2015, 2014 and 2013, the Company recorded stock-based compensation of \$643, \$398 and \$324 relating to these MPUs, respectively.

In January 2015, the Company issued 54,801 shares of its common stock as form of payment in connection with MPUs for achieving the fiscal year 2013 and 2014 stock performance target.

In January 2014, the Company issued 33,594 shares of its common stock as a form of payment in connection with MPUs for achieving the fiscal year 2013 stock performance target.

Stock Options

Options granted under the 2006 LTIP or 2004 Stock Option Plan have a maximum term of 10 years and vest over a period determined by the Company's Board of Directors (generally four years) at an exercise price per share determined by the Board of Directors at the time of grant. The 2004 Stock Option Plan expires 10 years from the effective date, or when all options have been granted, whichever is sooner. The Company did not grant stock options in 2015, 2014 or 2013.

During the year ended December 31, 2015, 50,000 stock options were exercised at a weighted-average exercise price of \$4.88 per share and a total intrinsic value of \$55. There are no stock options outstanding and available for exercise as of December 31, 2015.

Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts)

Note 5. Net Income (Loss) Attributable to ORBCOMM Inc. Common Stockholders

The Company accounts for earnings per share ("EPS") in accordance with ASC Topic 260, "Earnings Per Share" ("ASC 260") and related guidance, which requires two calculations of EPS to be disclosed: basic and diluted. The numerator in calculating basic and diluted EPS is an amount equal to the net (loss) income attributable to ORBCOMM Inc. common stockholders for the periods presented. The denominator in calculating basic EPS is the weighted average shares outstanding for the respective periods. The denominator in calculating diluted EPS is the weighted average shares outstanding, plus the dilutive effect of stock option grants, unvested SAR and RSU grants and shares of Series A convertible preferred stock for the respective periods. The following sets forth the basic calculations of EPS for the years ended December 31, 2015, 2014 and 2013 and the diluted calculations of EPS for the year ended December 31, 2013:

	Years ended December 31,		
	2015	2014	2013
Net (loss) income attributable to ORBCOMM Inc. common stockholders	\$(13,287)	\$(4,721)	\$4,540
Weighted average number of common shares outstanding:			
Basic number of common shares outstanding	70,419	56,684	47,420
Dilutive effect of grants of stock options, unvested SAR's and RSU's and shares of Series A convertible preferred stock	—	—	1,350
Diluted number of common shares outstanding	70,419	56,684	48,770
Earnings per share:			
Basic	\$(0.19)	\$(0.08)	\$0.10
Diluted	\$(0.19)	\$(0.08)	\$0.09

The following represents amounts not included in the above calculation of diluted EPS as their impact was anti-dilutive under the treasury stock method:

	Years Ended December 31,		
(Shares in thousands)	2015	2014	2013
SAR's	*	*	3,591
RSU's	*	*	333
Stock Options	*	*	—

*Not applicable due to the loss for the period.

The computation of net (loss) income attributable to ORBCOMM Inc. common stockholders for the years ended December 31, 2015, 2014 and 2013 is as follows:

	Years Ended December 31,		
	2015	2014	2013
Net (loss) income attributable to ORBCOMM Inc.	\$(13,251)	\$(4,684)	\$4,599
Preferred stock dividends on Series A convertible preferred			
stock	(36)	(37)	(59)
Net (loss) income attributable to ORBCOMM Inc. common			
stockholders	\$(13,287)	\$(4,721)	\$4,540

Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts)

Note 6. Satellite Network and Other Equipment

Satellite network and other equipment consisted of the following:

	December 31,	
	2015	2014
Land	\$381	\$381
Satellite network	104,088	116,444
Capitalized software	13,201	7,013
Computer hardware	4,027	2,761
Other	6,853	4,703
Assets under construction	147,288	81,099
	275,838	212,401
Less: accumulated depreciation and amortization	(45,868)	(31,780)
	\$229,970	\$180,621

During the years ended December 31, 2015, 2014 and 2013, the Company capitalized costs attributable to the design and development of internal-use software in the amount of \$4,958, \$2,777 and \$1,754 respectively.

Depreciation and amortization expense for the years ended December 31, 2015, 2014 and 2013 was \$15,371, \$8,061 and \$4,616, respectively. This includes amortization of internal-use software of \$1,733, \$969 and \$611 for the years ended December 31, 2015, 2014 and 2013, respectively.

Assets under construction primarily consist of milestone payments pursuant to procurement agreements which includes the design, development, launch and other direct costs relating to the construction of the OG2 satellites and upgrades to its infrastructure and ground segment. Refer to “Note 16 — Commitments and Contingencies” for more information regarding the construction of the Company’s OG2 satellites.

On July 14, 2014, the Company launched six of its OG2 satellites aboard a Space Exploration Technologies Corp. (“SpaceX”) Falcon 9 launch vehicle. On September 15, 2014, following an in-orbit testing period, the Company initiated commercial service for the six OG2 satellites. The satellites provide both M2M and IoT messaging and AIS service for its global customers. As a result of the six satellites being placed into service, the Company reclassified \$82,725 of costs out of assets under construction and into satellite network on September 15, 2014, and began depreciating the satellites over a 10-year life. During the years ended December 31, 2015 and 2014, the Company recorded \$6,957 and \$2,431 of depreciation in connection with the satellites placed into service, respectively.

During the year ended December 31, 2014, the Company recorded an impairment loss on one of the Company’s AIS satellites. Upon abandonment of the satellite on December 15, 2014, the Company no longer expects future cash flows to be generated from this asset. The impairment loss of \$605 was determined based on the carrying value of the asset at the time of the impairment and was recorded in the statement of operations in the year ended December 31, 2014. As a result, the Company decreased the Satellite network by \$1,477 and associated accumulated depreciation by \$872 to write off and fully depreciate the asset.

In January 2015, the Company lost communication with one of its OG1 Plane D satellites. In the quarter ended March 31, 2015, the Company removed \$137 from satellite network and accumulated depreciation, respectively, representing the fully depreciated value of the satellite. In September 2015, the satellite reestablished communication with the Company's ground stations. There was no impact on the consolidated balance sheet for the reestablishment of communications with this satellite.

In June 2015, the Company lost communication with one of its in-orbit OG2 satellites. The Company recorded a non-cash impairment charge of \$12,748 on the consolidated statement of operations in the quarter ended June 30, 2015 to write off the net book value of the satellite. In addition, the Company decreased satellite network and other equipment and the associated accumulated depreciation on the consolidated balance sheet by \$13,788 and \$1,040, respectively.

On December 21, 2015, the Company launched the remaining 11 of its OG2 satellites aboard a SpaceX Falcon 9 launch vehicle. On March 1, 2016, following an in-orbit testing period, the Company initiated commercial service for the 11 OG2 satellites. The satellites provide both M2M and IoT messaging and AIS service for its global customers. These satellites were not in service as of December 31, 2015.

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(In thousands, except share and per share amounts)

Note 7. Restricted Cash

Restricted cash principally consists of the remaining cash collateral for a performance bond required by the U.S. Federal Communications Commission (“FCC”) in connection with the construction, launch and operation of the OG2 satellites that was authorized in the March 21, 2008 FCC Space License modification. Under the terms of the performance bond, the cash collateral will be reduced in increments of \$1,000 upon completion of specified milestones. The Company certified completion of the fourth milestone and the FCC refunded the Company \$1,000 in October 2014. Upon the launch of the remaining 11 OG2 satellites on December 21, 2015 and placement into operational service, the Company has satisfied the fifth milestone and expects to receive the final installment within the next twelve months. Accordingly, as of December 31, 2015, the remaining balance of restricted cash recorded as a current asset on the consolidated balance sheet is \$1,000.

Note 8. Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price of an acquired business over the estimated fair values of the underlying net tangible and intangible assets. Goodwill consisted of the following:

	2015	2014
Balance at January 1,	\$39,870	\$20,335
Additions through acquisitions	72,528	19,952
Measurement period adjustments	27	(417)
Balance at December 31,	\$112,425	\$39,870

During the year ended December 31, 2015, the following key items impacted goodwill:

- The Company recognized goodwill of \$56,511 in connection with the SkyWave Acquisition
- The Company recognized goodwill of \$5,491 in connection with the InSync Acquisition
- The Company recognized goodwill of \$10,526 in connection with the WAM Acquisition

During the year ended December 31, 2014, the following key items impacted goodwill:

- The Company recognized goodwill of \$19,952 in connection with the Euroscan Acquisition;
- The Company reduced its warranty liabilities in connection with the GlobalTrak Acquisition and recognized a decrease in goodwill of \$250; and
- The Company recognized a decrease in goodwill of \$167 in connection with an agreement entered into by the Company and SPC to settle claims relating to breaches of representation and warranties under the GlobalTrak Asset Purchase Agreement.

Goodwill is allocated to the Company’s one reportable segment which is its only reporting unit.

The Company's intangible assets consisted of the following:

	Useful life (years)	December 31, 2015			December 31, 2014		
		Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Customer lists	5 - 14	\$90,212	\$ (11,319)	\$78,893	\$21,850	\$ (2,939)	\$18,911
Patents and technology	5 - 10	16,390	(4,090)	12,300	8,473	(2,259)	6,214
Trade names and trademarks	2 - 10	2,885	(906)	1,979	1,690	(481)	1,209
		\$109,487	\$ (16,315)	\$93,172	\$32,013	\$ (5,679)	\$26,334

At December 31, 2015, the weighted-average amortization period for the intangible assets is 10.3 years. At December 31, 2015, the weighted-average amortization periods for customer lists, patents and technology and trademarks are 10.5, 9.3 and 7.3 years, respectively.

During the quarter ended December 31, 2015, the Company noted anticipated revenue from SENS to be lower than originally forecasted. The fair value of trademark and technology intangible assets are determined based on the "relief from royalty method",

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under the income approach, which is a valuation technique that provides an estimate of the fair value of an asset based on the costs savings that are available through ownership of the asset by the avoidance of paying royalties to license the use of the assets from another owner. This method is comprised of applying an estimated royalty rate to projected revenues. The estimated fair value of the customer lists is determined using the “excess earnings method” under the income approach, which represents the total income to be generated by the asset. Some of the more significant assumptions inherent in the development of those asset valuations include the projected revenue associated with the asset, the appropriate discount rate to select in order to measure the risk inherent in each future cash flow stream, the assessment of each asset’s life cycle, as well as other factors. As a result, and in accordance with FASB ASC 360 “Impairment and Disposal of Long-Lived Assets,” the Company adjusted the carrying amount of the SENS trademark, technology and customer list intangible assets to a fair value of \$0, \$30 and \$280, respectively. As a result, the Company recorded an impairment charge of \$564 as part of depreciation and amortization in the consolidated statement of operations for the year ended December 31, 2015.

Amortization expense for the years ended December 31, 2015, 2014 and 2013 was \$10,636, \$2,795 and \$1,385, respectively.

Estimated amortization expense for intangible assets is as follows:

Years ending December 31,	
2016	\$10,927
2017	10,781
2018	10,728
2019	10,691
2020	10,201
Thereafter	39,844
	\$93,172

Note 9. Accrued Liabilities

The Company’s accrued liabilities consisted of the following:

	December 31, 2015	December 31, 2014
Accrued compensation and benefits	\$ 7,082	\$ 4,453
Warranty	2,321	1,470

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Corporate income tax payable	204	455
Contingent earn-out amount	—	1,115
AIS deployment and license agreement	—	8
Accrued satellite network and other equipment	1,642	1,188
Accrued inventory purchases	1,676	—
Milestone payable	3,185	5,460
Accrued interest expense	1,017	1,083
Accrued acquisition-related and integration costs	—	417
Accrued credit facility financing fees	—	734
Accrued airtime charges	834	—
Other accrued expenses	6,225	3,953
	\$ 24,186	\$ 20,336

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(In thousands, except share and per share amounts)

For the years ended December 31, 2015 and 2014, changes in accrued warranty obligations consisted of the following:

	December 31,	
	2015	2014
Balance at January 1,	\$1,470	\$2,199
Warranty liabilities assumed from acquisitions	450	96
Amortization of fair value adjustment of warranty liabilities		
acquired through acquisitions	(12)	(164)
Reduction of warranty liabilities assumed in connection with		
acquisitions	(174)	(720)
Warranty expense	827	692
Warranty charges	(240)	(633)
Balance at December 31,	\$2,321	\$1,470

Note 10. Deferred Revenue

Deferred revenues consisted of the following:

	December 31,	
	2015	2014
Service activation fees	\$10,800	\$3,411
Prepaid services	2,624	2,509
Prepaid product revenues	—	15
Extended warranty revenues	252	169
	13,676	6,104
Less current portion	(7,652)	(3,525)
Long-term portion	\$6,024	\$2,579

Note 11. Note Payable — Related Party

In connection with the acquisition of a majority interest in Satcom in 2005, the Company recorded an indebtedness to OHB Technology A.G. (formerly known as OHB Teledata A.G.), a stockholder of the Company. At December 31, 2015 and 2014, the principal balance of the note payable was €1,138 and it had a carrying value of \$1,241 and \$1,389,

respectively. The carrying value was based on the note's estimated fair value at the time of acquisition. The difference between the carrying value and principal balance was being amortized to interest expense over the estimated life of the note of six years which ended in September 30, 2011. This note does not bear interest and has no fixed repayment term. Repayment will be made from the distribution profits, as defined in the note agreement, of ORBCOMM Europe LLC, a wholly owned subsidiary of the Company. The note has been classified as long-term and the Company does not expect any repayments to be required prior to December 31, 2016.

Note 12. Note Payable

Secured Credit Facilities

On September 30, 2014, the Company entered into a credit agreement (the "Credit Agreement") with Macquarie CAF LLC ("Macquarie" or the "Lender") in order to refinance the Company's Senior Notes. Pursuant to the Credit Agreement, the Lender provided secured credit facilities (the "Secured Credit Facilities") in an aggregate amount of \$160,000 comprised of (i) a term loan facility in an aggregate principal amount of up to \$70,000 (the "Initial Term Loan Facility"); (ii) a \$10,000 revolving credit facility (the "Revolving Credit Facility"); (iii) a term loan facility in an aggregate principal amount of up to \$10,000 (the "Term B2 Facility"), the proceeds of which were drawn and used on January 16, 2015 to partially finance the InSync Acquisition; and (iv) a term loan facility in an aggregate principal amount of up to \$70,000 (the "Term B3 Facility"), the proceeds of which were drawn on December 30, 2014 and used on January 1, 2015 to partially finance the SkyWave Acquisition. Proceeds of the Initial Term Loan Facility and Revolving Credit Facility were funded on October 10, 2014 and were used to repay in full the Company's Senior Notes and pay certain related fees, expenses and accrued interest, as well as for general corporate purposes.

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The Secured Credit Facilities mature five years after the initial fund date of the Initial Term Loan Facility (the “Maturity Date”), but are subject to mandatory prepayments in certain circumstances. The Secured Credit Facilities will bear interest, at the Company’s election, of a per annum rate equal to either (a) a base rate plus 3.75% or (b) LIBOR plus 4.75%, with a LIBOR floor of 1.00%.

The Secured Credit Facilities will be secured by a first priority security interest in substantially all of the Company’s and its subsidiaries’ assets. Subject to the terms set forth in the Credit Agreement, the Company may make optional prepayments on the Secured Credit Facilities at any time prior to the Maturity Date. The remaining principal balance is due on the Maturity Date.

The Credit Agreement contains customary representations and warranties, conditions to funding, covenants and events of default. The covenants set forth in the Credit Agreement include, among other things, prohibitions on the Company and its subsidiaries against incurring certain indebtedness and investments (other than permitted acquisitions and other exceptions as specified therein), providing certain guarantees and incurring certain liens. In addition, the Credit Agreement includes a leverage ratio and consolidated liquidity covenant, as defined, whereby the Company is permitted to have a maximum consolidated leverage ratio as of the last day of any fiscal quarter of up to 5.00 to 1.00 and a minimum consolidated liquidity of \$7,500 as of the last day of any fiscal quarter. The Credit Agreement provides for certain events of default, the occurrence of which could result in the acceleration of the Company’s obligations under the Credit Agreement.

In connection with entering into the Credit Agreement, and the subsequent funding of the Initial Term Loan Facility, Revolving Credit Facility, Term B2 Facility and the Term B3 Facility, the Company incurred debt issuance costs of approximately \$194 during the year ended December 31, 2015 and approximately \$4,287 during the year ended December 31, 2014. For the year ended December 31, 2015, amortization of the debt issuance costs was \$1,138. For the years ended December 31, 2015 and 2014, the Company capitalized all of the interest expense and amortization of the debt issuance costs associated with the Initial Term Loan Facility and Revolving Credit Facility to construction of the OG2 satellites.

At December 31, 2015, no amounts were outstanding under the Revolving Credit Facility. The net availability under the Revolving Credit Facility was \$10,000.

As of December 31, 2015, the Company was in compliance with all financial covenants.

\$45,000 9.5% Senior Notes

On January 4, 2013, the Company issued \$45,000 aggregate principal amount of Senior Notes (“Senior Notes”) due January 4, 2018. Interest was payable quarterly at a rate of 9.5% per annum. The Senior Notes were secured by a first priority security interest in substantially all of the Company’s and its subsidiaries’ assets. The covenants in the Senior Notes limited the Company’s ability to, among other things, (i) incur additional indebtedness and liens; (ii) sell, transfer, lease or otherwise dispose of the Company’s or subsidiaries assets; or (iii) merge or consolidate with other companies. The Company was also required to obtain launch and one year in-orbit insurance for the OG2 satellites under the terms of the Senior Notes. The Company was also required to comply with a maintenance covenant of either having available liquidity of \$10,000 (the sum of (a) cash and cash equivalents plus (b) the total amount available to be borrowed under a working capital facility) or a leverage ratio (consolidated total debt to consolidated adjusted EBITDA, adjusted for stock-based compensation, certain other non-cash items and other agreed upon other charges)

of not more than 4.5 to 1.0. In connection with the issuance of the Senior Notes, the Company incurred approximately \$1,390 of debt issuance costs. For the years ended December 31, 2014 and 2013, amortization of the debt issuance costs was \$209 and \$265, respectively. For the years ended December 31, 2014 and 2013, the Company capitalized all of the interest expense and amortization of the debt issuance costs to construction of the OG2 satellites.

The Senior Notes were redeemed in full on October 10, 2014, resulting in an early termination penalty of \$1,800 and an additional expense associated with the remaining unamortized debt issuance cost.

\$3,900 6% Notes

On May 16, 2011, the Company issued a \$3,900 6% secured promissory note to an existing lender and stockholder of Alanco. The note bore interest at 6.00% per annum. On January 4, 2013, the remaining unpaid principal amount of \$3,450 and unpaid interest was repaid as a condition of the Company issuing the Senior Notes discussed above.

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Note 13. Stockholders' Equity

Preferred stock

The Company currently has 50,000,000 shares of preferred stock authorized.

Series A convertible preferred stock

The Company currently has 1,000,000 shares of Series A convertible preferred stock authorized. As part of the purchase price for the acquisition of StarTrak in 2011, the Company issued 183,550 shares of Series A convertible preferred stock, of which 35,759 shares remain outstanding as of December 31, 2015.

Key terms of the Series A convertible preferred stock are as follows:

Dividends

Holders of the Series A convertible preferred stock are entitled to receive a cumulative 4% dividend annually (calculated on the basis of the redemption price of \$10.00 per share) payable quarterly in additional shares of the Series A convertible preferred stock. During the years ended December 31, 2015 and 2014, the Company issued dividends in the amount of 3,665 and 3,769 shares to the holders of the Series A Convertible preferred stock, respectively. As of December 31, 2015, dividends in arrears was \$4.

Conversion

Shares of the Series A convertible preferred stock are convertible into 1.66611 shares of common stock: (i) at the option of the holder at any time or (ii) at the option of the Company beginning six months from the issuance date and if the average closing market price for the Company's common stock for the preceding twenty consecutive trading days equals or exceeds \$11.20 per share.

Voting

Each share of the Series A convertible preferred stock is entitled to one vote for each share of common stock into which the preferred stock is convertible.

Liquidation

In the event of any liquidation, sale or merger of the Company the holders of the Series A convertible preferred stock are entitled to receive prior to and in preference over the common stock, an amount equal to \$10.00 per share plus unpaid dividends.

Redemption

The Series A convertible preferred stock may be redeemed by the Company for an amount equal to the issuance price of \$10.00 per share plus all unpaid dividends at any time after two years from the issuance date.

Common Stock

At December 31, 2015, the Company has reserved 7,702,729 shares of common stock for future issuances related to employee stock compensation plans.

On January 17, 2014, the Company completed a public offering of 6,325,000 shares of its common stock including 825,000 shares sold upon full exercise of the underwriters' overallotment option at a price of \$6.15 per share. The Company received net proceeds of approximately \$36,607 after deducting underwriters' discounts and commissions and offering costs.

On November 10, 2014, the Company completed a public offering of 14,785,714 shares of common stock, including 1,928,571 shares sold upon full exercise of the underwriters' over-allotment option, at a price of \$5.60 per share. The Company received net proceeds of approximately \$78,131 after deducting underwriters' discounts and commissions and offering costs.

Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts)

Note 14. Segment Information

The Company operates in one reportable segment, M2M data communications. Other than satellites in orbit, goodwill and intangible assets, long-lived assets outside of the United States are not significant. The Company's foreign exchange exposure is limited as approximately 95% of the Company's consolidated revenue is collected in US dollars. The following table summarizes revenues on a percentage basis by geographic regions, based on the country in which the customer is located.

	Years ended December 31,					
	2015	2014	2013			
United States	64 %	76 %	84 %			
South America	13 %	—	—			
Japan	2 %	6 %	8 %			
Europe	19 %	14 %	—			
Other	2 %	4 %	8 %			
	100%	100 %	100 %			

Note 15. Income Taxes

The following is a summary of the Company's provision for income taxes for the years ended December 31, 2015, 2014 and 2013:

	December 31,		
	2015	2014	2013
Current			
Federal	\$—	\$(10)	\$36
State	155	29	198
International	243	704	376
Total	398	723	610
Deferred:			
Federal	(6,256)	(1,570)	1,363
State	(455)	(214)	335
International	251	(285)	35
Valuation allowance	7,287	1,754	(1,048)
Total	827	(315)	685
Income taxes	\$1,225	\$408	\$1,295

United States and foreign income (loss) before income taxes for the years ended December 31, 2015, 2014 and 2013 is as follows:

	Years ended December 31,		
	2015	2014	2013
United States	\$(17,877)	\$(5,990)	\$4,634
Foreign	6,103	1,873	1,420
Total	\$(11,774)	\$(4,117)	\$6,054

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The components of net deferred tax assets (liabilities) are as follows:

	December 31,	
	2015	2014
Deferred tax assets:		
Current deferred tax assets:		
Deferred revenues	\$1,287	\$1,280
Allowance for doubtful accounts	1,339	1,173
Inventory	865	396
Deferred compensation	—	477
Bonus accruals	1,163	82
Vacation accrual	219	184
Deferred rent	77	59
Warranty accrual	576	419
Installment sale note receivable	—	9
Other	(8)	8
Total current deferred tax assets	5,518	4,087
Non-current deferred tax assets:		
Acquisition related costs	605	1,158
Deferred revenues	1,271	930
Deferred compensation	4,807	3,546
Deferred rent	1,025	1,070
Accrued expenses	444	299
Satellite network and other property	2,329	—
Installment sale note receivable	—	576
Foreign tax credit	4,398	1,646
Alternative minimum tax credit	325	329
Tax loss carryforwards and credits	5,089	1,913
Total non-current current deferred tax assets	20,293	11,467
Total deferred tax assets	25,811	15,554
Current deferred tax liabilities:		
Accrued expenses	(482)	—
Total current deferred tax liabilities	(482)	—
Non-current deferred tax liabilities:		
Satellite network and other property	—	(2,134)
Intangible Assets	(20,993)	(3,586)
Goodwill	(2,196)	(1,752)
Total non-current current deferred tax liabilities	(23,189)	(7,472)
Total deferred tax liabilities	(23,671)	(7,472)
Net deferred tax assets before valuation allowance	2,140	8,082
Less valuation allowance	(20,200)	(12,913)
Net deferred tax asset (liabilities)	(18,060)	(4,831)
Deferred tax assets, current	508	814

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Deferred tax assets, non-current	—	1,827
Deferred tax liabilities, current	(128)	
Deferred tax liabilities, non-current	(18,440)	(7,472)
Net deferred tax assets (liabilities)	(18,060)	(4,831)

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Income taxes differs from the amount computed by applying the statutory U.S. Federal income tax rate because of the effect of the following items:

	Years Ended December 31,		
	2015	2014	2013
Income tax expense at U.S. statutory rate of 34%	\$(4,003)	\$(1,400)	\$2,063
State income taxes, net of federal benefit	(353)	(195)	466
Effect of foreign subsidiaries	(687)	163	7
Foreign tax credit	(669)	—	—
Permanent items in connection with the purchase of			
Euroscan	—	219	—
Permanent items for the fair value adjustment of the			
Euroscan contingent consideration	—	(390)	—
Other	(350)	257	(193)
Change in valuation allowance	7,287	1,754	(1,048)
Income tax	\$1,225	\$408	\$1,295

As part of the Company's accounting for the acquisitions, a portion of the purchase price was allocated to goodwill. The acquired goodwill is deductible for tax purposes and amortized over fifteen years for income tax purposes. Under GAAP, the acquired goodwill is not amortized in the Company's financial statements, as such a deferred income tax expense and a deferred tax liability arise as a result of the tax deductibility for this amount for tax purposes but not for financial statement purposes. The resulting deferred tax liability, which is expected to continue to increase over time will remain on the Company's balance sheet indefinitely unless there is an impairment of the asset.

As of December 31, 2015 and 2014, the Company maintained a valuation allowance against all of its net deferred tax assets, excluding goodwill, attributable to operations in the United States and all other foreign jurisdictions, except for Japan, as the realization was not considered more likely than not.

The net change in the total valuation allowance for the years ended December 31, 2015, 2014 and 2013 was \$7,287, \$1,754 and \$1,048, respectively.

The Company recognizes tax benefits associated with the exercise of SARs and stock options and vesting of RSUs directly to stockholders' equity only when the tax benefit reduces income tax payable on the basis that a cash tax savings has occurred. Accordingly, deferred tax assets are not recognized for net operating loss carryforwards resulting from tax benefits. As of December 31, 2015 and 2014, the Company has not recognized in its deferred tax assets an aggregate of \$5,943 and \$6,063 of windfall tax benefits associated with the exercise of SARs and stock options and the vesting of RSUs, respectively.

At December 31, 2015 and December 31, 2014, the Company had potentially utilizable federal and state net operating loss tax carryforwards of \$18,427 and \$10,019, respectively. The net operating loss carryforwards expire at various

times through 2034. At December 31, 2015 and December 31, 2014, the Company had potentially utilizable foreign net operating loss carryforwards of \$5,932 and \$5,642, respectively. The foreign net operating loss carryforwards expire on various dates through 2035.

The utilization of the Company's net operating losses may be subject to a substantial limitation due to the "change of ownership provisions" under Section 382 of the Internal Revenue Code and similar state provisions. Such limitation may result in the expiration of the net operating loss carryforwards before their utilization.

As of December 31, 2015, the Company has not provided deferred income taxes on the undistributed earnings of its foreign subsidiaries. The amount of such earnings was \$8,375. These earnings have been permanently reinvested and the Company does not plan to initiate action that would precipitate the payment of income taxes thereon. It is not practicable to estimate the amount of additional tax that might be payable on these undistributed earnings.

During the years December 31, 2015, 2014 and 2013, the Company recorded no significant unrecognized tax benefits. Due to the existence of the Company's valuation allowance, the uncertain tax benefits if recognized would not impact the Company's effective income tax rate. The Company is subject to U.S. federal and state examinations by tax authorities from 2012. The Company does not expect any significant changes to its unrecognized tax positions during the next twelve months.

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No interest and penalties related to uncertain tax positions were accrued at December 31, 2015, 2014 and 2013.

The following table is a reconciliation of the beginning and ending amount of unrecognized tax benefits:

	2015	2014	2013
Balance at January 1,	\$775	\$775	\$775
Additions for tax positions related to prior years	—	—	—
Additions for tax positions	—	—	—
Reductions for tax positions of prior years	—	—	—
Settlements	—	—	—
Balance at December 31,	\$775	\$775	\$775

As of December 31, 2015 and 2014, the unrecognized tax benefits have been recorded as a reduction to the Company's federal and state net operating loss tax carryforwards in deferred tax assets.

Note 16. Commitments and Contingencies

OG2 satellite commitments

On May 5, 2008, the Company entered into a procurement agreement with Sierra Nevada Corporation ("SNC") pursuant to which SNC constructed the Company's eighteen OG2 satellites (the "Initial Satellites"). Under the agreement, SNC also provided launch support services, a test satellite (excluding the mechanical structure), a satellite software simulator and the associated ground support equipment.

On August 23, 2011, the Company and SNC entered into a definitive First Amendment to the procurement agreement (the "First Amendment"). The First Amendment amends certain terms of the procurement agreement and supplements or amends five separate task order agreements, between May 20, 2010 and December 15, 2010. Between July 3, 2012 and April 18, 2014, the Company and SNC entered into five additional task order agreements for additional costs up to \$2,700.

On March 20, 2014, the Company and SNC entered into a definitive Second Amendment to the procurement agreement (the "Second Amendment"). The Second Amendment amends certain terms of the procurement agreement dated May 5, 2008, as amended by the First Amendment and supplemented by nine separate Task Orders entered into prior to that date (collectively, "Task Orders #1-9"). The Second Amendment modifies the number of satellites in each shipset to reflect the actual number of satellites to be launched in each of the two missions. The Second Amendment also modifies the payment milestone schedule under the First Amendment but does not change the total contract price (excluding optional satellites and costs under Task Orders #1-9) of \$117,000. As of December 31, 2015, the Company has remaining operational milestone payments of \$8,255, of which \$3,185 was paid in January 2016 and the

remainder of which will be payable subject to successful completion during the year ended December 31, 2016.

On December 21, 2012, the Company and SpaceX entered into a Launch Services Agreement (the “Falcon 9 Agreement”) pursuant to which SpaceX provided launch services (the “Launch Services”) for the carriage into LEO of up to 17 OG2 satellites. Under the Falcon 9 Agreement, SpaceX also provided to the Company satellite-to-launch vehicle integration and launch support services, as well as certain related optional services. The total price under the Falcon 9 Agreement (excluding any optional services) is \$42,600 subject to certain adjustments, which reflects pricing agreed under the 2009 agreement for Launch Services. The amounts due under the Falcon 9 Agreement were paid by the Company in installments from the date of execution of the Falcon 9 Agreement through the performance of each Launch Service.

On April 13, 2015, the Company and SpaceX entered into Amendment #1 to the Falcon 9 Agreement (the “First LSA Amendment”). The First LSA Amendment amends certain terms of the Falcon 9 Agreement dated December 21, 2012 applicable to the second launch period including (i) the milestone payment schedule related to the second launch, but does not change the total contract price of \$42,600 and (ii) establishing a launch window for the second launch, as well as modifying other terms and conditions relating to the second launch as originally set forth in the Falcon 9 Agreement. As of December 31, 2015, the Company has remaining milestone payments of \$1,246, which was paid in full in January 2016.

In April 2014, the Company obtained launch and one year from launch in-orbit insurance for the OG2 satellite program. For the first launch of six satellites, the Company obtained (i) a maximum total of \$66,000 of launch plus one year in-orbit insurance coverage; and (ii) \$22,000 of launch vehicle flight only insurance coverage (“Launch One”). The total premium cost for Launch One

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was \$9,953. For the second launch of eleven satellites, the Company obtained (i) a maximum total of \$120,000 of launch plus one year in-orbit insurance coverage; and (ii) \$22,000 of launch vehicle flight only insurance coverage (“Launch Two”). The total premium cost for Launch Two is \$16,454. In April 2014, the Company paid the total premium for Launch One and 5% of the total premium for Launch Two, with the balance of the premium cost for Launch Two paid in December 2015. The majority of the premium payments are recorded as satellite network and other equipment, net in the consolidated balance sheet as of December 31, 2015.

The policy contains a three satellite deductible across both missions under the launch plus one-year insurance coverage whereby claims are payable in excess of the first three satellites in the aggregate for both Launch One and Launch Two combined that are total losses or constructive total losses. The policy is also subject to specified exclusions and material change limitations customary in the industry. These exclusions include losses resulting from war, anti-satellite devices, insurrection, terrorist acts, government confiscation, radioactive contamination, electromagnetic interference, loss of revenue and third party liability.

On July 14, 2014, the Company launched six of its OG2 satellites aboard a SpaceX Falcon 9 launch vehicle. On September 15, 2014, following an in-orbit testing period, the Company initiated commercial service for the six OG2 satellites. The satellites provide both M2M and IoT messaging and AIS service for its global customers.

In June 2015, the Company lost communication with one of its in-orbit OG2 satellites. The Company recorded a non-cash impairment charge of \$12,748 on the consolidated statement of operations to write off the net book value of the satellite. In addition, the Company decreased satellite network and other equipment and the associated accumulated depreciation on the consolidated balance sheet by \$13,788 and \$1,040, respectively.

The Company notified its in-orbit insurers that the loss of the OG2 satellite resulted in a constructive total loss of that satellite. Under the insurance terms mentioned above, this satellite will be the first of the three satellite deductible in the aggregate for both Launch One and Launch Two, under which no claim is payable.

On July 14, 2015, the Company obtained an additional one year in-orbit insurance for the five OG2 satellites currently in-orbit for a maximum total of \$40,000. The additional in-orbit coverage took effect on July 15, 2015, following the end of the coverage period for the initial launch and one year in-orbit insurance for Launch One. This additional policy contains a one satellite deductible across the five in-orbit OG2 satellites whereby claims are payable in excess of the first satellite that is a total loss or constructive total loss. The policy is also subject to a specific exclusion for losses that have resulted from an anomaly with the same signatures as the initial OG2 satellite loss. There are other specified exclusions and material change limitations customary in the industry which include losses resulting from war, antisatellite devices, insurrection, terrorist acts, government confiscation, radioactive contamination, electromagnetic interference, loss of revenue and third party liability.

On December 21, 2015, the Company launched the remaining 11 OG2 satellites aboard a SpaceX Falcon 9 launch vehicle. On March 1, 2016, following an in-orbit testing period, the Company initiated commercial service on these OG2 satellites, which are both M2M and IoT messaging and AIS services for the Company’s global customers.

Airtime credits

In 2001, in connection with the organization of ORBCOMM Europe and the reorganization of the ORBCOMM business in Europe, the Company agreed to grant certain country representatives in Europe approximately \$3,736 in

airtime credits. The Company has not recorded the airtime credits as a liability for the following reasons: (i) the Company has no obligation to pay the unused airtime credits if they are not utilized; and (ii) the airtime credits are earned by the country representatives only when the Company generates revenue from the country representatives. The airtime credits have no expiration date. Accordingly, the Company is recording airtime credits as services are rendered and these airtime credits are recorded net of revenues from the country representatives. For the years ended December 31, 2015, 2014 and 2013 airtime credits used totaled approximately \$29, \$30, and \$31, respectively. As of December 31, 2015 and 2014 unused credits granted by the Company were approximately \$2,038 and \$2,067, respectively.

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Operating leases

The Company leases office, storage and other facilities under agreements classified as operating leases which expire through 2024. Future minimum lease payments, by year and in the aggregate, under non-cancelable operating leases with initial or remaining terms of one year or more as of December 31, 2015 are as follows:

Years ending December 31,	
2016	\$2,762
2017	2,874
2018	2,865
2019	2,768
2020	2,446
Thereafter	5,594
	\$19,309

Rent expense for the years ended December 31, 2015, 2014 and 2013 was approximately \$2,692, \$2,384 and \$2,554, respectively, and is recognized on a straight line basis over the lease term.

Agreements with carrier data providers

The Company has contractual minimum payments under the terms of its agreements with certain carrier data providers. Future minimum payments, based on the number of subscribers as of December 31, 2015, for the years ended December 31, 2016, 2017, 2018, 2019 and 2020 are \$6,854, \$7,424, \$5,814, \$3,761 and \$3,761, respectively.

Agreement with vendor parts supplier

The Company has contractual minimum payments under the terms of its agreements with a vendor parts supplier. Future minimum payments for the years ended December 31, 2016, 2017, 2018 and 2019 are \$520, \$1,017, \$1,950 and \$1,058, respectively.

Litigation

From time to time, the Company is involved in various litigation matters involving ordinary and routine claims incidental to its business. Management currently believes that the outcome of these proceedings, either individually or in the aggregate, will not have a material adverse effect on the Company's business, results of operations or financial condition.

Note 17. Employee Incentive Plans

The Company maintains a 401(k) plan. All employees who have been employed for three months or longer are eligible to participate in the plan. Employees may contribute up to 15% of eligible compensation to the plan, subject to certain limitations. The Company has the option of matching up to 50% of the amount contributed by each employee up to 6% of employee's compensation. In addition, the plan contains a discretionary contribution component pursuant to which the Company may make an additional annual contribution. Contributions vest over a five-year period from the employee's date of employment. For the years ended December 31, 2015, 2014 and 2013, the Company made \$488, \$484 and \$350 in contributions, respectively.

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Note 18. Supplemental Disclosure of Noncash Investing and Financing Activities

	Years ended December 31,		
	2015	2014	2013
Investing activities:			
Acquisition-related contingent consideration	\$542	\$4,809	\$1,539
Common stock issued in connection with the acquisition of businesses	—	2,243	1,634
Capital expenditures incurred not yet paid	3,874	9,081	407
Stock-based compensation included in capital expenditures	195	307	130
Unpaid debt issuance costs included in accrued liabilities	—	734	—
Unpaid share issuance cost included in accrued liabilities	—	60	—
Capitalized interest expense included in accrued liabilities	894	1,389	—
Gateway and components recorded in inventory in prior years which were used for construction under satellite network and other equipment	—	—	175
Financing activities:			
Common stock issued as form of payment for MPUs	358	213	—
Series A convertible preferred stock dividend paid in kind	36	37	59

Note 19. Quarterly Financial Data (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2015				
Revenues	\$42,330	\$44,883	\$46,084	\$44,996
(Loss) income from operations	(1,277)	(11,566)	3,193	2,435
Net (loss) income attributable to ORBCOMM Inc.	(2,873)	(12,208)	1,591	239
Net (loss) income per common share-basic:				
Net (loss) income attributable to ORBCOMM Inc.	(0.04)	(0.17)	0.02	0.00
Net (loss) income per common share-diluted				
Net (loss) income attributable to ORBCOMM Inc.	(0.04)	(0.17)	0.02	0.00
Weighted-average shares outstanding (in thousands):				

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Basic	70,238	70,427	70,460	70,546
Diluted	70,238	70,427	71,918	72,209
2014				
Revenues	\$ 19,350	\$ 24,298	\$ 23,126	\$ 29,468
(Loss) income from operations	(215)	1,794	75	(3,260)
Net (loss) income attributable to ORBCOMM Inc.	(431)	1,403	(33)	(5,623)
Net (loss) income per common share-basic:				
Net (loss) income attributable to ORBCOMM Inc.	(0.01)	0.03	(0.00)	(0.09)
Net (loss) income per common share-diluted				
Net (loss) income attributable to ORBCOMM Inc.	(0.01)	0.02	(0.00)	(0.09)
Weighted-average shares outstanding (in thousands):				
Basic	53,213	55,199	55,247	62,984
Diluted	53,213	56,780	55,247	62,984

Schedule II — Valuation and Qualifying Accounts

	Col. B	Col. C	Charged to			Col. E
	Balance at	Charged to	Charged to			Balance at
	Beginning	Costs and	Other		Col. D	End of the
Description	the Period	Expenses	Accounts		Deductions	Period
	(Amounts in thousands)					
Year ended December 31, 2015						
Allowance for doubtful receivables	\$706	226	301	(1)	—	\$ 1,233
Deferred tax asset valuation allowance	\$12,913	7,287	—	(2)	—	(3)\$ 20,200
Year ended December 31, 2014						
Allowance for doubtful receivables	\$279	403	24	(1)	—	\$ 706
Deferred tax asset valuation allowance	\$11,235	1,718	(40)	(2)	—	(3)\$ 12,913
Year ended December 31, 2013						
Allowance for doubtful receivables	\$300	157	(51)	(1)	(127)	\$ 279
Deferred tax asset valuation allowance	\$12,204	(1,048)	21	(2)	58	(3)\$ 11,235

(1) Amounts relate to write-offs net of recoveries.

(2) Amounts relate to differences in foreign exchange rates.

(3) Amounts relate to deferred tax assets acquired in acquisitions.

Exhibit Index

Exhibit

No.	Description	Page No.
3.1	Restated Certificate of Incorporation of the Company, filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006, is incorporated herein by reference.	
3.2	Amended Bylaws of the Company, filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006, is incorporated herein by reference.	
3.3	Certificate of Designation of Series A Convertible Preferred Stock of ORBCOMM, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 20, 2011, is incorporated herein by reference.	
†10.1	ORBCOMM Generation 2 Procurement Agreement dated May 5, 2008, by and between the Company and Sierra Nevada Corporation, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2008, is incorporated herein by reference.	
10.1.1	Launch Vehicle changes task order agreement dated August 31, 2010 between the Company and Sierra Nevada Corporation filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, is incorporated herein by reference.	
10.1.2	Engineering change requests and enhancements task order agreement dated August 31, 2010, between the Company and Sierra Nevada Corporation filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, is incorporated herein by reference.	
†10.1.3	First Amendment to ORBCOMM Generation 2 Procurement Agreement dated as of August 23, 2011, between the Company and Sierra Nevada Corporation, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, is incorporated herein by reference.	
†10.1.4	Second Amendment to ORBCOMM Generation 2 Procurement Agreement dated March 20, 2014, between the Company and Sierra Nevada Corporation, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, is incorporated herein by reference.	
†10.2.1	Launch Services Agreement, dated December 21, 2012 between the Company and Space Exploration Technologies Corporation, filed as Exhibit 10.2 to Amendment No. 1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012, is incorporated herein by reference.	
†10.2.2	Amendment #1 dated as of April 13, 2015 to the Launch Services Agreement dated December 21, 2012 between the Company and Space Exploration Technologies Corporation, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, is incorporated herein by reference.	
10.3	Form of Indemnification Agreement between the Company and the executive officers and directors of the Company, filed as Exhibit 10.13 to the Company's Registration Statement on Form S-1 (Registration No. 333-134088), is incorporated herein by reference.	
10.4	Schedule identifying agreements substantially identical to the form of Indemnification Agreement constituting Exhibit 10.4 hereto.	
*10.5	2004 Stock Option Plan, filed as Exhibit 10.15 to the Company's Registration Statement on Form S-1 (Registration No. 333-134088), is incorporated herein by reference.	
*10.5.1	Form of Incentive Stock Option Agreement under the 2004 Stock Option Plan, filed as Exhibit 10.17 to the Company's Registration Statement on Form S-1 (Registration	

No. 333-134088), is incorporated herein by reference.

- *10.5.2 Form of Non Statutory Stock Option Agreement under the 2004 Stock Option Plan, filed as Exhibit 10.18 to the Company's Registration Statement on Form S-1 (Registration No. 333-134088), is incorporated herein by reference.
 - *10.6 2006 Long-Term Incentives Plan, as amended, filed as Exhibit 99 to the Company's Current Report on Form 8-K filed on May 3, 2011, is incorporated herein by reference.
 - *10.6.1 Form of Restricted Stock Unit Award Agreement under the 2006 Long-Term Incentives Plan, filed as Exhibit 10.24 to the Company's Registration Statement on Form S-1 (Registration No. 333-134088), is incorporated herein by reference.
 - *10.6.2 Form of Stock Appreciation Rights Award Agreement under the 2006 Long-Term Incentives Plan, filed as Exhibit 10.25 to the Company's Registration Statement on Form S-1 (Registration No. 333-134088), is incorporated herein by reference.
 - *10.6.3 Form of Performance Unit Award under the 2006 Long-Term Incentives Plan, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 29, 2012, is incorporated herein by reference.
 - *10.7 Summary of Non-Employee Director Compensation.
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Exhibit

No.	Description	Page No.
*10.8	Employment Agreement between Marc J. Eisenberg and the Company, filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010, is incorporated herein by reference.	
*10.9	Employment Agreement between John J. Stolte, Jr. and the Company, filed as Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010, is incorporated herein by reference.	
*10.10	Employment Agreement between Robert G. Costantini and the Company, filed as Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010, is incorporated herein by reference.	
*10.11	Employment Agreement between Christian G. Le Brun and the Company, filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010, is incorporated herein by reference.	
†10.12	Euroscan Share Purchase Agreement dated as of March 11, 2014 by and among MWL Management B.V., R.Q. Management B.V., WBB GmbH, ING Corporate Investment Participaties B.V., ORBCOMM Netherlands B.V., Euroscan and the Company, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, is incorporated herein by reference.	
†10.13.1	Credit Agreement dated September 30, 2014 between ORBCOMM Inc. and Macquarie CAF LLC, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, is incorporated herein by reference.	
10.13.2	First Amendment to Credit Agreement dated as of October 26, 2015 among ORBCOMM Inc., each Guarantor party thereto and Macquarie CAF LLC, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 27, 2015, is incorporated herein by reference.	
10.14	Agreement and Plan of Arrangement dated as of November 1, 2014 among the Company, Soar Acquisition, Inc., SkyWave Mobile Communications Inc. and Randy Taylor Professional Corporation, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 6, 2014, is incorporated herein by reference.	
10.15	Asset Purchase Agreement dated as of October 5, 2015 among Ridgely Holdings, LLC, a wholly owned subsidiary of the Company, WAM Technologies, LLC ("WAM") and the individual owners of WAM, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, is incorporated herein by reference.	
*10.16	Non-Employee Director Deferred Compensation Plan, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, is incorporated herein by reference.	
21	Subsidiaries of the Company.	
23.1	Consent of Grant Thornton LLP, an independent registered public accounting firm.	
23.2	Consent of KPMG LLP, an independent registered public accounting firm.	
24	Power of Attorney authorizing certain persons to sign this Annual Report on behalf of certain directors and executive officers of the Company.	
31.1	Certification of the Chief Executive Officer and President required by Rule 13a-14(a).	
31.2	Certification of the Executive Vice President and Chief Financial Officer required by Rule 13a-14(a).	
32	Certification of the Chief Executive Officer and President and Executive Vice President and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act.	
101.INS	XBRL Instance Document	
101.SCH	XBRL Taxonomy Extension Schema Document	

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF XBRL Taxonomy Extension Definition Linkbase Document
101.LAB XBRL Taxonomy Extension Label Linkbase Document
101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

*Management contract or compensatory plan or arrangement.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment. The omitted portions have been separately filed with the Securities and Exchange Commission.